

2008 Survey of Final Year Medical Residents





Summary Report

2008 SURVEY OF FINAL YEAR MEDICAL RESIDENTS

OVERVIEW:

Merritt Hawkins & Associates is a national healthcare staffing and consulting firm specializing in the recruitment of physicians in all medical specialties, as well as select allied healthcare professionals. Established in 1987, Merritt Hawkins & Associates is a division of AMN Healthcare, the largest healthcare staffing company in the United States, and the largest provider in all four of its business lines: travel nurse staffing, *locum tenens* physician staffing, physician permanent placement services and allied healthcare professional staffing. Merritt Hawkins & Associates periodically conducts surveys regarding a wide range of physician recruiting related topics. Prior surveys conducted by Merritt Hawkins & Associates include its annual Review of Physician Recruiting Incentives, Survey of Physician Inpatient/Outpatient Revenue, Survey of Hospital Physician Recruiting Trends, and Survey of Primary Care Physicians.

This report summarizes Merritt Hawkins & Associates' 2008 Survey of Final Year Medical Residents. The firm has conducted this survey periodically since 1991 to determine the level of demand for graduating medical residents and a variety of other factors pertaining to the career preferences and practice plans of physicians completing their medical training.

Survey information is offered as a tool to help hospitals, health networks, medical groups and other health care organizations to recruit medical residents. It also may assist those who follow medical staffing trends to assess the changing priorities and preferences of newly trained physicians entering the medical field.

METHODOLOGY:

The 2008 Survey of Final Year Medical Residents was conducted by telephone by members of Merritt Hawkins & Associates' Research Department. Medical residents were called at random from a list provided by a health care data base company. In addition, members of Merritt Hawkins & Associates' Research Department also conducted surveys with final year medical residents who contacted the firm regarding practice opportunities. These final year medical residents may have responded to a mailing sent by Merritt Hawkins & Associates, or they may have responded to information on the Internet or some other source.

Surveys were conducted from March, 2008 through July, 2008. Two hundred and ninety surveys were completed with final year residents representing 20 different medical specialties. Thirty-six percent of final year residents surveyed are in primary care, defined as family practice, internal medicine and pediatrics. The remaining 64 percent are surgical and diagnostic specialists.

Questions asked in the survey have varied over the years. Comparisons to responses received in previous years the survey was conducted are included where relevant.

Specialties Surveyed

Anesthesiology, Cardiology, Dermatology, Emergency Medicine, Family Practice, Gastroenterology, General Surgery, Hospitalist, Internal Medicine, Neurology, Obstetrics/Gynecology, Oncology, Orthopedic Surgery, Otolaryngology, Pathology, Pediatrics, Pulmonology, Radiology, Rheumatology, Urology

Surveys Completed:

<u>2008</u>	<u>2006</u>	<u>2003</u>	<u>2001</u>
290	285	325	300

QUESTIONS ASKED AND RESPONSES RECEIVED

(all numbers rounded to the nearest full digit)

1. About how many times during the course of your residency have you been contacted about medical practice job opportunities by recruiters, hospitals, medical groups, or others? Please include all recruiting letters, phone calls, personal conversations, emails or other forms of communication you may have received.

	<u>2008</u>		<u>2006</u>		<u>2003*</u>
	<u>All Specialties</u>	<u>Primary Care</u>	<u>All Specialties</u>	<u>Primary Care</u>	
0 to 10	6%	8%	4%	5%	4%
11 to 25	14%	16%	17%	16%	9%
26 to 50	40%	42%	27%	34%	19%
51 to 100	34%	30%	36%	39%	25%
Over 100	6%	4%	16%	6%	43%

*In 2003, no comparison was made between primary care physicians and all specialties

2. Which of the following do you consider to be the most important sources for learning about practice opportunities? Please rate them from one being the most important to three being the least important.

	<u>2008</u>		
	Most Important 1	2	Least Important 3
Personal networking	28%	48%	24%
Residency program	21%	44%	35%
Specialty societies	25%	37%	38%
The internet	58%	9%	33%
Physician recruiters	39%	41%	20%
Medical journals	34%	11%	55%

3. At what point in your residency did you begin to seriously examine practice opportunities -- actually obtaining information, arranging interviews, etc?

