

Merritt, Hawkins & Associates

Summary Report

2004 SURVEY OF PHYSICIANS 50 TO 65 YEARS OLD

Based on 2003 Data

Overview:

Merritt, Hawkins & Associates is a national physician search and consulting firm that recruits physicians for permanent practice positions in all medical specialties. Established in 1987, Merritt, Hawkins & Associates has conducted over 20,000 physician search assignments and has worked in all 50 states.

In order to better understand trends influencing the recruitment of physicians, Merritt, Hawkins & Associates conducts ongoing surveys on a wide range of subjects. Previous surveys have examined physician recruiting incentives, hospital physician recruiting trends, physician inpatient and outpatient revenue generation, and the practice preferences of final-year medical residents.

Merritt, Hawkins & Associates' Survey of Physicians 50 to 65 Years Old is conducted to determine the practice plans and the current level of career satisfaction among experienced physicians. We believe this is an important issue given the fact that 38% of all physicians in the United States are 50 years old or older, according to the American Medical Association, and that there is increasing concern that many experienced physicians may opt to retire early or otherwise modify their practices. Two recent physician supply studies conducted by sources independent of Merritt, Hawkins & Associates indicate there will be a shortage of up to 200,000 physicians by the year 2020. A general shortage of physicians could be exacerbated or reduced depending on the career decisions of older physicians, who constitute a significant percentage of the total physician population. We therefore believe it is important to monitor trends among this group carefully.

Merritt, Hawkins & Associates' conducts the Survey of Physicians 50 to 65 Years Old on a periodic basis. Similar surveys were conducted in 1991 and in 2000.

***NOTE:** Merritt, Hawkins & Associates publishes its "Survey of Physicians 50 to 65 Years Older" to educate and inform clients regarding the labor pool and trends in the medical profession. As the survey indicates, a significant number of practicing physicians are over 50; likewise, many of the physicians who seek and obtain placement through Merritt, Hawkins & Associates are over 50. We refer qualified physicians without regard to age or other protected class, and we are committed to Equal Employment Opportunities for all candidates seeking placement through Merritt, Hawkins & Associates.*

Methodology

Merritt, Hawkins & Associates mailed the Survey of Physicians 50 to 65 Years Old to 5,000 physicians in 13 specialties located in all 50 states. All physicians to whom the survey was mailed were between the ages of 50 to 65. The forms were mailed in October, 2003 and responses were received through mid-November, 2003. Names of physicians receiving the survey were supplied to Merritt, Hawkins & Associates on a random basis by a national physician data base company.

Merritt, Hawkins & Associates received 436 completed responses to the survey, for a response rate of 8.7 percent. At least one response was received from a member of each medical specialty to whom the survey was mailed. Respondents had the option to reply anonymously or to indicate their names and addresses if they wanted a copy of survey results sent to them. No system was put in place to track the identities of those respondents who did not voluntarily provide their names and addresses.

This methodology differs from the methodology used for the 2000 survey of physicians over 50. The 2000 survey was conducted by telephone with 300 physicians 50 years old or older, without the age limit of 65 used in the 2004 survey. Survey questions in the 2004 survey varied somewhat from those used in 2000, so a direct comparison cannot be made in all cases. The 2004 survey varies significantly from the survey conducted in 1991, therefore no results for the 1991 survey are indicated.

Number of surveys mailed:

<u>2004</u>	<u>2000</u>
5,000	N/A (survey conducted by telephone)

Number of surveys completed

<u>2004</u>	<u>2000</u>
436	300

Response rate

<u>2004</u>	<u>2000</u>
8.7%	N/A

Types of medical specialists surveyed and percentage of responses received per specialty, 2004

<u>Specialty</u>	<u>Responses</u>
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Internal medicine	18%
OB/GYN	15%
General surgery	13%
Anesthesiology	12%
Family practice	8%
Gastroenterology	8%
Orthopedic surgery	7%
Cardiology	7%
Radiology	5%
Geriatrics	2%
Emergency medicine	1%
Pediatrics	1%
Neurology	1%
Did not indicate specialty	2%

Ages of physicians responding to survey, 2004

50-55	61%
56-60	31%
61-65	8%

QUESTIONS ASKED AND RESPONSES RECEIVED

1. In the last five years, have you found the practice of medicine to be more satisfying, less satisfying, or has your satisfaction level remained the same?

