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## Review of Physician and Advanced Practitioner Recruiting Incentives

**An overview of the salaries, bonuses,  
and other incentives customarily used  
to recruit physicians, physician  
assistants and nurse practitioners**

*Source: Merritt Hawkins is a national health care search and consulting firm specializing in the recruitment of physicians in all medical specialties and other advanced practice clinicians. Now celebrating its 27th year of service to the health care industry, Merritt Hawkins is a company of AMN Healthcare (NYSE: AHS), the nation's largest health care staffing organization and the industry innovator of healthcare workforce solutions.*

This report marks **Merritt Hawkins' 21st annual Review** of the search and consulting assignments the firm conducts on behalf of its clients. The 2014 Review is based on the 3,158 permanent physician and advanced practitioner search assignments that Merritt Hawkins and AMN Healthcare's sister physician staffing companies (Kendal & Davis and Staff Care) had ongoing or were engaged to conduct during the 12-month period from April 1, 2013, to March 31, 2014.

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. Unlike other surveys, Merritt Hawkins' Review of Physician and Advanced Practitioner Recruiting Incentives tracks starting salaries and other perquisites, rather than total annual compensation. It therefore reflects the incentives physicians and advanced practitioners are offered in the recruiting process, rather than total average compensation.

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 recruiting 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 and advanced practitioners are being recruited.



### Key Findings

Merritt Hawkins' 2014 Review of Physician and Advanced Practitioner Recruiting Incentives reveals a number of trends within the physician and advanced practitioner recruiting market, including:

**For the eighth consecutive year, family physicians were number one on the list** of Merritt Hawkins' most requested recruiting assignments. General internists were second on the list, also for the eighth consecutive year, highlighting the continued nationwide demand for primary care physicians.

**Combined, advanced practitioners, including physician assistants (PAs) and nurse practitioners (NPs), were fifth on the list** of Merritt Hawkins' most requested recruiting assignments, though neither were in the top 20 three years ago. The number

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of search assignments Merritt Hawkins conducted for PAs and NPs increased 320% over the last three years, underscoring the emerging shortage of these professionals.

Demand also remains strong for physicians providing inpatient care. After family physicians and general internists, hospitalists ranked third among Merritt Hawkins' top 20 search assignments.

Lack of resources and diminished interest in inpatient psychiatry continues to stoke a staffing crisis in behavioral health. Psychiatrists were fourth on the list of Merritt Hawkins' most requested search assignments, highlighting the ongoing critical shortage of physicians specializing in behavioral care.

The decline of physician private practice continues. Fewer than 10% of Merritt Hawkins' search assignments were for settings featuring private practice, compared to over 45% in 2004. 64% of Merritt Hawkins' search assignments were for hospital-employed settings, while solo practice, which represented 20% of Merritt Hawkins' search assignment settings in 2004, represented less than 1% of Merritt Hawkins' assignments in the period covered by this Review.

**Concierge practice appears to be gaining momentum.** Though only 1% of Merritt Hawkins' search assignments were for concierge practice last year, two to three years ago Merritt Hawkins received virtually no requests to recruit into concierge settings.

A proliferating number of sites of service, including free-standing emergency departments, community health centers, retail clinics, and urgent care centers, are recruiting physicians, a sign that healthcare providers have adopted a strategy predicated on being "everywhere, all the time." Like hospitals, these facilities also are employing physicians.

**The use of quality/value-based physician incentives took a step back last year.** Only 24% of Merritt Hawkins' recruiting assignments featured production bonuses in which at least part of the bonus was based on quality/value metrics, down from 39% last year, signaling the difficulty many healthcare organizations are experiencing transitioning from volume-based incentives to quality/value-based incentives.

Relative Value Units (RVUs) continue to be the most frequently utilized volume-based production incentive and were featured in 59% of Merritt Hawkins' recruiting assignments in which a production bonus was part of the incentive package, up from 57% last year.

