



REDUCE PHYSICIAN TURNOVER AND IMPROVE YOUR BOTTOM LINE — *Physicians Speak Up About Retention Issues*

Executive Brief

At a Glance—

Strong correlations have been noted among physician, employee and patient satisfaction. 84% of the 2,500+ physicians who responded to a recent survey said a physician retention plan was “very important” or “important” to physician satisfaction.

Of the 10% of responding physicians who reported their organizations had retention plans in place, more than half (56%) said current plans do not meet their needs adequately.

Physicians are most vulnerable in the early years. A 2005 survey by the American Medical Group Association (AMGA) and Cejka Search found that, among the physicians leaving a group, 47% left in the first three years and 60% left in the first five years.

A growing U.S. physician shortage means organizations are demanding more of staff and contracted physicians at a time when physician frustration is on the rise.

Surveys conducted in 2006 by both LocumTenens.com and the American College of Physician Executives (ACPE) indicate that issues like low reimbursement levels, high workload volume and loss of autonomy are challenging physicians to find great satisfaction in practicing medicine.¹

Job turnover among U.S. physicians reached 20% by the end of 2004. In addition to financial costs of roughly a quarter-million dollars, healthcare organizations pay for losing a physician in “soft costs” like lowered employee morale, disrupted work flow, inconsistent patient care and damage to reputation, referrals and recruiting efforts.²

Smart healthcare organizations are figuring out that retaining physicians already on their payrolls might be just as important as recruiting new physicians to their facilities.

Recent surveys indicate that targeted retention initiatives are increasing among U.S. medical groups. The number reporting they have targeted retention initiatives in place increased from 48% in 2004 to 58% in 2005, according to American Medical Group Association membership surveys.³

However, LocumTenens.com’s recent survey results indicate many physicians are not feeling the effects of stepped-up retention efforts just yet.

While 84% of the 2,500+ physicians responding to the online survey said a physician retention plan was “very important” or “important” to physician satisfaction, only 10% said their organizations employed targeted physician retention initiatives. Among that 10% of respondents, more than half (56%) said that existing retention plans did not meet their needs adequately. Comments shared by almost a third of survey respondents (800+) focused primarily on respect, autonomy and work-life balance.

As for which perks the “ideal” physician retention plan includes, the survey results showed clearly that no one size fits all. Some of the more innovative plans adapt privileges and benefits to different stages in the physician’s life. Other healthcare organizations utilize locum tenens physicians routinely to avoid “burning out” their staff and contracted physicians.

Essentially, creating a “culture of retention” requires management to demonstrate that it values physicians as people. When leadership ensures its physicians can fulfill both financial and emotional needs in the workplace, it increases organizational commitment and improves physician retention, securing its most valuable asset.



Reduce Physician Turnover and Improve Your Bottom Line

Physicians Speak Up About Retention Issues

As the shortage of healthcare professionals worsens across this country, residents and physicians are changing jobs more often in search of better opportunities. Industry research pegged average annual U.S. physician turnover at 20% by the end of 2004.⁴

Physician Dissatisfaction Growing

Survey results released in late 2006 by the American College of Physician Executives (ACPE) indicate that low physician morale could prompt even higher attrition rates.

Almost 60% of the 1,250 physicians responding to the ACPE survey said they had considered leaving medical practice over discouragement with the state of U.S. healthcare. Nearly 70 percent of survey respondents said they knew at least one physician who had done so already. The top five contributing factors cited by survey respondents were:

1. Low reimbursement
2. Loss of autonomy
3. Bureaucratic red tape
4. Patient overload
5. Loss of respect⁵

The ACPE survey results validate findings from a physician survey conducted by physician recruiting firm LocumTenens.com earlier this year.⁶ Among more than 2,800 respondents across 18 specialties, only 6% said they weren't frustrated with medical practice. The remaining respondents identified with a list of possible frustrations as follows:

Reimbursement issues – 22%
Administrative/business agendas interfering with clinical decisions – 22%
Lifestyle issues: Too much time at work – 18%
Medical liability issues – 17%
Federal regulations, policies, procedures – 6%

However, regardless of their frustration, more than two-thirds of respondents (69%) said they would choose medicine as a career path if they had it to do over again. Why? Because most physicians go into medicine for altruistic reasons. However, the majority of them still have medical school debt to repay and families to support—and the costs of running a practice continue to escalate.

Meanwhile, physician salaries haven't kept pace in many specialties. LocumTenens.com's 2006 compensation survey indicates the average physician salary increased only slightly (less than 1%) from \$231,128 in the physician recruiting firm's 2005 survey to \$232,934 in 2006.

Physicians remain among the most highly compensated U.S. professionals, so why should healthcare organizations pay attention? Because frustrated physicians usually create dissatisfaction among nurses and other healthcare employees, and dissatisfied employees often provide less-than-stellar patient care. This leads to poor efficiency, lower quality scores and, ultimately, fewer referrals to a given facility.

