2012 Review of Physician Recruiting Incentives

An Overview of the Salaries, Bonuses, and Other Incentives Customarily Used to Recruit Physicians
Overview

Merritt Hawkins is a national healthcare search and consulting firm specializing in the recruitment of physicians in all medical specialties as well as select allied health professionals. Now celebrating its 25th year of service to the healthcare industry, Merritt Hawkins is a company of AMN Healthcare, the innovator in healthcare workforce solutions.

This report marks Merritt Hawkins’ 19th annual review of the search and consulting assignments the firm conducts on behalf of its clients.

The 2012 Review is based on the 2,710 permanent physician and advanced allied professional search assignments that Merritt Hawkins/AMN Healthcare’s physician staffing companies were engaged to conduct during the 12-month period from April 1, 2011, to March 31, 2012. The intent of the Review is to quantify financial and other incentives offered by our clients to physician candidates during the course of recruitment. Incentives cited in the Review are based on formal contracts or incentive packages used by hospitals, medical groups and other facilities in real-world recruiting assignments.

The range of incentives detailed in the Review may be used as a benchmark for evaluating which recruitment incentives are customary and competitive in today’s physician job market. In addition, the Review is based on a national sample of search assignments and provides an indication of which medical specialties are currently in the greatest demand and the types of medical settings into which physicians are being recruited.
Primary care physicians remain at the top of the wish list for most hospitals, medical groups and other healthcare organizations. For the seventh consecutive year, two types of primary care physicians – family physicians and general internists – were Merritt Hawkins’ two most requested physician search assignments. The dearth of psychiatrists continues to represent a “silent shortage.” Psychiatry was third on the list of Merritt Hawkins’ most requested search assignments. Though the shortage of psychiatrists receives less attention than the primary care shortage, the 2012 Review suggests it remains equally acute. General surgeons, the “primary care physicians of surgery,” are in high demand as the number of general surgeons per population decreases. General surgery was Merritt Hawkins’ fifth most requested search assignment in 2011/12, and its most requested surgical specialty. Certain medical specialists, including emergency medicine physicians, orthopedic surgeons, obstetrician/gynecologists, pulmonologists, urologists, dermatologists, and hematologists/oncologists remain in strong demand, underlying the fact that physician shortages are not limited to primary care.

Key Findings

Merritt Hawkins’ 2012 Review of Physician Recruiting Incentives reveals a number of trends within the physician recruiting market, including:

* Primary care physicians remain at the top of the wish list for most hospitals, medical groups and other healthcare organizations. For the seventh consecutive year, two types of primary care physicians – family physicians and general internists – were Merritt Hawkins’ two most requested physician search assignments.

* The dearth of psychiatrists continues to represent a “silent shortage.” Psychiatry was third on the list of Merritt Hawkins’ most requested search assignments. Though the shortage of psychiatrists receives less attention than the primary care shortage, the 2012 Review suggests it remains equally acute.

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* Certain medical specialists, including emergency medicine physicians, orthopedic surgeons, obstetrician/gynecologists, pulmonologists, urologists, dermatologists, and hematologists/oncologists remain in strong demand, underlying the fact that physician shortages are not limited to primary care.

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*Demand for some medical specialists, however, has decreased. Radiology, which was Merritt Hawkins’ most requested specialty in 2003, ranked only 18th in 2011/12. Of particular note, for the first time since Merritt Hawkins began compiling data for this Review, anesthesiology was not among its 20 most requested search assignments.

*The recruitment of physicians into solo practice settings has almost entirely abated. Only one percent of Merritt Hawkins’ search assignments in 2011/12 featured a solo practice setting, down from two percent the previous year and 22 percent 11 years ago.

*The trend toward hospital employment of physicians continues. Sixty-three percent of Merritt Hawkins’ search assignments in 2011/12 featured hospital employment of the physician, up from 56 percent the previous year and only 11 percent eight years ago.

*In a sign of increased physician employment, salaries have almost entirely replaced income guarantees (traditionally used to recruit private practice physicians) as a compensation model. Only seven percent of physician search assignments Merritt Hawkins conducted in 2011/12 featured income guarantees, down from 21 percent in 2006/07 and 41 percent in 2003/2004.

*The majority of search assignments (73 percent) Merritt Hawkins conducted in 2011/12 featured a salary with production bonus. Most such bonuses (54 percent) are based on a Relative Value Units (RVU) formula. However, a growing number of production formulas feature quality-based metrics. Thirty-five percent of the search assignments Merritt Hawkins conducted in 2011/12 offering production bonuses featured a quality-based component, up from less than seven percent the previous year.

*Signing bonuses, relocation and continuing medical education allowances remain standard in most physician recruitment incentives packages, rather than the occasional “carrot” they were in years past.

*Housing allowances are a new form of recruiting incentive that some facilities are offering to assist physicians. Due to the volatile real estate market, some physician candidates are unable to relocate without such assistance, which was offered in five percent of the recruiting assignments Merritt Hawkins conducted in 2011/12, a number consistent with the previous year but up from less than one percent two years ago.

*Demand for physicians is not confined to traditionally underserved rural areas. Merritt Hawkins worked in all 50 states in 2011/12 and more than 1/3 of the firm’s search assignments took place in communities of 100,000 people or more.