

***Summary Report***

**2006 SURVEY OF FINAL YEAR MEDICAL RESIDENTS**

**OVERVIEW:**

Merritt, Hawkins & Associates, a subsidiary of AMN Healthcare, is a national physician search and consulting firm that periodically conducts surveys on a wide range of physician staffing 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’ 2006 survey of medical residents in their final year of training. The firm has conducted this survey periodically since 1991 to determine the level of demand for graduating medical residents. The survey also is intended to provide information on the practice preferences and professional concerns of recently trained physicians about to enter their first practice.

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 2006 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, 2006 through July, 2006. Two hundred and eighty-five surveys were completed with final year residents representing 25 different medical specialties. 38% of final year residents surveyed are in primary care, defined as family practice, internal medicine and pediatrics, 50% are surgical specialists or internal medicine sub-specialists, and 12% are hospital-based specialists such as anesthesiologists, radiologists, pathologists, hospitalists or emergency medicine.

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

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

## Surveys Completed:

<u>2006</u>	<u>2003</u>	<u>2001</u>	<u>1999</u>
285	325	300	300

## Geographic location:

Responses were received from final year residents located throughout the United States.

## 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>2006</u>		<u>2003</u>		<u>2001</u>		<u>2001</u>		<u>1999*</u>
	<u>All</u>	<u>Primary</u>			<u>Primary</u>	<u>Specialists</u>			
	<u>Specialties</u>	<u>Care</u>			<u>Care</u>				
0 to 10	4%	5%		4%	43%	16%			25%
11 to 25	17%	16%		9%	35%	40%			27%
26 to 50	27%	34%		19%	18%	16%			32%
51 to 100	36%	39%		25%	4%	21%			11%
Over 100	16%	6%		43%	0%	7%			5%

\*2003, 1999, no data comparison was made between specialty and primary care residents.

**2. What are your best resources for learning about medical practice opportunities? (indicate all that apply)**

	<u>2006</u>	<u>2003</u>	<u>2001 (1<sup>st</sup>)*</u>	<u>2001 (2<sup>nd</sup>)</u>	<u>1999 (1<sup>st</sup>)</u>	<u>1999 (2<sup>nd</sup>)</u>
Internet	77%	38%	9%	17%	14%	8%
Personal Networking	76%	61%	30%	12%	31%	5%
Physician Recruiters	55%	43%	25%	34%	18%	36%
Residency Program	52%	25%	20%	10%	19%	19%
Specialty Society	17%	4%	0%	2%	1%	2%
Journal Advertising	7%	19%	16%	25%	17%	30%

\*In 2001 and 1999, respondents were asked to number their responses either 1 or 2.

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

	<u>2006</u>	<u>2003</u>	<u>2001</u>	<u>1999</u>
Six Months Before Completion	27%	27%	70%	51%
One Year Before Completion	40%	48%	25%	41%
Over One Year Before Completion	33%	25%	5%	8%

**4. Other than quality of care considerations, what are your top considerations as you look at selecting a medical practice job opportunity? (indicate all that apply)**

	<u>2006*</u>	<u>2003</u>	<u>2001 (1<sup>st</sup>)</u>	<u>2001 (2<sup>nd</sup>)</u>	<u>1999 (1<sup>st</sup>)</u>	<u>1999 (2<sup>nd</sup>)</u>
Geographic Location/Lifestyle	79%	79%	73%	25%	74%	23%
Good Financial Package	68%	58%	11%	32%	18%	43%
Adequate Call/Coverage	44%	49%	8%	23%	4%	17%
Loan Forgiveness	19%	2%	6%	15%	3%	12%
Specialty Support	8%	2%	2%	5%	1%	5%
Low Malpractice	6%	N/A	N/A	N/A	N/A	N/A
Good Medical Facilities/Equipment	9%	N/A	N/A	N/A	N/A	N/A

\*In 2001 and 1999, respondents were asked to number their responses either 1 or 2.