Based on several studies of its national data on patient, employee and physician satisfaction, consultants at Press Ganey have identified strong correlations among the three: "Successful health care organizations measure and improve upon the things that matter. In health care, nothing matters more than the experiences of patients and the physicians and employees who serve them. Focus in these areas is proving increasingly to bring results to the bottom line."⁷

Frustrated physicians usually stick around for a while trying to make good on their professional commitments and work toward positive change, but they eventually leave one way or another—and they can poison a work environment during their decision-making process.

Physician Turnover = Loss in Revenue

When LocumTenens.com asked 2,800 physician-respondents (more than 80% of them employed full-time) whether or when they envisioned changing jobs, 44% said they had no plans to do so at that time. However, 35% percent of respondents said they planned to change jobs in the next year and, including those, 53% expect to change jobs within 3 years.

Physicians are most vulnerable in the early years. A 2005 survey by the American Medical Group Association (AMGA) and Cejka Search found that, among the physicians leaving a group, 47% left in the first three years and 60% left in the first five years.⁸

Replacement and recruiting costs vary by geographic region and specialty. However, based on 2004 data, Press Ganey estimated the total cost for replacing one physician in family practice, internal medicine or pediatrics to be approximately \$250,000—a quarter of a million dollars for replacing one lost physician.⁹

This does not include the "soft" costs of disrupted work processes, lower morale among employees left behind, and gaps in patient care. The estimate also fails to include the potential damage to the organization's reputation; the lost referrals from that physician to friends, family and patients; and the effect the physician's departure might have on recruiting other physicians to work at the facility.

Physician Supply Decreasing

What makes all of these findings even more significant—and a root cause of physician frustration—is that we're not producing enough physicians to meet growing demand across the country. While the U.S. population grew by 30% over the last quarter-century¹⁰, the number of physicians produced by U.S. medical schools remained flat at approximately 16,000 physicians per year.¹¹

Several trends are causing this shortage, primarily:

- The aging of the U.S. population: Life expectancy for Americans increased by almost 60% during the 20th century, to 77.6 years as of 2003¹²
- Medical advances that are allowing us to diagnose and treat an ever-expanding number of illnesses, advances that extended life expectancy by almost 60% during the 20th century¹³
- Double-digit increases in medical liability insurance premiums in recent years
- Physician frustration with increasing bureaucracy and overhead costs, long work hours and declining reimbursement for services rendered¹⁴

Experts predict we could reach a shortage of 50,000 physicians by 2010 and 200,000 by 2020.¹⁵

And the race is on. With a physician shortage and considerable physician frustration as a backdrop, U.S. healthcare organizations are looking for more physicians than they were a year ago.

Findings from a recent LocumTenens.com survey of non-agency physician recruiters included the following:

- Almost half (45%) of responding physician recruiters recruited more than 20 physicians in the past year, compared to 27% of respondents who reported that volume of physician-recruiting activity in summer 2005.
- About a third of respondents (32%) recruited more than 30 physicians in the past year, while 60% recruited more than 10 in the same time frame (up from 48% in the physician recruiting firm's 2005 survey).

Use of locum tenens physicians is on the rise:

- The number of organizations using **no** locum tenens physicians decreased by 12%, from 32% in 2005 to 20% in 2006.
- The number of organizations reporting they had used up to 10 locum tenens physicians in the past year increased by 10% (from 50% in 2005 to 60% in 2006)
- The percentage reporting their organizations used more

than 10 locum tenens physicians in the past year increased by 5% (from 20% in 2005 to 25% in 2006).

- Among that quarter of respondents, 14% reported using more than 20 locum tenens physicians in the past year—double the 20+usage rate last year.¹⁶

As demand for physicians increases and competition to recruit them heats up, it becomes even more critical that healthcare organizations sharpen their focus on retaining the physicians who already work at their facilities.

Retention Concerns Rising

Recent survey results indicate that physician turnover is a growing concern among U.S. medical groups and that targeted retention initiatives are on the rise. In comparing its 2005 membership survey results to those from 2004, the American Medical Group Association, along with Cejka Search, highlighted the following findings:

- Nearly half (47%) of respondents reported being highly concerned about physician turnover, with more than a third (36%) placing it among the top 3 critical issues facing their group practices.
- The number of respondents indicating they track physician turnover increased by 23% (from 67% in 2004 to 90% in 2005).
- The number of respondents reporting they have designated retention initiatives increased by 10% (from 48% in 2004 to 58% in 2005).¹⁷

Current Retention Plans Inadequate

While research among medical group managers highlights increased focus on physician retention, new LocumTenens.com survey results indicate physicians aren't recognizing it.