Demand for physicians is not confined to traditionally underserved rural areas. Merritt Hawkins worked in all 50 states in 2013/14, and 41% of the firm's search assignments took place in communities of 100,000 people or more.

## Trends and Observations

### **Physicians Are Still the Centerpiece**

Though the healthcare system is evolving, and the role of other clinicians is growing, physicians remain the "quarterbacks" of the healthcare delivery team and are at the center of the healthcare system.

Through patient consultations, hospital admissions, treatment plans, prescriptions, tests, and procedures physicians control the levers to both quality of care and healthcare economics.

According to the Boston University School of Public Health, physicians receive or direct 87% of all personal spending on healthcare in the United States. While the quality of care contributions physicians make cannot be measured in dollars, the economic contribution of physicians recently was quantified by an AMA-sponsored study examining national and state-by-state physician economic output.

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## MARKET WATCH

### Amount of Signing Bonus Offered (Physicians Only)

	Low	Average	High
<b>2013–14</b>	\$1,000	\$21,773	\$150,000
<b>2012–13</b>	\$1,500	\$22,069	\$200,000
<b>2011–12</b>	\$4,000	\$23,388	\$200,000
<b>2010–11</b>	\$5,000	\$23,790	\$200,000
<b>2009–10</b>	\$2,000	\$22,915	\$100,000

Source: 2014 Review of Physician and Advanced Practitioner Recruiting Incentives. Based on search assignments that Merritt Hawkins and AMN Healthcare's sister physician staffing companies (Kendal & Davis and Staff Care) had ongoing or were engaged to conduct during the 12-month period from April 1, 2013, to March 31, 2014.

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The study revealed several physician related economic output metrics, including:

**Total economic output:** The combined economic output of patient care physicians in the United States is \$1.6 trillion.

**Per capita economic output:** Each physician supports a per capita economic output of \$2.2 million.

**Jobs:** On average, each physician supports approximately 14 jobs.

**Wages and benefits:** On average, each physician supports a total of \$1.1 million in wages and benefits

**Tax revenues:** On average, each physician supports \$90,449 in local and state tax revenues.

Source: *The National Economic Impact of Physicians. Prepared for The American Medical Association by IMS Health. March, 2014.*

In addition to the economic output detailed by the AMA study cited above, physicians on average generate \$1.4 million in net revenue per year for their affiliated hospitals, and therefore are critical to the economic viability of virtually every hospital in the United States (see *Merritt Hawkins' 2013 Survey of Physician Inpatient/Outpatient Revenue*).

Physician revenue generation today is based largely on fee-for-service metrics, a standard likely to change as the health system pivots from volume-based reimbursement to value based reimbursement. However, if and when value-based payment systems eventually prevail, it is physicians, through their practice patterns and choices, who will ensure that quality of care is maintained within a structure of managed, finite resources.

Due to their pivotal role, it is the effective recruitment, compensation, and integration of physicians that will determine the direction of the healthcare system, including the implementation of value-based reimbursement, the adoption of team-based care and EHR, increased patient access to services and the various other goals commonly grouped under the heading of healthcare reform. For this reason physicians continue to be in high demand while supply remains limited, a trend examined in more detail below.

**To view the full comprehensive report including insights and trends on Healthcare Reform and Physician Supply, Urgent Care and Retail Boom, FQHCs and Specialty Services, Advanced Practitioners and much more visit: [www.merrithawkins.com](http://www.merrithawkins.com).** ■

## What's New at NEJM?

### WATCH OUT FOR A NEW RPT DESIGN!

Don't worry if the next issue of *Recruiting Physicians Today* (RPT) looks different — in the September/October issue of RPT we will be debuting a new design! We are excited to offer our readers a new streamlined, easy to use version of the newsletter.

As a service from NEJM CareerCenter, RPT informs physician recruiters about current trends and news in the physician recruitment industry. For over two decades we have been striving to provide our readers with the most relevant physician recruitment information available.