**5. Which of the following practice settings would you strongly consider as you come out of residency (indicate any that apply)**

	<u>2006*</u>	<u>2003</u>	<u>2001</u>	<u>1999</u>
Single Specialty Group	91%	30%	24%	31%
Partnership	71%	41%	21%	15%
Multi-Specialty Group	60%	13%	28%	25%
Hospital Employee	52%	4%	3%	8%
Outpatient Clinic	17%	2%	8%	8%
Association	9%	2%	0%	2%
Locum Tenens	9%	1%	3%	0%
Solo	8%	4%	8%	4%
HMO	6%	1%	1%	1%
Unsure	5%	2%	N/A	N/A
Other (Urgent Care, Student Health, Corporate, etc.)	1%	0%	4%	6%

\*In 2006, respondents had the option of choosing multiple responses. In previous years, they were asked to give one response.

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

	<u>2006</u>	<u>2003</u>	<u>2001</u>	<u>1999</u>
10,000 or less	0%	N/A	0%	4%
10,001 – 25,000	<1%	N/A	8%	7%
25,001 – 50,000	4%	N/A	13%	12%
50,001 – 100,000	15%	N/A	21%	22%
100,001 – 250,000	30%	N/A	15%	21%
250,001 – 500,000	26%	N/A	25%	18%
500,001 – 1 million	18%	N/A	12%	10%
Over 1 million	7%	N/A	6%	6%

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

	<u>2006</u>	<u>2003*</u>	<u>2001*</u>	<u>1999*</u>
Salary w/Production Bonus	91%	58%	62%	61%
Salary	39%	20%	30%	22%
Income Guarantee	33%	14%	3%	12%
Unsure	4%	8%	N/A	N/A
Bank Loan	<1%	0%	0%	0%
100% Productivity	N/A	0%	5%	5%

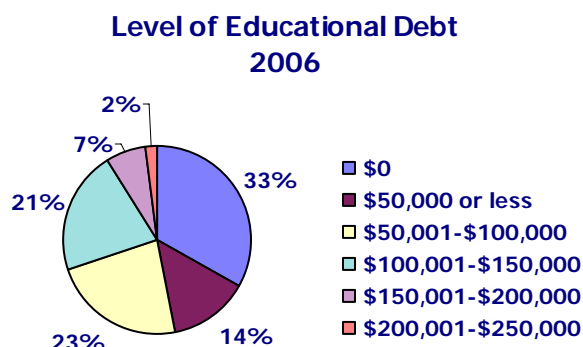
\*In 2003, 2001, and 1999 respondents asked for one preference only

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

	<u>2006</u> (all specialties)	<u>2006</u> (Primary Care)	<u>2003</u>	<u>2001</u> (Primary Care)	<u>2001</u> (Specialist)	<u>1999</u>
\$50,000-\$75,000	0%	0%	0%	3%	0%	0%
\$76,000-\$100,000	0%	0%	0%	4%	0%	12%
\$101,000-\$125,000	2%	3%	3%	73%	9%	40%
\$126,000-\$150,000	12%	30%	7%	17%	9%	26%
\$151,000-\$175,000	18%	35%	14%	3%	27%	14%
\$176,000-\$200,000	13%	14%	18%	0%	18%	4%
\$201,000-\$225,000	14%	15%	17%	0%	17%	N/A
\$226,000-\$250,000	6%	0%	17%	0%	10%	4%
\$251,000-\$300,000	18%	3%	13%	0%	10%	0%
\$301,000 & over	17%	0%	11%	0%	0%	0%

**9. What is your level of educational debt?**

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



**10. How concerned are you about your level of educational debt?**

	<u>2006</u>	<u>2003</u>	<u>2001</u>	<u>1999</u>
It is a major concern	12%	N/A	N/A	N/A
It is somewhat of a concern	37%	N/A	N/A	N/A
It is a minor concern	14%	N/A	N/A	N/A
It is not a concern	37%	N/A	N/A	N/A

**11. How would payment of your educational debt effect your selection of a practice opportunity?**

	<u>2006</u>	<u>2003</u>	<u>2001</u>	<u>1999</u>
Little to no effect	47%	53%	N/A	N/A
Some effect	37%	34%	N/A	N/A
Great effect	16%	13%	N/A	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>2006</u>	<u>2003</u>	<u>2001</u>	<u>1999</u>
Very prepared	53%	2%	N/A	N/A
Somewhat prepared	31%	51%	N/A	N/A
Unprepared	16%	47%	N/A	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?**