	<u>2008</u>	<u>2006</u>	<u>2003</u>	<u>2001</u>
Six Months Before Completion	1%	27%	27%	70%
One Year Before Completion	17%	40%	48%	25%
Over One Year Before Completion	82%	33%	25%	5%

4. What is important to you as you consider practice opportunities? Please rank the following factors, with one being the most important and three the least important?

	<u>2008</u>		
	Most Important		Least Important
	1	2	3
Good financial package	46%	41%	13%
Adequate call/coverage/personal time	28%	53%	19%
Geographic location/lifestyle	57%	12%	31%
Educational loan forgiveness	42%	24%	34%
Specialty support	17%	51%	32%
Proximity to family	30%	37%	33%
Low malpractice area	33%	31%	36%
Good medical facilities/equipment	23%	43%	34%

5. Which of the following practice settings would you be most open to? (indicate one only)

	<u>2008</u>	<u>2006*</u>	<u>2003</u>	<u>2001</u>
Single Specialty Group	23%	91%	30%	24%
Partnership	24%	71%	41%	21%
Multi-Specialty Group	16%	60%	13%	28%
Hospital Employee	22%	52%	4%	3%
Outpatient Clinic	8%	17%	2%	8%
Association	4%	9%	2%	0%
Locum Tenens	0%	9%	1%	3%
Solo	1%	8%	4%	8%
HMO	1%	6%	1%	1%
Unsure	1%	5%	2%	N/A
Other (Urgent Care, Student Health, Corporate, etc.)	<1%	1%	0%	4%

*In 2006, resident surveyed had the option of choosing multiple responses. In all other years, they were asked to give one response.

6. Based on population, in what size community would you most like to practice?

	<u>2008</u>	<u>2006</u>	<u>2003</u>	<u>2001</u>
10,000 or less	3%	0%	N/A	0%
10,001 – 25,000	1%	<1%	N/A	8%
25,001 – 50,000	13%	4%	N/A	13%
50,001 – 100,000	19%	15%	N/A	21%
100,001 – 250,000	23%	30%	N/A	15%
250,001 – 500,000	20%	26%	N/A	25%
500,001 – 1 million	15%	18%	N/A	12%
Over 1 million	6%	7%	N/A	6%

7. Which of the following types of compensation would you prefer at the start of your first professional practice?

	<u>2008</u>	<u>2006*</u>	<u>2003</u>	<u>2001</u>
Salary w/Production Bonus	78%	91%	58%	62%
Salary	18%	39%	20%	30%
Income Guarantee	2%	33%	14%	3%
Unsure	0%	4%	8%	N/A
Bank Loan	0%	<1%	0%	0%
100% Productivity	0%	N/A	0%	5%

*In 2006, residents surveyed had the option of selecting multiple responses

8. What level of compensation do you anticipate achieving in your first professional practice?

	<u>2008</u>		<u>2006</u>		<u>2003</u>	<u>2001</u>	
	<u>Primary Care</u>	<u>All Specialties</u>	<u>Primary Care</u>	<u>All Specialties</u>		<u>Primary Care</u>	<u>All Specialties</u>
\$50,000-\$75,000	0%	0%	0%	0%	0%	3%	0%
\$76,000-\$100,000	0%	0%	0%	0%	0%	4%	0%
\$101,000-\$125,000	0%	0%	2%	3%	3%	73%	9%
\$126,000-\$150,000	12%	5%	12%	30%	7%	17%	9%
\$151,000-\$175,000	57%	21%	18%	35%	14%	3%	27%
\$176,000-\$200,000	13%	8%	13%	14%	18%	0%	18%
\$201,000-\$225,000	10%	14%	14%	15%	17%	0%	17%
\$226,000-\$250,000	3%	8%	6%	0%	17%	0%	10%
\$251,000-\$300,000	5%	15%	18%	3%	13%	0%	10%
\$301,000 & over	0%	29%	17%	0%	11%	0%	0%