If there are topics that you'd like to see covered in future issues or if you'd like to submit an article for publication, email us at [resourcecenter@nejm.org](mailto:resourcecenter@nejm.org).

## UPCOMING RECRUITER MEETINGS AND MEDICAL CONVENTIONS

**Association of Staff  
Physician Recruiters  
(ASPR)**  
**August 23–27**  
**Minneapolis, MN**

**Mid-Atlantic Physician  
Recruiter Alliance, Inc.  
(MAPRA)**  
**October 2–3**  
**Philadelphia, PA**

**ID Week\***  
**October 8–12**  
**Philadelphia, PA**

**Northeast Physician  
Recruiter Association  
(NEPRA)**  
**November 5–7**  
**Burlington, VT**

**Illinois Staff Physician  
Recruiters (ISPR)**  
**November 13–14**  
**Chicago, IL**

\*Call (800) 635-6991  
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## PROMOTIONAL NOTES/NEWS

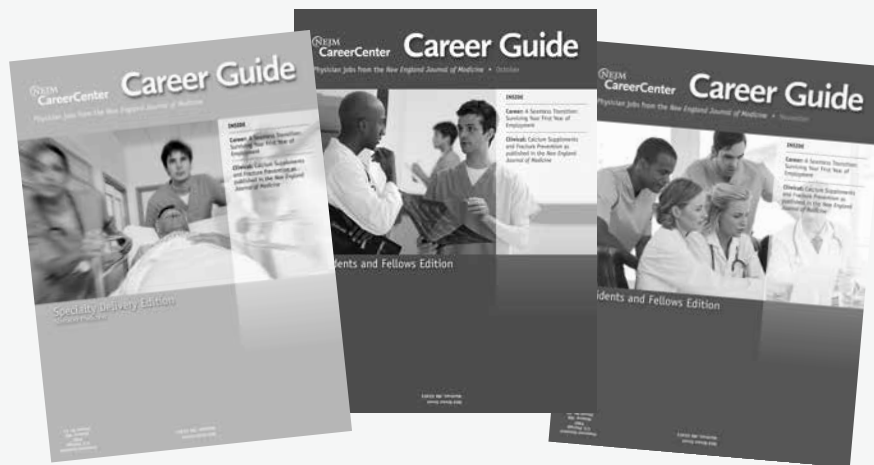
### Reach Top Residents, Fellows, and New Physicians — at Our Best Value!

This fall, you can recruit in the publication that physicians trust most, the *New England Journal of Medicine* — and receive valuable discounts and extras with our three fall special issues.

Simply run your paid line or display recruitment ad of any size in any of the three issues listed below, and your ad will be reprinted at no additional costs in a special booklet mailed to more than 30,000 young physicians.\*

Registered physicians receive alerts for jobs that match their search criteria either by email or via the NEJM CareerCenter iPhone app.

Contact us at (800) 635-6991 or [ads@nejmcareercenter.org](mailto:ads@nejmcareercenter.org) for complete details and to reserve your ad space for these special fall issues.



PROMOTION	ISSUE	CLOSING DATE	SPECIALTIES	AUDIENCE
<i>Specialty Delivery</i>	9/11/14	8/22/14	CD, D, END, FM, GE, HEM/ONC, HOSP, ID, IM, NEP, N, ORS, ENT, PUD, DR, RHU, and U	Final-year residents and fellows and doctors in practice 1–3 years
October <i>Residents and Fellows</i>	10/09/14	9/19/14	All specialties — about 100	Final-year residents and fellows
November <i>Residents and Fellows</i>	11/13/14	10/24/14	All specialties — about 100	Final-year residents and fellows

\*Please refer to the chart for specifics on audience and specialties for each special issue. Each booklet will be mailed to over 30,000 physicians. In order to have your ad appear in all three booklets, you must run a paid print ad in each designated issue of NEJM. Direct mail counts are based on counts provided by the AMA and are subject to change.