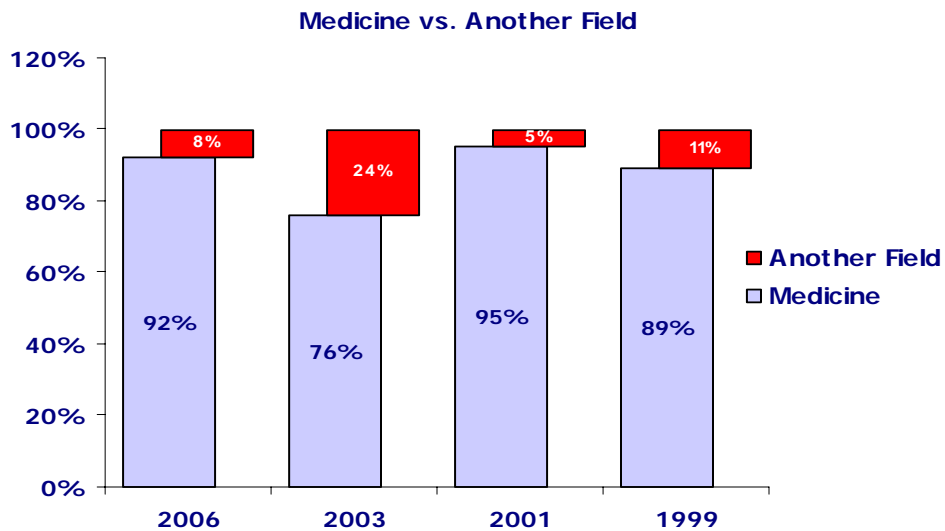
	<u>2006</u>	<u>2003</u>	<u>2001</u>	<u>1999</u>
Yes, some formal training	26%	46%	N/A	N/A
No, no formal training	74%	54%	N/A	N/A

**14. As you consider entering a professional practice, do any of the following cause you a significant level of concern?**

	<u>2006</u>	<u>2003</u>	<u>2001</u>	<u>1999</u>
Ability to find a job	83%	20%	43%	32%
Earning a good income	74%	N/A	N/A	N/A
Availability of free time	63%	51%	15%	13%
Malpractice	32%	62%	15%	7%
Educational debt	19%	27%	13%	15%
Dealing w/ managed care (payors)	15%	60%	25%	5%
Insufficient practice management knowledge	12%	46%	N/A	N/A
Dealing w/ patients	4%	3%	3%	N/A
Insufficient medical knowledge	3%	16%	6%	N/A

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

	<u>2006</u>	<u>2003</u>	<u>2001</u>	<u>1999</u>
Medicine	92%	76%	95%	89%
Another Field	8%	24%	5%	11%



## TRENDS AND OBSERVATIONS

Merritt, Hawkins & Associates has conducted its Survey of Final Year Medical Residents every other year since 1991. However, the 2006 Survey marks the first time that a period of three years has elapsed between surveys. The previous Survey of Final Year Residents was conducted in 2003

In addition, the 2003 Survey was focused entirely on final year residents engaged in specialty training. No physicians in primary care (family practice, general internal medicine, pediatrics) were surveyed. Primary care residents were excluded from the 2003 survey, since at that time, the great majority of Merritt, Hawkins & Associates' search assignments were for specialists. Since 2003, however, demand for primary care physicians has increased substantially (see Merritt, Hawkins & Associates' 2006 Review of Physician Recruitment Incentives.) The 2006 Survey of Final Year Residents reflects this trend as 38% of residents surveyed this year are in primary care while the remaining 62% are in surgical, diagnostic or hospital-based specialties. This is roughly the ratio between primary care and specialist physicians in the general population of active patient care doctors.