9. What do you owe in student loans?

	<u>2008</u>	<u>2006</u>	<u>2003</u>	<u>2001</u>
\$0	10%	33%	27%	N/A
\$50,000 or less	17%	14%	16%	N/A
\$50,001-\$100,000	19%	23%	22%	N/A
\$100,001-\$150,000	29%	21%	17%	N/A
\$150,001-\$200,000	19%	7%	11%	N/A
\$200,001-\$250,000	6%	2%	7%	N/A

10. How concerned are you about educational loan repayment/forgiveness?

	<u>2008</u>	<u>2006</u>	<u>2003</u>	<u>2001</u>
It is a major concern	35%	12%	N/A	N/A
It is somewhat of a concern	24%	37%	N/A	N/A
It is a minor concern	19%	14%	N/A	N/A
It is not a concern	22%	37%	N/A	N/A

11. How would payment of your educational loans influence your decision to accept a practice opportunity offer?

	<u>2008</u>	<u>2006</u>	<u>2003</u>	<u>2001</u>
Little to no effect	25%	47%	53%	N/A
Some effect	35%	37%	34%	N/A
Great effect	40%	16%	13%	N/A

12. How prepared are you to handle the “business side” of your medical career, including employment contracts, compensation arrangements, and other facets of employment?

	<u>2008</u>	<u>2006</u>	<u>2003</u>	<u>2001</u>
Very prepared	16%	53%	2%	N/A
Somewhat prepared	66%	31%	51%	N/A
Unprepared	18%	16%	47%	N/A

13. During the course of your medical training did you receive any formal instruction regarding “employment” issues such as contracts, compensation arrangements, interviewing techniques, reimbursement methods, etc?

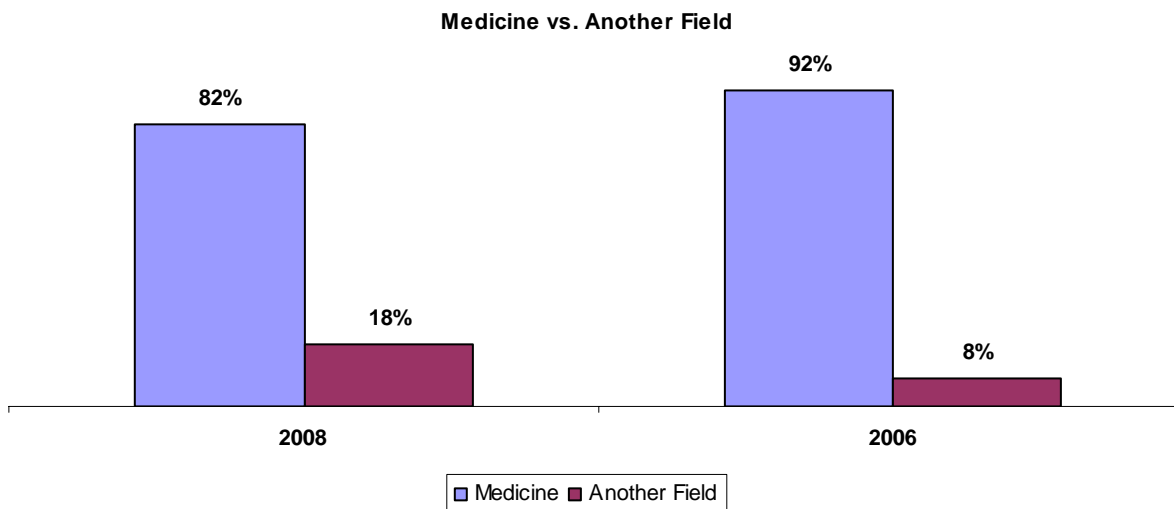
	<u>2008</u>	<u>2006</u>	<u>2003</u>	<u>2001</u>
Yes, some formal training	56%	26%	46%	N/A
No, no formal training	44%	74%	54%	N/A

14. What causes you the most concern as you enter your first professional practice? Please rate the following factors, with one being the most concerning and three being the least concerning.

