Market Profile of U.S. Dermatologists
OneKey Market Insight Report
Overview: Profile of U.S. Dermatologists

- Dermatologists by Number, Region and Move Rate
- Practice Size and Patient Volume
- Ownership, Affiliations and Specialty Associations
- Affiliations to Hospitals for Admitting Privileges
- IHS Employment and ACO Participation
- Physician Access and Drug Acceptance Rates
- Government Insurance Acceptance
- Electronic Health Records Adoption Rate
- Annual Compensation of Dermatologists

Promotional Spend Towards Dermatologists Q1 - Q4 2014

- Total Market Spend
- Promotions by ATC3 Drug Class
- Channel Mix - Details, Samples and Meetings
- Total Product Details
**Introduction**

Skin cancer is one of the most commonly diagnosed cancers in the U.S. According to the American Cancer Society, the most recent study on non-melanoma skin cancer in 2006 estimated 3.5 million cases diagnosed among 2.2 million people. Melanoma incidence rates have also risen rapidly over the past 30 years. In 2015, an estimated 73,870 new cases of melanoma will be diagnosed. These caseloads will be shared among 13,847 dermatologists, which make up only one percent of physicians in the U.S.

Dermatologists are in great demand not only for the treatment of cancer, but also for skin conditions ranging from acne to psoriasis. The Affordable Care Act (ACA) has contributed to additional demand for dermatology services - dermatologists are among the top five specialists booked by ACA patients¹. This issue of the OneKey Market Insights series provides comprehensive details on this group of physicians including their participation in Integrated Health Systems and Accountable Care Organizations, physician access policies and top drug categories promoted to them.

**Dermatologists by Number, Region and Move Rate**

Dermatologists represent a very small number of the total number of physicians in the U.S. There are currently 13,847 dermatologists practicing across the country. Most dermatologists focus on a single specialty; only 13.5 percent have a secondary specialty. The number of dermatologists has certainly not kept up with demand. Since 2010, there has only been about a 10 percent increase in the number of dermatologists.

![Number of Dermatologists in the US](image)

Source: Cegedim Relationship Management, Jan 2015

The southern states have the highest concentration of dermatologists. A third of the country’s dermatologists practice in the south, outweighing the northern states by about 70 percent.

U.S. Dermatologists by Region

Dermatologists moved to new locations, changed jobs, retired or passed away at average rate of 9.6 percent annually for the past six years, lower than the average physician move-rate of 13.8 percent.

Dermatologists Move Rate (Deceased, Moved, Retired)

Source: Cegedim Relationship Management, Jan 2015
Practice Size and Patient Volume

Dermatologists generally seem to prefer smaller office settings. A vast majority – nearly three quarters of dermatologists prefer to work in offices with five or less physicians. Nearly a third of dermatologists prefer to work as solo practitioners.

<table>
<thead>
<tr>
<th>Office Size of Dermatologists</th>
<th>1</th>
<th>2</th>
<th>3 to 5</th>
<th>6 to 10</th>
<th>11 to 25</th>
<th>26 or more</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>4,088</td>
<td>2,517</td>
<td>3,618</td>
<td>1,906</td>
<td>1,079</td>
<td>639</td>
<td>13,847</td>
</tr>
</tbody>
</table>

Source: Cegedim Relationship Management, Jan 2015

Nearly half of dermatologists see 50 or fewer patients per day, corresponding to the number of solo or small practices.

<table>
<thead>
<tr>
<th>Daily Patient Volume</th>
<th>1 to 50</th>
<th>51 to 75</th>
<th>76 to 100</th>
<th>101 plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>45%</td>
<td>23%</td>
<td>17%</td>
<td>15%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Cegedim Relationship Management, Jan 2015
Ownership, Affiliations and Specialty Associations

Dermatologists maintain a relatively high level of ownership, with over half being independent. Over 40 percent of physicians in the U.S. are employed by IHSs or hospitals. In comparison, less than a fifth of dermatologists have moved towards integrated health systems or hospitals.

Top 4 Specialty Associations

About 15 percent of dermatologists are associated with internists, and 10 percent are associated with family practitioners.

Affiliation to Hospitals for Admitting Privileges
Compared to other specialties, dermatologists have less affiliation to hospitals. A quarter have no admitting privileges at hospitals and less than half have admitting privileges to one hospital.