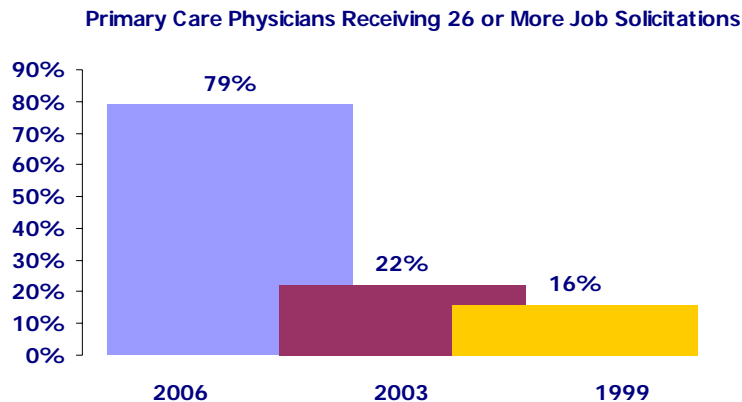
In the three years since the last Survey of Final Year Medical Residents was conducted, there have been some marked changes in attitude and concerns among physicians about to enter their first professional practice, while other attitudes and concerns have remained fairly constant. Some of these differences and similarities are addressed below.

### A Buyer's Market

It remains very much a buyer's market for physicians coming out of training. Fifty-two percent of final year residents surveyed indicated that they had received 51 or more job solicitations in the course of their training, either by telephone, regular mail, or email. A significant majority (79%) received 26 or more job solicitations during their training. A small minority (4%) received 10 or fewer job solicitations, while four times this number (16%) received over 100 job solicitations during the course of their training.

The percentage of final year residents receiving 100 or more job solicitations declined relative to 2003, when 43% of final year residents surveyed indicated they had received 100 or more job solicitations during their training. However, the percentage of residents receiving a large number of job solicitations in 2006 was considerably higher than it was in both 2001 and 1999.

Particularly notable is the relatively high percentage of 2006 primary care residents who received 26 job solicitations or more. In 2001, the last time the Survey tracked job solicitations for primary care doctors, only 22% indicated they had received 26 or more job solicitations during the course of their training. In 2006, by contrast, 79% of primary care physicians indicated they had received 26 or more job solicitations during the course of their training (see graph below.)



While recruitment activity directed at final year residents in specialty training diminished somewhat in 2006 relative to 2003, the amount of recruitment activity aimed at primary care physicians appears to have considerably increased. Today, job prospects are plentiful for both specialists and primary care physicians coming out of training, with no division between specialist “haves” and primary care “have nots.”

### **Where and When Do Residents Find Jobs?**

When it comes to finding a medical practice, final year medical residents have clearly shifted their job searches to the Internet over the last several years. In 2006, 77% of final year residents indicated the Internet was among their best resources for finding out about practice opportunities. In 2003, by contrast, only 38% rated the Internet among their best choices for learning about medical practice opportunities. In 1999, only 22% of final year residents rated the Internet as either their first or second choice for finding job opportunities. In the last three years, the number of physician-oriented web sites has greatly proliferated and a good deal of practice information can be found online. Since medical residents conduct much of their training and research online, it is to be expected that they would use the Internet aggressively as a job-finding tool. The increased use of the Internet may be coming at the expense of medical journals. Only 7% of final year residents indicated that journal advertising is a “best resource” for learning about medical practice opportunities, down from 19% in 2003.

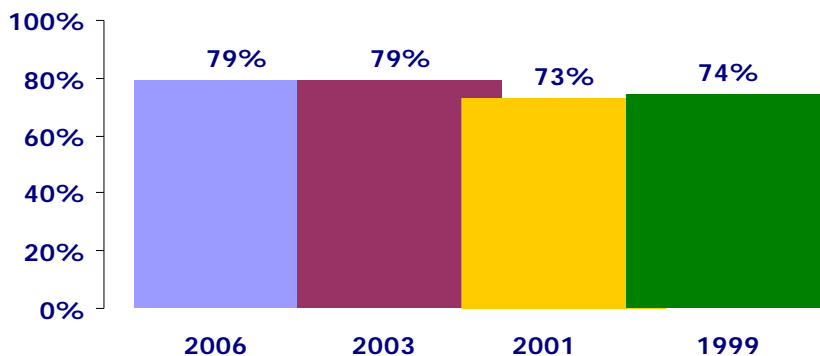
Personal networking is cited by 76% of final year residents surveyed as a “best resource” for finding out about medical practice opportunities, up from 61% in 2003, while both residency programs and physician recruiters were mentioned as a best resource more frequently in 2006 than in 2003.

