

A Brief History of Physician Remuneration

Tom Warren

In the general prologue of *The Canterbury Tales*, Geoffrey Chaucer describes physicians as having a “special love for gold.” Since well before Chaucer’s time, the issue of physician remuneration has been discussed, with the debate continuing today. The earliest evidence of this issue is in the Code of Hammurabi from around 1750 BC. Hippocrates, Plato, and Galen discussed remuneration, and it was an issue in Jewish and Islamic culture too. During the last few centuries, issues around physician remuneration have continued to be discussed. Examples from Australia, the United States and Canada show how remuneration was handled in these nations.

In the general prologue of the *Canterbury Tales*, Geoffrey Chaucer describes physicians as having a “special love for gold”.¹ Rightly or wrongly, physicians have been accused of extorting higher than deserved fees for the services that they provide and in this article I will briefly review how physicians have been remunerated throughout the history of medicine.

Probably the oldest extant primary source of medical fees is the code of Hammurabi. Written about 2000 B.C., the code is a set of laws decreed by King Hammurabi of Babylon. There are several references to physicians, including how they should be paid for their services. For example, sections 215-217 of the code read:

*If a physician has treated a man with a metal knife for a severe wound, and has cured the man, or has opened a man’s tumour with a metal knife, and cured a man’s eye; then he shall receive ten shekels of silver. If the son of a plebeian, he shall receive five shekels of silver. If a man’s slave, the owner of the slave shall give two shekels of silver to the physician.*²

Ancient authors such as Hippocrates, Aristophanes, Sophocles, Plato, Aristotle and Galen debated whether physicians should be paid at all. There was disagreement as to whether medicine was an art or a “techne” (skill or craft). If medicine was a craft like carpentry then physicians should be paid similarly, for all craftsmen practiced their craft for money to earn a living. However, if medicine was a liberal art

such as philosophy, mathematics or poetry, then a man would do it for the sake of virtue and collecting fees would “be regarded as doing something typical of a hireling or slave” according to Aristotle.³ The Hippocratic writings often refer to medicine as an art, and mention fees in some places but in others advise to practice medicine without payment. Aristophanes says that medicine was an art and not a mere skill or craft, while Sophocles called physicians “craftsmen of medicine”.⁴ In Plato’s *Republic*, Socrates discusses the question of whether a physician is a “money-maker or someone who treats the sick”.⁵ Galen believed that physicians practiced medicine either because they love humanity, or because they love honour, or because they love glory, or because they love money.⁶ According to Galen, it was preferable to practice medicine because of the love of humanity but those that practice because of other reasons were not inferior physicians but inferior philosophers. Galen says he never requested payment but would accept it if offered, which he believed was an important difference.⁴ Practically, there were many physicians in the ancient world who did not come from wealthy and noble families like Hippocrates and Galen, so there were many poor physicians who did request and even sued for payment.⁴

There are examples from medieval Islamic writings of physicians who worked in other businesses on the side or received a patronage from wealthy individuals such as a caliph or sultan, so they had the opportunity to provide their services free of charge. Ishaq b. ‘Ali al-Ruhawi, a ninth-century Islamic writer says that

because health is the prerequisite for the performance of all other human activities, medicine occupies the highest position of all professions.⁷ Therefore, society should meet the physician's financial demands in order that he does not have to do other work to support himself and that "the rich should pay the physician more than enough, because he cannot charge the poor towards whom he must extend his charity."⁷

According to the Hebrew scriptures, human physicians could practice medicine but ultimately, healing came from God. The Talmud quotes an adage "A physician for nothing is worth nothing", and includes the fees a physician should receive.⁸ Nachmanides, a medieval Jewish writer says that "a physician may accept fees for the loss of time and for the trouble" of leaving his home and traveling but he should not be remunerated for simply giving instructions.⁸ There were contracts between Jewish physicians and Jewish communities in European cities during the 17th and 18th centuries.⁹ The physician was appointed for several years, was given a yearly salary or was to charge stipulated fees, was to attend to the poor without taking payment, and was to receive special payment for night calls and treating children. The rich were expected to pay for their treatment but usually only a stipulated fee.