	<u>2008</u>		
	Most Concerning 1	2	Least Concerning 3
Ability to find a practice	41%	38%	21%
Educational debt	60%	14%	27%
Dealing with payer (Medicare, etc.)	13%	44%	43%
Malpractice	32%	37%	31%
Earning a good income	38%	45%	18%
Availability of free time	33%	46%	22%
Insufficient medical knowledge	30%	24%	46%
Insufficient practice management knowledge	4%	47%	49%
Dealing with patients	4%	35%	42%

15. If you were to begin your education again, would you study medicine or would you select another field?

	<u>2008</u>	<u>2006</u>	<u>2003</u>	<u>2001</u>
Medicine	82%	92%	76%	95%
Another Field	18%	8%	24%	5%



TRENDS AND OBSERVATIONS

The number of new physicians entering the medical field is determined each year by the number of final year medical residents and fellows graduating from close to 800 training programs nationwide. Typically, this group includes approximately 17,000 residents and fellows who graduated from U.S. medical schools and approximately 6,000 residents and fellows who graduated from medical schools based abroad. The total number of graduating residents and fellow has been fixed at around 23,000 to 24,000 for close to 25 years. Much of the funding provided to train medical residents comes from the federal government through the Center for Medicare and Medicaid Services (CMS.) Funding for physician graduate medical education through CMS was capped by Congress in 1997 in the Balanced Budget Act, which is a principal reason why the number of graduating medical residents and fellows has not increased.

While the number of residents and fellows coming out of training has been static for years, significant demographic changes have taken place in the United States during this time. Tens of millions of people have been added to the population, and the population, on average, has become older. These changes have increased demand for physicians, as have other developments, such as the proliferation of medical technology, the cumulative increase in consumer wealth and purchasing power, and the lifestyle choices of many Americans.

The result of a fixed number of physicians entering the job market and increasing demand for physician services is a widespread shortage of doctors (for a thorough discussion of the physician shortage, see Merritt Hawkins & Associates' book, *Will the Last Physician in America Please Turn Off the Lights?* available at www.practicesupport.com.)

The physician shortage has compelled many hospitals, medical groups and other organizations that recruit physicians to focus particular attention of those physicians who are most likely to be in search of a job – i.e., final-year medical residents. Merritt Hawkins & Associates' Survey of Final-Year Medical Residents is intended to throw light on the concerns, preferences and practice plans of final-year residents. The survey may be useful to organizations recruiting physicians and to policy makers, academics, journalists and others who follow physician supply and recruiting trends.

Some of the key findings of the survey are reviewed below.

How Many Practice Solicitations?

Through anecdotal evidence, it is widely perceived that final-year medical residents are the consistent target of physician recruiters. Indeed, the American Medical Association has even distributed guidelines to physician recruiting organizations requesting that they not contact residents during work hours or use any indirect means to lure them to the telephone.

The 2008 survey, and previous surveys of final-year medical residents conducted by Merritt Hawkins & Associates, reinforces the perception that medical residents are the subject of considerable recruiting activity. The survey asked residents to estimate the number of times they were contacted by recruiters during the course of their training. Ninety-four percent of final-year medical residents surveyed said they had been contacted by recruiters at least 11 times or more during the course of their training. Eighty percent said they had been contacted by recruiters 26 times or more during their training, while 40 percent said they had been contacted 51 times or more.

The number of final-year residents who said they had been contacted 100 or more times by recruiters during the course of their training declined in 2008 relative to previous years. Six percent of final-year residents in 2008 said they had been contacted by recruiters 100 or more times during their training, compared to 16 percent in 2006 and 43 percent in 2003. This may be the result of the AMA's efforts to reduce the volume of recruiting solicitations directed at final-year residents.

Where and When Do Residents Find Jobs?

Final-year residents were asked to rate various sources they use to learn about medical practice opportunities on a scale of one being most important and three being least important. The internet received a number one rating from 58 percent of respondents and was clearly the most highly rated source for learning about medical jobs. “Physician recruiters” were given a one rating by 39 percent of residents, while 34 percent gave “medical journals” a number one rating. “Personal networking” also was highly rated, receiving a one or a two rating from 76 percent of residents.