	<u>2004</u>	<u>2000</u>
More satisfying	9%	14%
Less satisfying	76%	54%
The same	15%	32%

2. Do you now find the practice of medicine to be very satisfying, somewhat satisfying, or unsatisfying?

	<u>2004</u>	<u>2000</u>
Very satisfying	20%	20%
Somewhat satisfying	58%	58%
Unsatisfying	22%	22%

50-55

Very satisfying	21%	N/A
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Somewhat satisfying	55%	N/A
Unsatisfying	24%	N/A

56-60

Very satisfying	20%	N/A
Somewhat satisfying	62%	N/A
Unsatisfying	18%	N/A

61-65

Very satisfying	12%	N/A
Somewhat satisfying	65%	N/A
Unsatisfying	23%	N/A

3. What is your single greatest source of professional satisfaction?

	<u>2004</u>	<u>2000</u>
Prestige of medicine	4%	6%
Financial rewards	4%	10%
Patient relationships	58%	60%
Intellectual stimulation	21%	12%
Other	7%	12%
N/A	6%	

4. What is your greatest source of professional frustration?

	<u>2004</u>	<u>2000</u>
Long hours	10%	4%
Malpractice worries	28%	6%
Managed care	16%	56%
Medicare/Medicaid regulations	13%	15%
Patient attitudes today	5%	8%
Pressure of running a business	10%	6%
Other	9%	5%
N/A	9%	

5. In the next one to three years, do you plan to:

2004

2000

Retire	8%	38%
Seek a medical job in a non-clinical setting	10%	10%
Seek a job or business in a non-medical field	3%	N/A
Work locum tenens	6%	12%
Close your practice to new patients or significantly reduce your workload	17%	16%
Continue as you are	49%	18%
Other	7%	6%

50-55

Retire	9%	N/A
Seek a medical job in a non-clinical setting	11%	N/A
Seek a job or business in a non-medical field	1%	N/A
Work locum tenens	7%	N/A
Close your practice to new patients or significantly reduce your workload	20%	N/A
Continue as you are	45%	N/A
Other	7%	N/A

56-60

Retire	11%	N/A
Seek a medical job in a non-clinical setting	13%	N/A
Seek a job or business in a non-medical field	7%	N/A
Work locum tenens	5%	N/A
Close your practice to new patients or significantly reduce your workload	13%	N/A
Continue as you are	45%	N/A
Other	6%	N/A

61-65

Retire	0%	N/A
Seek a medical job in a non-clinical setting	0%	N/A
Seek a job or business in a non-medical field	0%	N/A
Work locum tenens	4%	N/A
Close your practice to new patients or significantly reduce your workload	7%	N/A
Continue as you are	85%	N/A
Other	4%	N/A

6. If you plan to make a change, to what extent is your decision a response to rising malpractice rates? (Includes only those 51% of physicians who indicated they plan to make a change.)

	<u>2004</u>	<u>2000</u>
Has little or nothing to do with it	26%	N/A
Is one of many factors	35%	N/A
Is a significant factor	26%	N/A
Is the single most significant factor	13%	N/A

7. If you plan to make a change, to what extent is your decision a response to a general dissatisfaction with today's medical practice environment? (Includes only those 51% of physicians who indicated they are planning to make a change.)

	<u>2004</u>	<u>2000</u>
Has little or nothing to do with it	8%	N/A
Is one of many factors	29%	N/A
Is a significant factor	38%	N/A
Is the single most significant factor	25%	N/A

8. Have you closed your practice to new patients?

	<u>2004</u>	<u>2000</u>
Yes	11%	23%
No	87%	53%
N/A	2%	24%

9. Have you made plans to transfer your patients to another physician or group when you retire?

	<u>2004</u>	<u>2000</u>
Yes	17%	30%
No	83%	50%
N/A	0%	20%

10. Are you involved in a succession plan with your hospital, group, HMO, or other entity?

	<u>2004</u>	<u>2000</u>
Yes	9%	21%
No	83%	65%
N/A	8%	14%

11. Do you plan to add an associate or partner in the next year?

	<u>2004</u>	<u>2000</u>
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Yes	33%	N/A
No	67%	N/A

12. Consider the dedication and work ethic of physicians coming out of training today. Are physicians being trained today:

	<u>2004</u>	<u>2000</u>
Less dedicated and hard working than physicians who entered medicine when you did?	64%	N/A
More dedicated and hard working than physicians who entered medicine when you did?	0%	N/A
Just as dedicated and hard working as physicians who entered medicine when you did?	29%	N/A
Other	5%	N/A
N/A	2%	N/A

13. In the first two years to three years of your practice, about how many hours a week did you devote to administrative paperwork? Include all non-clinical duties such as billing and coding, regulatory compliance, etc.