In medieval Europe, some physicians were employed by royalty and attended to the health of the royal court and perhaps some of its subjects, others were paid by the church to treat the sick of the parish and the poor. Some city-states such as Venice employed physicians to give free treatment to the poor, treat the rich at reduced rates and advise the state on medico-legal and public health matters.¹⁰

There are many sources from America which record how physicians were paid and whether fees were regulated or not. One example is the regulation of fees in Boston starting in 1780.¹¹ It was the Boston Medical Society which developed the fee bill in order to stop physicians from undercutting each other. The fees on the fee bills were minimums so physicians could charge more, but no less. In addition, patients only wanted to pay for services if it included

treatment such as a drug or a procedure. The fee bill however stipulated that charges be made for all visits. Because the physicians were controlling the fees, they made sure that they were always very well compensated, their general policy being to increase fees in good economic times but not to lower them in hard economic times. Between 1795 and 1806 the cost of living changed very little but the fees increased by 50-60%.

In Boston, we see an example where the physicians controlled their own remuneration and thus sometimes charged quite high amounts for their services. In South Carolina in 1844, we have an example of quite the opposite. The St. Peter's parish, like the whole state, was very poor so the local officials decided to set a fee bill to curb the "exorbitant, oppressive" physician fees which "unjustly absorbs so large a portion of [the farmers] hard earned incomes."¹²

If we compare the fees in Boston and South Carolina, we can see the vast difference in fees when physicians or the community set them. In Boston in 1806, a regular single visit was \$1.50, normal obstetrical delivery was \$12.00, treating gonorrhoea was \$10.00 and the fee for amputating a leg was set at \$40.00.¹¹ In South Carolina, almost three decades later in 1844, a regular single visit was no charge, normal obstetrical delivery was \$3.00, treating gonorrhoea was \$2.00 and the fee for amputating a leg was set at \$5.00.¹²

The advancing settlement of America westward necessitated innovative solutions for physician remuneration due to low populations and poor patients. For example, a physician only agreed to move to Tucson, Arizona in 1871 after twenty-five families agreed to pay him \$100 a year for his services.¹³ The frontier medical practice also required novel ways of payment such as poultry, cattle, tobacco, fruit, vegetables, wood and clothes.

Barter was also a common payment method in Australia. The very first physicians were military and naval surgeons and so would have been paid as salaried practitioners. As free settlers came though, "civilian" physicians would need to be paid and payment with goods and services would have been acceptable

because the early Australian physician would have few places to spend his money. By the middle of the nineteenth century there are examples of fee regulation in Australia. The Port Philip Medical Association set fees for three different classes of patient with different fees for different classes.¹⁴ The 1st class patients (i.e. rich patients) had to pay two to five times as much as 3rd class (i.e. poor patients) for the same treatment.

In Canada, the first known surgeon came to Montreal in 1653 as a military surgeon earning 147 livres a year from his military salary.¹⁵ He also treated 42 families for 5 livres annually each and trained an apprentice for 150 livres per year giving him an annual income of about 500 livres which was about 17 times that of the lowest salaried worker. The first physician came to Quebec City early in the eighteenth century and earned about 2400 livres which was about 60 times that of the lowest salaried worker.¹⁵ In 1851, Dr. James Lanstaff's medical income was only about \$500, but climbed to \$2000 in 1861 and \$3000 in 1880. During the same period, a labourer would make about \$300 per year.¹⁶ Langstaff became a wealthy man, but only because he had income other than medical fees. In fact, several hundred families owed Langstaff money during his active practice and he accepted payment from some families in the form of food, produce, lumber, animals and labour. Sir William Osler charged his rich patients very high fees and his poor patients nothing at all.⁶

From the very earliest of recorded history in the code of Hammurabi to the present day, we can find records of physician remuneration. It was an important matter of debate in medical texts as well as non-medical writings from Aristophanes' and Sophocles' plays as mentioned above to Moliere's "Le Malade imaginaire" and George Bernard Shaw's "The Doctor's Dilemma". For the subject to be found throughout recorded history – medical and non-

medical – the issue must have been important, as it is today. Perhaps, some ideas to help us fix our current problems can be found in the past.

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