The 2008 survey indicates that residents have become very proactive in their job searches. Eighty-two percent said they began to seriously examine practice opportunities over one year before completing their training. Only one percent said they waited until six months before the end of their training to seriously examine practice opportunities. Residents surveyed in 2008 were much more proactive in examining medical practice opportunities than were residents surveyed in previous years. In 2006, for example, only 33 percent of residents surveyed said they began to seriously examine job opportunities over one year before completing their training, while 27 percent said they waited until six months before completing their training. Over the past seven years, the number of residents surveyed who began seriously examining practice opportunities early has steadily increased.

The 2008 survey therefore reinforces the fact that recruiters need to contact residents about job opportunities well before their final year or risk being too late to be considered.

What do Residents Look for in a Practice?

Residents were asked to rate those factors they look for when assessing practice opportunities, with one being the most important and three the least important. “Geographic location/lifestyle” was rated number one by 57 percent of residents and was the factor that received the most number one ratings, followed by “good financial package” (46 percent) and “educational loan forgiveness” (42 percent.)

However, “adequate call/personal time” was rated a one or two by 81 percent of residents, and only 19 percent gave “adequate call/personal time” a number three rating. By contrast, at least 31 percent of residents gave every other factor a three rating, with the exception of “good financial package.” Only 13 percent of residents gave “good financial package” a three rating. Very few residents, therefore, considered either “good financial package” or “adequate call/personal time” to be unimportant, whereas 36 percent rated “good malpractice area” as least important and 34 percent rated “good medical facilities” as unimportant.

In Merritt Hawkins & Associates’ experience, residents tend to place “geographic location/lifestyle,” at the top of their priority list when assessing practice opportunities, with “adequate call/personal time” and “good financial package” close behind. The survey generally confirms this.

In the 2008 survey, residents were asked which type of practice setting they would be most open to. Only one percent indicated they would be most open to a “solo” practice, underscoring the fact that very few residents are interested in the traditional medical career path in which doctors came out of training and “hung out a shingle.” However, one-quarter of those surveyed indicated they would be open to a “partnership” with another physician, which implies they would be willing to be co-owners of a practice. This is somewhat surprising as the great majority of residents Merritt Hawkins & Associates recruits are looking for an employed setting with either a medical group or a hospital. Indeed, 70 percent of those surveyed indicated they would be most open to a medical group, a hospital, an outpatient clinic, or an HMO – all practice settings that typically feature employment, at least at the beginning of a new physician’s tenure (residents joining medical groups often start as employees but may eventually become partners/owners of the group.)

The 2008 survey holds continued bad news for communities in rural areas and the hospitals and medical practices that serve them. Only three percent of the final year medical residents surveyed would prefer to practice in a community of 10,000 people or less, and only 4 percent would prefer to practice in a community of 25,000 or less. The great majority of residents (about 83 percent) would prefer to practice in a community of 50,000 or more, a response which indicates that recruiting residents to rural areas will remain an uphill battle.

What do Residents Expect to Earn?

Residents were asked what level of compensation they expect to earn in their first year of professional practice. Responses were broken out for specialists and primary care physicians, since income for specialists generally can be assumed to be higher than for physicians engaged in primary care. Sixty-nine percent of primary care physicians indicated they expect to make between \$126,000 and \$175,000 in their first year. This is consistent with the range of offers Merritt Hawkins & Associates observes for primary care physicians coming out of training. However, 28 percent of final year primary care residents indicated they expect to make \$200,000 or more in their first year. This may be possible if residents are provided with a production bonus that allows them to earn more than the base salary or income guarantee they may be offered. However, given flat reimbursement rates and rising costs, incomes of \$200,000 or more for primary care physicians tend to be the exception and not the norm.

By contrast, 44 percent of surgical and diagnostic residents surveyed indicated they expect to make \$251,000 or more in their first year of practice. These expectations are not out of line for radiologists, orthopedic surgeons, cardiologists and other relatively highly paid specialists.

