



Primary Care Physicians ... the New Middle Class?



With all the renewed talk of tax hikes on the “rich” to pay for everything from healthcare to job creation, I can’t help but see the with anger over how we define *rich* in this country.

The top tax rate targets incomes of \$150,000-\$200,000. This despite a rapidly growing “ultra-rich” class that consists of earners between \$1 million and untold billions. Now millionaires and billionaires pay less as a percentage of earnings than the middle class does.

Huh? The tax system is glaringly biased, leaving working professionals with high taxes and mounting debt. Primary care physicians, for example, now earn less than many middle class wage earners over the course of their careers.

How did we get here?

Consider: a unionized structural iron worker earns over \$50,000 per year plus benefits. After a paid apprenticeship of one to two years, graduates begin earning full paychecks when they are 19-20 years old. Earnings accrued through retirement age (62) equal \$2 million. Assuming full-time work till then, a union ironworker can expect \$100,000 per year for life at retirement, according to formulas used by the ironworkers union to calculate pensions. Based on average life expectancy, an ironworker’s pension would total another \$1.6 million, for lifetime earnings totaling \$3.2 million. The ironworker is taxed at a marginal rate of 26% over the course of his lifetime, leaving him with \$2.7 million dollars in disposable income accrued.

A primary care physician incurs \$60,000-\$120,000 in current dollars for a college education and \$120,000-\$200,000 for medical school, for a total cost of education of \$180,000-\$320,000 (for tuition only!). A three-year residency essentially delays real earning until the physician reaches age 30. Most family doctors earn between \$150,000-\$170,000 a year. Assuming the same retirement age of 62 as an ironworker (yeah, good luck), that physician would gross \$4.8 million-\$5.4 million over a lifetime.

That same physician is taxed at the marginal rate of 33%, so disposable income is \$3.2 million-\$3.6 million. Most family doctors will have no pension to speak of. An average total educational debt of \$250,000-\$300,000, amortized with interest

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over 30 years, brings the cost of education to \$430,000-\$620,000. Subtract that from disposable income, and lifetime earnings come to \$2.7 million-\$2.9 million, almost precisely that of the \$50,000 a year ironworker.

With tuition for higher education increasing at a rate of 10% per year, and physician reimbursements not even keeping pace with inflation, this is a recipe for disaster!

Where Do We Go From Here?

First, we must close the income gap between primary care physicians and specialists. Many non-surgical specialists earn more than double what the average primary doctor earns. This is unacceptable and largely unheard of in other developed nations, where the difference averages 20%-30%.

Second, we must radically revise how we pay for medical education. Primary care medicine has essentially been relegated to a public service. Fine ... then educational costs should be entirely covered for those choosing careers in primary care. While many of our European colleagues average incomes about 25% less than their American counterparts, they begin medical school straight from high school, and their entire education is government-financed.

Third, fix the tax code. We cannot continue to punish professionals with tax rates higher than those at either end of the income spectrum. Incentives for investing in professional degrees *and* a massive revamping of the tax brackets will ensure our nation’s best and brightest are treated fairly. ■

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