



## **Physician Recruitment and Compensation: Rethinking Your Bedside Manner**

Physicians in a number of specialties have become increasingly in demand, and hiring is more competitive than ever. Healthcare employers need to diagnose new ways to secure top-quality MDs.

**“Providing the highest quality patient care is every healthcare organization’s no. 1 goal,” said Lance B, senior director of recruiting, strategic accounts at Merritt Hawkins, the nation’s leading physician recruitment firm.<sup>3</sup> “Due to legislation such as MACRA/MIPS, among others, there has been a paradigm shift over the past few years, which continues to influence healthcare systems and organizations to rethink or re-evaluate their [physician] compensation model,” Lance said.**

## **The traditional role of the physician as solo practitioner may be going the way of the house call.**

As healthcare reform approaches, doctors in private practice are increasingly choosing to become salaried employees at hospitals and larger medical institutions. According to a recent report from Avalere,<sup>1</sup> 20% of employed doctors work for a corporate hospital system – bucking the private practice route. And the AMA notes that 2020 was the first year in which less than half of patient care physicians worked in private practice. Some of this is driven by hospitals swallowing up practices and subsequently hiring physicians as in-house employees. More often, private physicians see seismic changes coming to the healthcare industry, along with tremendous pressures to cut costs while maintaining the same high quality of care. Suddenly life as a hospital employee doesn’t seem so bad.

This transition comes at a time when the revenue generated by primary care physicians – those practicing family medicine, general internal medicine, and pediatrics – is higher than ever, even surpassing the revenue generated by specialty care physicians. If that isn’t enough, today’s healthcare system is shifting from one that values volume of services to one in which quality outcomes and “value” metrics are more highly prized. The biggest rewards will be given to those providers who can deliver quality within a budget.

To employers, these sweeping changes mean a tight labor pool for providers. The first impression an organization makes is critical to shaping a positive long-term relationship. To thrive in this white-hot arena, physician recruiters need to understand the rapidly changing role of physicians, their most pressing career concerns, and their compensation needs, then develop an effective system for attracting and retaining the best physicians.

## **From Private Practice to St. Elsewhere**

The industry is in transition, but it’s still in the initial stages. For now, volume remains the name of the game in payments for healthcare services, and the volume of services continues to be largely driven by physicians. Little takes place in medicine that is not ordered by, reviewed by, or performed by a doctor.

According to the 2021 Merritt-Hawkins Incentive Review,<sup>4</sup> average starting salaries for Nurse Practitioners showed strong growth, increasing 12% year-over-year, from \$125,000 to \$140,000. Average starting salaries for Physician Assistants also showed robust growth, increasing by 14% year-over-year, from \$112,000 to \$128,000. Interventional cardiologists are offered the highest average starting salaries of physicians tracked in the Review at \$611,000, followed by orthopedic surgeons at \$546,000. Pediatricians are offered the lowest average starting salaries of physicians, tracked in the Review at \$236,000.

What are the reasons behind the shift? As you'd guess for an industry under national scrutiny, they include:

- » Hospital employment eliminates concerns about the financial viability of a practice.
- » Paying salaries and maintaining an adequate income are no longer daily concerns.
- » Caring for the underinsured and the uninsured is not an issue for salaried employee physicians since they are compensated regardless of the patient's ability to pay.

**Hospital administrators must develop a system to improve the physician recruitment process and establish a positive relationship during the pre-hire, hiring, and onboarding process.**

### **Lay the groundwork by nurturing relationships with a pool of potential candidates.**

Because of a tight labor pool, physician recruiters and hospital leaders are often forced to hire physicians if they have the right technical skills, even if their behavior and core values do not align with those of the health system.

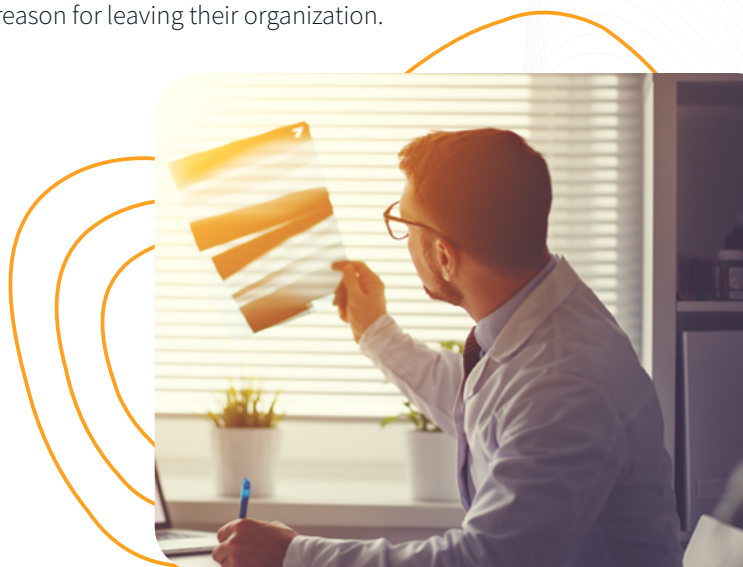
To address this predicament, health systems should start by looking beyond the usual prospects to build and nurture a large candidate pool. Having an internal resource allows a health system to focus on potential candidates likely to share the organization's core values and be a good fit for the community.