The great majority of final year residents surveyed (98 percent) would prefer a straight salary or a salary with production bonus in their first year of practice. Only two percent would prefer an income guarantee, a type of compensation structure usually offered in independent rather than employed practice settings. This suggests that residents today or not particularly entrepreneurial and would rather earn a paycheck initially than start as a practice owner or partner.

Who is in Debt?

Residents were asked what they owe in student loans. Ten percent indicated they owe nothing in student loans. At least some of these residents may be international medical graduates, who often do not carry the same level of educational debt as graduates of U.S. medical schools. This is speculation, however, as residents surveyed were not tracked by location of training.

Thirty-five percent of residents said that repayment of their educational debt was a “major concern” while 24 percent said it was “somewhat of a concern.” Some hospitals and other organizations offer to repay residents all or a portion of their educational debt as part of the recruiting incentive package. Residents were asked how repayment of their educational loans would effect their decision to accept a particular practice opportunity offer. Forty-percent said educational loan repayment would have “great effect” upon their decision to select a particular offer, while 35 percent said it would have “some effect” and 25 percent said it would have “little or no effect.” By contrast, only 16 percent of residents surveyed in 2006 and 13 percent surveyed in 2003 said that educational loan repayment would have a “great effect” on their decision to accept a practice offer.

The survey therefore suggests that educational loan repayment has become a higher priority for many residents and may be an effective recruiting tool in some cases.

How Prepared are Residents for the Business of Medicine?

Final year residents were asked how prepared they are to handle the “business side” of medicine, including such factors as employment contracts and compensation arrangements. Sixteen percent said they are “very prepared” to handle such matters, while the majority (66 percent) said they are “somewhat prepared.” Eighteen percent said they are “unprepared” for the business side of medicine. Traditionally, medical students and residents have received little instruction in the business of medicine as the preponderance of their education and training was focused on clinical issues. In recent years, however, a number of medical schools and residency programs have added at least some instruction in medical economics and practice management. The result may be suggested by the fact that in 2003, only 53 percent of residents surveyed said they were either “very prepared” or “somewhat prepared” for the business side of medicine. By 2006 that number had increased to 84% and in 2008 it remained at the same general level (82 percent.)

When asked if they had received any formal instruction in employment related issues such as contracts, compensation, etc., 56 percent of residents surveyed in 2008 said yes, up from 26 percent in 2006 and 46 percent in 2003.

While this is a positive sign, in Merritt Hawkins & Associates’ experience many residents remain unfamiliar with the basic terms and conditions of medical employment and therefore may be at a disadvantage when evaluating practice opportunities. Unless a great deal of care is taken by the recruiting party, residents often may accept a practice offer coming out of training that may not suit their needs, leading to a high level of turnover.

What Concerns Residents?

Residents were asked to rate those factors causing them the most concern as they prepare to enter their first professional practice, with one being the most concerning and three the least concerning.

“Educational debt” was ranked number one by 60 percent of residents and received the highest number of one ratings, followed by “ability to find a practice” (41 percent), “earning a good income” (38 percent) and “availability of free time” (33 percent.)

Only 13 percent of residents surveyed rated “dealing with payers” as a number one concern, and only four percent rated “insufficient practice management knowledge” as a number one concern. These numbers further reflect the relative inexperience residents have with practice management issues. Generally, experienced physicians rate “dealing with payers” as their primary professional frustration (see “Medical Practice in 2008: Physicians at the Breaking Point,” a national physician survey conducted by Merritt Hawkins & Associates for the Physicians’ Foundation for Health Systems Excellence.) That residents surveyed are not particularly concerned by reimbursement issues or practice management knowledge underscores the fact that many newly minted doctors may not know what they are in for.

Residents were asked if they would study medicine again if they had their education to do over or if they would select some other field. The majority (82 percent) said that they would choose medicine, but close to one in five (18 percent) said they would choose some other field.

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



Special thanks to



A Division of AMN Healthcare, Inc.
5001 Statesman Drive
Irving, Texas 75063
800-876-0500
www.merrithawkins.com

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