Some final year residents wait until the last moment to begin a serious job search, but the majority begin looking at least one year before completing their training. While 27% of final year residents did not begin a serious job search until six months before completing their training, 40% started with one year left and 33% started with over one year left. Recruiters therefore would be well served to begin contacting residents at least one year before they complete their training and probably earlier.

### **What do Residents Look for in a Job?**

Geographic location and the lifestyle a location affords remains the top consideration for the majority of residents, a fact that has not changed since Merritt, Hawkins & Associates began conducting this survey. Seventy-nine percent of residents indicated that “geographic location/lifestyle” is among their top consideration when evaluating a practice opportunity, a number consistent with previous surveys.

**Percent of Residents Who Chose Geography as a Top Consideration in Selecting a Practice**



In Merritt, Hawkins & Associates' experience, most residents base their initial practice selection on an often pre-determined geographic location, usually close to where they trained, where they grew up or where their spouse grew up. Recruiters often must persuade residents that geographic location may not be the most relevant criteria when choosing a new practice. Nevertheless, many residents choose a first practice based mostly on location and later discover things about the practice (patient mix, path to partner, etc.) that cause them to leave within one to two years.

Relative to previous years, a high percentage of final year residents (68%) indicated that a "good financial package" is among their top considerations when evaluating a practice opportunity. In 2003, only 58% of final year residents placed financial package among their top considerations, while 43% rated financial package as one of their top two considerations in 2001.

The type of practice setting residents indicate they prefer remains some type of group, either single or multi-specialty, a fact that has remained consistent for several years. However, a much higher percentage of residents in 2006 indicated they would strongly consider a "hospital employee" setting than have done so in the past. In 2006, 52% of final year residents indicated they would strongly consider a hospital employee setting, up from 4% in 2003 who said a hospital employee setting would be their top choice and 3% in 2001. In Merritt, Hawkins & Associates' experience, a growing number of physicians, both in-practice doctors and residents, are interested in becoming hospital employees, mostly to reduce the stress and "hassle factors" inherent to private practice.

The 2006 Survey holds continued bad news for communities in rural areas and the hospitals and medical practices that serve them. Virtually none of the final year medical residents surveyed in 2006 would prefer to practice in a community of 25,000 people or less, compared to 8% in 2001 and 11% in 1999 (the question was not asked in 2003.) Only 4% of those surveyed would prefer to practice in a community of between 25,001 and 50,000 people. The great majority of residents (about 81%) would prefer to practice in a community of 100,000 or more, a response which indicates that recruiting residents to rural areas will remain an uphill battle.

### Financial Expectations

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-five 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, thirty-two percent of final year primary care residents indicated they expect to make \$176,000 or more in their first year. By contrast, in 2001, the last year the Survey tracked financial expectations of primary care physicians, none of the primary care residents surveyed expected to make \$176,000 or more. Merritt, Hawkins & Associates' supposition is that the increased amount of recruitment activity directed toward primary care residents in the last three years has caused some primary care residents to over-estimate the first-year salaries they are likely to earn.

The majority of final year residents surveyed (91%) would prefer a salary with production bonus compensation structure in their first practice to an income guarantee or a bank loan. This suggests that residents today or not particularly entrepreneurial and would rather earn a paycheck than "set up a shingle" and practice independently.



## **The Problem of Debt**

Somewhat surprisingly, 33% of final year residents surveyed indicated they have no educational debt, while 14% said they have \$50,000 or less in educational debt. By comparison, The Association of American Medical Colleges in 2003 reported that medical school graduates on average have \$109,000 in educational debt. However, final year residents include many internationally trained physicians who typically do not have the same level of educational debt as U.S. medical students, which may explain the significant number of final year residents indicating they have no or relatively low levels of educational debt. While educational debt is not a factor for one-third of final year residents surveyed, it is a factor for some. Over half of final year residents surveyed in 2006 (53%) indicated they have \$50,000 or more in educational debt, while 31% indicated they have \$100,000 or more in educational debt.

Over half of those surveyed (51%) indicated that educational debt is either a “minor concern” or “is not a concern,” while 47% said it is either “somewhat of a concern” or “a major concern.” Recruiters should note that 16% of final year medical residents surveyed indicated that payment of their educational loans would have a “great effect” on their selection of a practice opportunity, while 37% said it would have “some effect.” While educational debt is not a significant concern for all final year residents, payment of such debt can be an effective recruiting incentive for some.