### **Focus on the physician's emotional needs and wants.**

Once an opportunity has been created, the physician recruitment department and hospital leaders should screen candidates by taking into account each physician's emotional needs and wants. It's also important to provide a well-organized outline of the job requirements, details on the health system structure and goals, an overview of its culture, mission, and core values, and a snapshot of the greater community. Focus on the little things that leave a lasting impression. For instance, most compensation packages now include a 10% bonus based on satisfactory patient reviews. Point out the seemingly small ways your hospital shows they care about their physicians. Draft versions of contracts should also be made available to physicians to allow both sides to quickly work through any issues.

### **Invest in physician recruitment as a core competency.**

The 2022 Association of Staff Physician Recruiters' In-House Physician Recruitment Benchmarking Report found organizations are searching for more physicians than ever before and amid one of the largest shortages.<sup>5</sup> The report also found that 48% of all physician searches in 2021 were to replace departing physicians, and 33% of physicians cited burnout as the reason for leaving their organization.





# Physician Compensation: Show Me the Money

Approximately 58.7% of survey respondents plan on or are open to making a career change by next year. This is according to The Medicus Firm's 2022 "Provider Practice and Relocation Preference Survey,"<sup>2</sup> an annual survey of more than 2,200 doctors conducted by the national physician recruiting firm.

The top six motivating factors to make a career change are:

1. Quality of Life: 32.6%
2. Compensation: 27.5%
3. Geographic Location: 9.3%
4. Culture/Work Environment: 8.4%
5. Retiring: 6.9%
6. Other: 15.3%

In addition, providers are also looking for offers that provide the flexibility they desire – a condensed work week, lighter call schedules, etc.

## Other ideas for making a strong first impression include:

- » Use innovative recruitment techniques, such as video interviewing and electronic reference checking, to better coordinate recruitment, follow-up and mentoring.
- » Make a new hire's job satisfaction and home life a top priority during the first 90 days of employment; plan regular follow-ups and gather feedback to maintain a positive relationship.

The survey also noted that 69.3% of providers have received between 3 and 20 solicitations per week for new job opportunities. Your opportunity must stand out – and marketing is the key to that. According to the Medicus Firm, you should highlight the top benefits, including compensation and quality-of-life highlights. Show your candidates what life is like in the community – beautiful scenery, vibrant downtowns, recreational activities, etc.

## Trends in Hospital-Employed Physician Compensation

What's in store for physician contracts and compensation? According to Gail Peace in a 2022 LinkedIn article, these are the three trends to watch for.<sup>6</sup>

### 1 Physician employment will continue to rise.

In 2012, 58% of physicians were part of independent private practices. Going into 2022, the number of employed physicians has shot up 70%.

### 2 Physician burnout will continue to be an issue.

Physician burnout is a significant and consistent issue. In a randomized survey nationwide of doctors who work in hospitals, not only did 60% say they have experienced burnout in the past year, but 68% said it was worse in 2021.

However, there is good news to share on this front. Hospitals are working harder than ever to address these concerns and they're starting to think outside the box to provide meaningful solutions to help combat this crisis.

### 3 The regulatory environment will continue to get more complex, so managing the different data components will be crucial.

Law changes continue to emerge to address concerns around value-based care in an effort to make Medicare programs more enticing for providers. Anything to help hospitals manage physician compensation contracts and – more importantly – the details and data of those contractual arrangements, will continue to be vital for organizations to remain operationally sound.

## Total Compensation: Just What the Doctor Ordered

As physicians leave their private practices for in-house employment, one novel approach to recruitment and hiring is the use of total compensation communication programs, which are being adopted by hospitals across the nation.

An example is Hoag Hospitals in California's Orange County, which needed to fill critical jobs and convey the full value of a salary and benefits package. Hoag began offering print and web-based total rewards statements to their current employees in 2011. In summer 2012, Hoag slowly began to roll out a personalized candidate solution for highly specialized positions. The system typically sends candidates an email link to view an online statement, but if a candidate has flown in for an interview, they can leave with a printed offer in hand.

The Southern California healthcare network is already enjoying a healthy dose of cost savings – a 500% ROI after only the first month of use – and a speedier hiring process. Even better, the program's recruiter dashboard provides tracking and analytics reporting that covers how many times a candidate logged in,

plus the time and length of their visit. This “digital body language” allows the Hoag recruiting team to glean valuable information as to what compensation and benefit programs are valued most by candidates.

Effective total compensation communication is one of many tools to make that all-important first impression with physician candidates and stand apart from other employers amid a tightening labor pool. With TotalRewards Builder, employers can:

- » Create attractive and compelling digital offer letters.
- » Generate high-quality graphical benefits statements.
- » Provide an always-available online portal.
- » Share the news about available benefits with built-in benefits marketing campaign tools.

Physicians will only continue their ascent as greater sources of revenue for hospitals, but many are still unaccustomed to being viewed as an employee. Beginning the relationship on a positive note will set the proper tone for a healthy, long-term future.





## About TotalRewards Software

TotalRewards Software specializes in total compensation software solutions to employers worldwide, including some of America's top healthcare organizations. The cloud-based application creates statements for employees in more than 40 countries across five continents, including industries such as manufacturing, retail, construction, non-profit, education, financial, insurance, professional services and technology. Visit us at [TotalRewardsSoftware.com](https://TotalRewardsSoftware.com)

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