	<u>2004</u>	<u>2000</u>
1 to 2 hours	53%	19%
3 to 4 hours	22%	42%
5 to 6 hours	7%	12%
7 to 8 hours	10%	8%
9 to 10 hours	2%	6%
11 to 12 hours	2%	2%
13 to 14 hours	2%	0%
more than 14 hours	2%	8%
N/A	0%	3%

14. Currently, how many hours a week do you devote to billing and coding, compliance and other administrative duties?

	<u>2004</u>	<u>2000</u>
1 to 2 hours	12%	4%
3 to 4 hours	17%	33%
5 to 6 hours	9%	25%
7 to 8 hours	21%	15%
9 to 10 hours	12%	4%
11 to 12 hours	8%	2%
13 to 14 hours	4%	2%

more than 14 hours	13%	12%
N/A	4%	3%

15. If you were starting out today, would you choose medicine as your career?

	<u>2004</u>	<u>2000</u>
Yes	48%	50%
No	52%	46%
N/A	0%	4%

50-55

Yes	44%	N/A
No	52%	N/A
N/A	4%	N/A

56-60

Yes	40%	N/A
No	57%	N/A
N/A	3%	N/A

61-65

Yes	81%	N/A
No	19%	N/A

16. Would you encourage your children or other young people to choose medicine as a career today?

	<u>2004</u>	<u>2000</u>
Yes	36%	42%
No	64%	56%
N/A	0%	2%

50-55

Yes	31%	N/A
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No	68%	N/A
N/A	1%	N/A

56-60

Yes	46%	N/A
No	54%	N/A

61-65

Yes	35%	N/A
No	65%	N/A

17. How do you view the quality of health care in the United States over the last 20 years?

	<u>2004</u>	<u>2000</u>
It has generally improved	49%	54%
It has generally declined	33%	24%
It has generally remained the same	15%	21%
Other	3%	1%

TRENDS AND OBSERVATIONS

There are several reasons why the practice plans and patterns of physicians 50 years old and older are becoming increasingly important to those who monitor U.S. physician supply and demand trends. Like the general population, the physician population is aging. The American Medical Association indicates that 38% of all physicians in the United States are 50 years old and older – a total of over 340,000 physicians. Over 225,000 physicians are between the ages of 50 and 65. How long these physicians choose to practice and how actively they choose to practice will have a significant effect on overall physician availability.

In addition, two recent studies have added weight to what most physician recruiters have long believed – that the U.S. is in the midst of a growing physician shortage. In February, 2002, the journal *Health Affairs* published a study by the Medical College of Wisconsin predicting a shortage of 200,000 physicians by the year 2020. In October, 2003, the Council on Graduate Medical Education (COGME), a panel of health care experts charged with reporting to Congress on the state of physician supply and demand, endorsed a study predicting a shortage of 96,000 physicians by the year 2020. This was particularly significant because COGME has long adhered to the belief that the United States has too many physicians rather than too few. Now that COGME has reversed its

position, most observers concur that physician shortages exist in many specialties and that they are likely to worsen in the next two decades.

Physician supply obviously is affected by the number of physicians coming into the medical field each year – a number which can be precisely counted. Physician supply also is affected by the number of physicians leaving the medical field each year – a number which cannot be counted nearly as precisely. Most physicians maintain their medical licenses even if they are seeing few patients, and the moment at which a physician is formally “retired” can be hard to gauge. What is clear is that global physician availability will be significantly affected if physicians 50 years or older decide to see fewer patients, stop seeing new patients, seek positions in non-clinical or non-medical settings, or retire prematurely.

Merritt, Hawkins & Associates’ 2004 Survey of Physicians 50 to 65 Years Old throws some light on these issues. The survey reflects current levels of career satisfaction among physicians in this age group and it indicates how satisfaction levels may be tied to physicians’ career plans. In general, the survey suggests that many older physicians will take actions in the next one to three years that will significantly contribute to current and future physician shortages.

Declining Satisfaction

Over three quarters (76%) of physicians surveyed indicated that in the last five years they have found the practice of medicine to be less satisfying, while only 9% found it to be more satisfying. Only 20% of physicians surveyed now find the practice of medicine to be “very satisfying,” while 22% find it to be “unsatisfying” and 58% find it to be “somewhat satisfying.” The degree to which physicians find the practice of medicine unsatisfying remains fairly consistent among respondents in three age groups: 50-55, 56-60, and 61-65. About one-quarter of those 50-55 and those 61-65 find the practice of medicine to be unsatisfying, as do 18% of those 56-60.

Physicians surveyed clearly find “patient relationships” and “intellectual stimulation” to be their greatest sources of professional satisfaction. Close to 65% of physicians cited patient relationships as the single greatest source of their professional satisfaction while 21% cited intellectual stimulation as their single greatest source of professional satisfaction.