## **More Prepared for the Business of Medicine**

In 2003, Merritt, Hawkins & Associates asked final year residents for the first time how prepared they were to handle the “business side” of medicine, including employment contracts, compensation arrangements and other facets of employment. Only 2% of residents in 2003 said they were “very prepared” to handle these issues. By contrast, in 2006, 53% of final year residents said they are “very prepared” to handle the business side of medicine. In 2003, 47% of residents indicated they were “unprepared” to handle the business side of medicine, compared to only 16% in 2006 who said they were “unprepared.”

This greater awareness of the business aspects of medicine among 2006 residents apparently was not a result of formal instruction received during medical training. In 2003, 46% of final year residents surveyed said they had received at least “some formal training” regarding issues involving contracts, compensation arrangements, etc. By contrast, in 2006 only 26% of final year residents indicated they received such instruction during their medical training. Merritt, Hawkins & Associates’ supposition is that residents have become more attuned to the business aspects of medicine in the last several years through informal channels. It also is possible they are simply reluctant to admit lack of experience in business related issues during a telephone interview (the 2003 Survey of Final year Medical Residents was conducted by mail.)

## **Concerns and Regrets**

Final year residents were asked to indicate if any of nine factors caused them a significant level of concern as they considered entering professional practice. More final year residents (83%) cited “ability to find a job” than any other factor. This concern does not appear to be in the least consistent with the fact that most final year residents surveyed had received two dozen or more job solicitations during the course of their training. Indeed, in 2003, only 20% of final year residents surveyed identified “ability to find a job” as a concern, as did 43% in 2001 and 32% in 1999. What residents in 2006 may be expressing is concern over their ability to find a fully satisfying practice.

Also noteworthy is the fact that only 5% of final year residents surveyed in 2006 identified “dealing with managed care payors” as a cause for concern, compared to 60% in 2003. What may be inferred is that residents have become habituated to the idea that dealing with sometimes problematic payors is a fact of life in medicine today. Similarly, only 32% of final year residents surveyed in 2006 said that “malpractice” was a significant cause of concern, compared to 62% in 2003, which may suggest the

positive effects of tort reform or simply a growing acceptance among final year residents that malpractice “comes with the territory.”

In addition, a very small minority of final year residents in 2006 (2%) indicated that “insufficient practice management knowledge” was a cause of significant concern, compared to 46% in 2003. It may be supposed that either final year residents surveyed in 2006 are more business savvy than those surveyed in 2003 or that they have less appreciation for the challenges presented by practice management than those surveyed in 2003.

What is apparent is that final year residents have become increasingly concerned about the issue of free time. In 1999, only 13% of final year residents surveyed said that the “availability of free time” was a cause for a significant level of concern as they considered their first practice. By contrast, in 2006, 63% of final year residents said the “availability of free time” was a cause for significant concern.

In 2003, 24% of final year residents surveyed indicated that they would not study medicine if they had their education to do over again. This was the highest percent of final year residents expressing regret for their career choice since Merritt, Hawkins & Associates® began surveying residents 15 years ago. In 2006, only 10% of final year residents indicated they would not select medicine if they had their career to do over again, compared to 5% in 2001 and 11% in 1999. There is little to suggest why fewer final year residents surveyed in 2006 indicated they regretted their choice of a career than did in 2003. One possibility is that a diminution of negative tales regarding malpractice, and the belief that tort reform has improved the medical practice environment, has improved the outlook of medical residents regarding medical practice.

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



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### **Other Surveys Available:**

- ◆ Merritt, Hawkins & Associates® Review of Physician Recruiting Incentives
- ◆ Staff Care® Review of Temporary Physician Staffing Trends
- ◆ Med Travelers® Review of Temporary Healthcare Staffing Trends and Incentives
- ◆ Merritt, Hawkins & Associates® Survey of Final-Year Medical Residents
- ◆ Merritt, Hawkins & Associates® Survey of Physicians 50-65 Years Old
- ◆ Merritt, Hawkins & Associates® Survey of Inpatient/Outpatient Physician Revenue
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