Asked how important they thought a physician retention plan was to physician satisfaction, 84% of more than 2,500 responding physicians said it was "very important" (51%) or "important" (33%). However, when asked whether retention plans specifically for physicians were in place in their organizations, only 10% said "yes." Forty percent said "no" and 24% said they didn't know.¹⁸

Of the physicians who reported their organizations had retention plans in place, more than half (56%) said their current plans did not meet their needs adequately. When asked to identify current versus desired retention plan benefits from a 21-item list, relatively small percentages of physicians identified any one benefit.

Physicians Insights on Retention

More than 800 of these physicians took the time to include comments with their survey responses. The qualitative survey results indicate that what many physicians want, and feel they are missing, is a greater sense of connection—to their patients, to hospital decision-makers, to co-workers and to the greater community. The large categories of responses were:

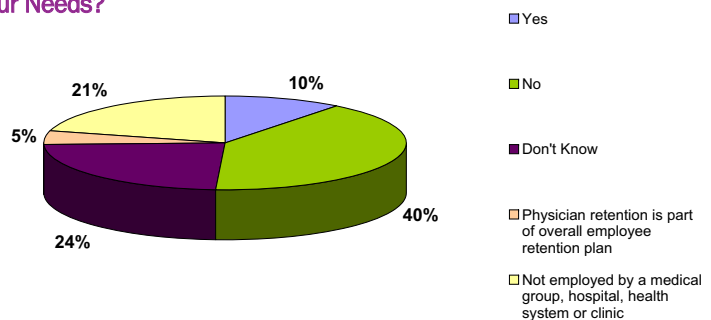
- Feeling a sense of control in their practices
- Feeling respected by administration and valued as people, employees and contributors

- Enjoying better work-life balance.

Main themes emerging from the comments included desires for greater involvement in decision-making about how their practices are run, greater control over work hours, increased flexibility to help them better manage work with other parts of their lives, and compensation plans that better recognize individual contributions to improved patient care and profitability.

Does Your Employer's Physician Retention Plan Meet Your Needs?

According to survey results from the American Medical Group Association and Cejka Search, roughly 58% of U.S. medical groups have targeted physician retention initiatives in place. However, LocumTenens.com survey results indicate that only 10% of physicians perceive that such plans exist. Among that 10% of respondents, more than half (56%) said existing retention plans did not meet their needs adequately.



Consider comments like these:

"Physician retention would be most positively affected by inclusion of physicians in administrative decisions that affect their practice and patients and by provision of resources that enable them to perform their activities in clinical care, research and teaching more effectively..."

"Physician retention for me refers to opportunities for career growth and development, not simply financial incentives. That means opportunities to participate in program planning, management, outcomes initiatives, research and advocacy (to name a few)."

"I think more and more physicians feel 'apart from' rather than 'a part of' medical practices."

"Flexibility in work hours, profit sharing and feedback would all help. Currently I receive no feedback and have no more stake in the company than an hourly employee. Motivation to perform well is enhanced by having a stake in the operation. Proper performance requires feedback."

"When I worked for ____, nobody ever came around to say, 'Hello. How are things going?' Nobody told us when to come to work and nobody told us when to go home. We could work 24 hours a day, 7 days a week and no one would ever know the difference. Employees like to know they are appreciated."

"With the increasing pressure in the medical field to focus on numbers and productivity, it is very important to try to remember the person behind the job..."

"It basically boils down to how you treat people."

—2006 LocumTenens.com physician survey respondents¹⁹

Supporting Work-Life Balance

More critical today than ever before, supporting physicians' needs for work-life balance for can improve their satisfaction on the job. "When we fail to recognize the importance of work-life balance for employees, we lose a tremendous opportunity not only to demonstrate understanding and compassion, but to provide appreciable help in what has become a significant challenge for most people," author Manion observes.²⁰

"All physicians should be able to direct the pace, intensity and productivity of their professional lives. This is really all that is needed for practice satisfaction and sustenance."

"Basically, physician retention has more to do with control of hours/time off/coverage for call/reimbursement for CME and leave for same not counted as vacation..."

"The most important factors for a growing practice would be an increase in salary as patient load increases, and a guarantee of vacation, even if it means hiring more locum tenens physicians..."

"Every effort MUST be made to retain a physician. Incentives like extra pay, leave, flexible work hours, manageable case load, light call, major rural allowance per year to retain a physician in a rural community with extra leave."

"Physician recruitment and retention needs to be more than just salary. With over 50% of the primary care physician force soon to be female, there must be increased attention to flexibility that recognizes the phases of a physician's life and career."

—2006 LocumTenens.com physician survey respondents²¹

Creating a Positive Workplace

When managers ensure that individuals are able to fulfill both physical and emotional needs in the workplace, they increase the likelihood of employee commitment to the organization— and organizational commitment is critical to employee retention.