Sources of professional frustration were more varied for physicians surveyed than were sources of professional satisfaction. Twenty-eight percent of physicians indicated that malpractice worries are the single source of their greatest professional frustration, followed by managed care (16%), Medicare/Medicaid regulations (13%) and the pressure of running a business (10%). By contrast, in the 2000 survey of physicians over 50, malpractice was cited as the single greatest source of professional frustration by only 6% of physicians. We believe the rapid rise in medical malpractice rates since 2000 explains this disparity.

Seeking Alternatives

Just over half of physicians surveyed (51%) indicated that they plan to make a change in their practices in the next one to three years, while 49% indicated they plan to continue as they are. Of those planning to make a change, 8% plan to retire, 10% plan to seek a medical job in a non-clinical setting, 3% plan to seek a job or business in a non-medical field, 6% plan to work on a temporary or locum tenens basis, 17% plan to close their practices to new patients or to significantly reduce their workloads, and 7% plan a variety of steps other than continuing practice as they are.

In short, over half of physicians surveyed plan to take steps that would either take them out of a patient care setting or reduce the number of patients they see. It is particularly important to note that a much higher percent of physicians in the 50-55 age group and the 56-60 age group plan to reduce their role in patient care than physicians in the 61-65 age group. Literally none of the physicians in the more senior age group indicated they plan to retire or seek non-clinical jobs in the next one to three years, while 85% indicated they plan to continue practicing as they are.

We infer from this that many physicians in the 61-65 age group will finish out their careers as patient care practitioners. By contrast, many of those physicians in the 50-55 or 56-60 age groups, who typically are at the peak of their practices in terms of number of patients seen, will seek alternatives to patient care practice. Should these peak practice physicians retire, find work outside of patient care, or significantly reduce their work loads, millions of patient visits per year will have to be absorbed by other physicians.

It also is worth considering that 11% of physicians surveyed have already closed their practices to new patients, while 17% indicated they either plan to close their practices to new patients in the next one to three years or significantly reduce their workloads. In the next one to three years, over one fourth of older physicians may only be providing care to existing patients.

Of those planning to make a change, many are motivated by rising malpractice rates. About 40% of those planning to make a change indicated that rising malpractice rates are a “significant factor” or “the single most significant factor” in their decision. More, however, are motivated by a “general dissatisfaction with today’s medical practice environment.” Over 60% indicated that a “general dissatisfaction” is a “significant factor” or “the single most significant factor” in their decision to make a change.

It should be observed that in the 2000 survey, 38% of older physicians indicated they would retire in the next one to three years. By contrast, only 8% of physicians in the 2004 survey indicated they plan to retire in the next one to three years. The 2000 survey was conducted prior to the economic downturn and the decline of the stock market, which we believe has inhibited the plans of many older physicians to retire early. However, the 2004 survey indicates that many older physicians continue to seek alternatives to traditional clinical practice, though they may not be in a position to retire.

Evaluating younger physicians, advising young people

Physicians were asked to compare the dedication and work ethic of doctors coming out of training today to that of their generation of physicians.

The majority of physicians surveyed (64%) indicated that physicians coming out of training today are less dedicated and hard working than physicians who entered medicine when they did. About 30% indicated that physicians coming out of training today are just as dedicated and hard working as physicians who entered medicine when they did. Interestingly, not a single physician surveyed indicated that physicians coming out of training today are more hard working and dedicated than physicians who entered medicine when they did.

This response underscores the profound gap in perspectives and backgrounds that may exist between more senior physicians and those new to medicine. In our experience, recently trained physicians may put a higher premium on “quality of life” issues than senior physicians often do. Younger physicians today generally prefer and expect set hours, good call and coverage, and regular vacation time. A much higher percentage of young physicians today are female than was the case in the past, and female physicians work 18% fewer hours per week than male physicians, according to the AMA. For these reasons, it may take two younger physicians to replace a more senior doctor.

This is an additional reason why the retirement or absence from medicine of senior physicians could have a major impact on physician supply. Often, these are “work horse” doctors whose departure from their medical staffs would be keenly felt.

It also is discouraging to note that the majority of physicians surveyed (52%) indicated they would not choose medicine as a career if they were starting out today. Interestingly, those physicians in the oldest age grouping (61-65) seem less negative about their choice of a career. Over 80% of physicians in this group indicated they would select medicine as a career if they were starting out today. Our inference is that with the end of the tunnel in sight, some senior physicians have come to terms with their choice of career.

Physicians were more emphatic about whether they would recommend medicine as a career to either their children or to young people. Only 36% indicated they would recommend medicine as a career to their children or to young people, while 64% indicated they would not. On a somewhat more positive note, 49% of physicians indicated that the quality of health care in the United States has generally improved over the last 20 years while only 33% indicated it has generally declined.

For more information about this survey or about Merritt, Hawkins & Associates, contact:



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