<table>
<thead>
<tr>
<th>Affiliations to Hospitals</th>
<th>No. of Doctors</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>3,705</td>
<td>26.8%</td>
</tr>
<tr>
<td>1</td>
<td>6,101</td>
<td>44.1%</td>
</tr>
<tr>
<td>2</td>
<td>3,181</td>
<td>23.0%</td>
</tr>
<tr>
<td>3</td>
<td>721</td>
<td>5.2%</td>
</tr>
<tr>
<td>4</td>
<td>139</td>
<td>1.0%</td>
</tr>
<tr>
<td>Total</td>
<td>13,847</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Source: Cegedim Relationship Management, Jan 2015

**Government Insurance Acceptance**

Dermatologists have a higher acceptance rate of Medicare relative to the general physician population, but a much lower rate of Medicaid acceptance compared to their counterparts in other specialties.

![Dermatologist Medicare and Medicaid Acceptance](#)

Source: Cegedim Relationship Management, Jan 2015
IHS Employment and ACO Participation

Employing over 9,000 MDs and DOs in 33 hospitals and 900+ medical offices, Kaiser Permanante is the largest employer of healthcare professionals among integrated health systems. The system hires the most number of dermatologists, twice as many as the next top top employer.

![Bar chart showing Top 5 IHSs Employing Dermatologists](chart.png)

At least 15 percent of dermatologists participate in ACOs. While Health Choice of Utah is not one of the largest ACO in terms of total physician participation, it has the highest dermatologist participation in its network. Next in place is Palo Alto Medical Foundation Cigna ACO, which has a network of over 580 facilities and over 3,300 total participating physicians in 2014.

![Bar chart showing Top 5 ACOs with Dermatologists Participation](chart.png)
**Physician Access and Drug Sample Acceptance Rates**

Dermatologists like sales reps. Only 10 percent have a no-see policy, much lower than the average no-see rate of 28.5%. Nearly half welcome sales reps to drop by anytime.

**Physician Access**

- **access any time**: 45%
- **call for appointment**: 43%
- **no access**: 17%
- **unknown**: 2%

Source: Cegedim Relationship Management, Jan 2015

In terms of sampling preferences, two-thirds of dermatologists like to receive drug samples by both mail or sales rep drop-off.

**Drug Sampling Preference**

- **No Preference or Unknown**: 15%
- **Both**: 17%
- **Drug rep drops off drugs**: 65%
- **Mail**: 3%

Source: Cegedim Relationship Management, Jan 2015
Electronic Health Record Adoption of Dermatologists

Dermatologists are among the specialties with relatively high electronic health records (EHR) adoption rate. At 63 percent, EHR adoption rate of dermatologists is in line with the general physician population.

![Electronic Health Record Adoption Rate of Dermatologists](chart)

Source: Cegedim Relationship Management, Jan 2015

Annual Compensation of Dermatologists

Depending on where they work, there could be a huge discrepancy in the earnings of dermatologists. According to Medscape’s 2014 dermatologist compensation report, physicians working in healthcare organizations or group practices earned significantly more than their counterparts who work in outpatient clinics or hospitals. The highest earning group made twice as much as those in the lowest earning group.

<table>
<thead>
<tr>
<th>Dermatologists Annual Compensation by Setting</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Multispecialty Group Practice</td>
<td>$361,000</td>
</tr>
<tr>
<td>Healthcare Organization</td>
<td>$336,000</td>
</tr>
<tr>
<td>Single Specialty Group Practice</td>
<td>$323,000</td>
</tr>
<tr>
<td>Solo Practice</td>
<td>$306,000</td>
</tr>
<tr>
<td>Academic</td>
<td>$232,000</td>
</tr>
<tr>
<td>Outpatient Clinic</td>
<td>$211,000</td>
</tr>
<tr>
<td>Hospital</td>
<td>$169,000</td>
</tr>
</tbody>
</table>

Source: Medscape’s Dermatologist Compensation Report 2014
Pharma Promotional Spend Towards Dermatologists Q1-Q4 2014

Total Market Spend

The pharmaceutical industry spent over $549 million promoting drugs to dermatologists during the last four quarters. Spending peaked slightly in Q3 2014, but remained fairly consistent in other quarters.

Promotions by ATC3 Drug Class

Nearly a fifth of pharma’s total promotional spend went to topical anti-acne preparations. Next on the list of top drug categories promoted to dermatologists is plain topical corticosteroids – about 13.5% of total spend went towards this category.
Channel Mix – Details, Samples and Meetings

A huge proportion of pharma promotional spend - 75 percent - went towards detailing. Compared to this channel, pharma spent considerably less on the next most popular channel – only 17 percent on samples.

% of Promotional Spend by Channel Mix - Dermatologists

Source: Cegedim Strategic Data, U.S. Dermatologist Data, Jan 2015

Total Market Details

In the last four quarters there were over 2.5 million details. Corresponding to the spike in promotional investments in 2014 Q3, more details took place during this quarter.

Total Detailing on Dermatologists (’000)

Source: Cegedim Strategic Data, U.S. Dermatologist Data, Jan 2015
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