Essentially, experts say, there are 5 things administrators must do to create a "culture of retention" in a healthcare workplace:

- 1** Value employees as people—respect, appreciate and support them
- 2** Build strong teams—create a sense of community with employees and have fun together
- 3** Support employee development—set high standards and support/motivate achievement
- 4** Empower employees— involve employees in decision-making and provide adequate resources
- 5** Lead—be visible and accessible, maintain clear boundaries, communicate openly and honestly

CEO survey results published by Quorum Health Resources

(QHR)²² offer insights into methods hospital CEOs are using to attract and keep good employees. These include:

- Offering better pay and benefits and checking regional salary scales frequently to keep salaries and benefits competitive with other area employers (35% of respondents).
- Offering training and education reimbursement programs to assist employees in professional development (about 33% of respondents).
- Some have established full-time recruiting offices to boost their hospitals' images.
- Some are offering progressive benefits like childcare, no mandatory overtime or scheduling flexibility in lieu of higher pay scales.
- A number are working to create "a culture of respect and ownership" through surveying employees and responding to their concerns, involving employees in decision-making, offering mentoring and employee recognition programs, etc.

Still others are using advertising, PR, employment fairs, industry Web sites and connections with educational institutions to get applicants to come and see their hospitals.



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Not unlike these CEOs, permanent physician recruiters rely heavily on the strategy of getting recruits to come and see the facility and local community first-hand, then letting the people and environment do the rest. This makes every day of supplemental physician coverage a potential recruiting opportunity.

Likewise, expert recruiters and healthcare executives generally agree that helping both the physician and his or her spouse and family connect with the local community is critical to retaining the physicians they work so hard to recruit.

An effective Human Resources function that supports the physician throughout the “employee life cycle” also is critical to physician satisfaction and retention.

Locum Tenens Use Assists in Physician Retention

Practicing medicine is among the most stressful occupations in the world today. Even the most dedicated physician needs work-life balance to help relieve the pressure. Here are just a few comments from respondents to LocumTenens.com’s 2006 physician retention survey:

“The ideal situation would provide for both reasonable compensation with CME benefits and flexible work hours which allowed for extended leave for vacation, mission, work, sabbatical or crises.”

“The 2 most important elements are time and money.”

“...If physicians are not satisfied or do not feel appreciated for the hours they work, they will look for another position. Money isn’t everything, quality of life counts more.”

“As physician reimbursement continues to dwindle, we will need other incentives to stop our exodus from the medical field. These will include monetary and lifestyle benefits including insurance, CME, paid call coverage, retirement plans, and predictable time off work with shorter work weeks.”

“Most places that I have worked really don’t care about retaining physicians. This is sad as there is now a physician shortage and it will be worse as the baby boomers retire.”

—2006 LocumTenens.com physician survey respondents²³

Physician recruiters are beginning to acknowledge increasing acceptance and use of locum tenens physicians as a way to (1) provide care needed by the community and (2) prevent outflow of patients and loss of revenue.²⁴ Considering workforce trends—and in light of what physicians are telling us—wise healthcare organizations also will begin assisting physician retention through more proactive staffing that allows staff

physicians to have lives away from the practice.

“In the long run it’s a lot more cost-effective to utilize ‘relief physicians’ periodically than to recruit new staff physicians continually,” LocumTenens.com President David Roush says.

Building locum tenens physicians into a healthcare organization’s staffing plan is one way to begin improving physician retention and alleviating the physician shortage at your healthcare facility.

Customized, Flexible Packages Ideal

Based on physician survey responses to LocumTenens.com, it probably would be impossible to design a perfect, one-size-fits-all retention plan within reasonable financial limits. A strong human resources function that includes monitoring of physician expectations (starting at the interview stage) and satisfaction is a critical first step.

Unlike most other healthcare employees, physicians have invested a decade in their education and medical training. They didn’t do so to become “just another cog in the wheel.” They want to feel respected and valued as “partners” of management.

In the words of physician survey respondents:

“...No formal plan for retention puts my group on a shaky ground. The result is one-half of doctors left the group [in the] past 3 years.”

“ ‘Retention’ is bi-phasic (sic): The employer must do those things which assure the physician that he adds value to the organization; the physician must find himself/herself in an environment in which effort and creativity are rewarded by the employer.”

“I think this is becoming critical. My employer didn’t have one and I am leaving. It would not have been hard for them to keep me.”

Founded in 1995, LocumTenens.com is a full-service physician/CRNA recruiting firm specializing in supplemental placement of anesthesiologists, radiologists, psychiatrists, surgeons and CRNAs with U.S. hospitals, medical groups and community health centers. LocumTenens.com is part of the Jackson Healthcare Staffing family of companies. For more information on how locum tenens physicians can benefit your healthcare organization, visit us at www.locumtenens.com/retention or contact us by phone 1.800.562.8663.



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