

# The Financial Implications of Podiatric Foot and Ankle Fellowship: Is Another Year Worth it?

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## INTRODUCTION

Interest in Podiatric Foot and Ankle Fellowship's has grown precipitously in recent years and positions continue to become increasingly competitive. Currently, there are 47 fellowship programs recognized by the American College of Foot and Ankle Surgeons (ACFAS)(1-2). For prospective applicants, many variables can factor into the decision to pursue fellowship level training. These may include marketability, job opportunity, academic progression, intellectual curiosity, prestige, and access to a high volume of complex surgical cases. However intuitively, financial factors may also be an important consideration (3-6). After 4 years of medical school and 3 years of residency, the potential lost income over the fellowship year, compounded with the capitalization of student debt interest, might dissuade some residents from pursuing advanced level training. To date, no previous study has sought to assess the long-term financial impact of pursuing a Podiatric Foot and Ankle Fellowship.

## AIM

The purpose of the present study was to give prospective applicants an idea of the financial implications of podiatric foot and ankle fellowship using Net Present Value (NPV) calculations

## METHODS

- All podiatric fellow graduates from 4 ankle advanced reconstruction fellowships were contacted.
- Socioeconomic data for the fellows was collected using an anonymous online survey (<https://www.qualtrics.com/>, Qualtrics, Seattle, WA) (fellowship program, gender, age, practice setting, years in practice, clinical income).
- Socioeconomic data from the 2018 American College of Foot and Ankle Surgeons Compensation and Benefits survey was obtained for comparison.
- Other income was recorded from manual searches of Open Source Payment.

## METHODS continued

The primary outcome measure was the 30-year net present value (NPV), a metric for the amount by which a particular investment is expected to increase based on the present value of its potential cash flow and initial cost. The NPV is frequently employed in capital budgeting to determine which projects will turn the greatest future profit and is represented by the following equation:

$$NPV = \sum_{t=0}^T \frac{Ct}{(1+r)^t}$$

- A positive NPV indicates profitability, and a negative NPV indicates financial loss
- "Ct" represents net annual cash flow
- "t" the time of cash flow
- "r" the discount rate, or annual depreciation of money, or inflation.

In the present study, NPV represents the profitability, in current monetary value, of the decision to pursue advanced training in reconstructive surgery. It considers both the initial cost and expected annual net income.

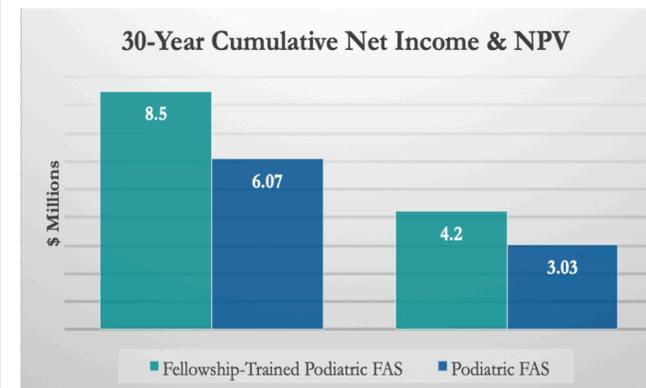
The cost of the investment is the difference between the annual net income earned during fellowship and income earned by an individual who did not complete fellowship during the same period, plus the interest accrued on prior educational debt during the fellowship year.

## Assumptions for NPV Calculation

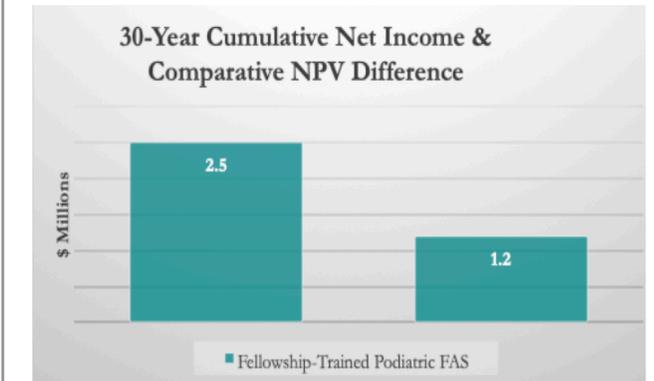
- No time off between residency, fellowship, and employment.
- No debt payments made during residency or fellowship, and interest capitalized at a fixed federal rate of 6.8%.
- An amount of \$300,000.00 for educational indebtedness.
- A student loan repayment period of 20 years.
- A fellowship salary of \$58,000.00.
- A career lasting 30 years (including fellowship).
- A stable income over time, without an increase secondary to inflation (given the uncertainty of future physician reimbursements).
- A discount rate of 5%.

## RESULTS

Overall, the NPV of podiatric foot FAS's with and without fellowship training was \$4.2 million and \$3.03 million, respectively.



The comparative NPV and cumulative net income difference over 30 years was \$1.2 million (\$4 million vs. \$3.03 million) and \$2.5 million (\$8.5million vs. \$6.07 million), respectively.



The mean clinical, general, research, and associated research income annually for fellowship trained podiatric FAS's was as follows: \$297,435.00 (range \$100,000 to \$700,000+), \$21,797.00 (range \$0 to \$456,498.26), \$1,833.00 (range \$0 to \$78,730.20), and \$414.00 (range \$0 to \$13,997.50), respectively.

The mean annual comparative income difference for gradate fellows in relation to podiatric FAS's without fellowship training was as follows: clinical (+\$69,145.00), general (+\$21,797.00), research (+\$1,833.00), and associated research (+\$414.00).

## CONCLUSIONS

Pursuing an ACFAS recognized podiatric foot and ankle fellowship in advanced reconstruction could be considered an "acceptable financial investment", which can positively affect career earnings. Prospective applicants should be cognizant that the NPV varies between fellowships.

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