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ATTRACTING PHYSICIANS IN A SHALLOW MARKET

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One important part of any compensation structure is the benefits and perks a company offers to employees. Overall compensation becomes especially important when considering those occupations facing major shortages and enhanced standards.

An impending physician shortage has been well documented. Nationwide physician shortages are expected to balloon by 62,900 doctors in five years, and 91,500 by 2020, according to the new Association of American Medical Colleges work force projection¹. According to a survey by Merritt Hawkins², a typical resident and fellow will receive over 100 solicitations during their final year of training. To add to the daunting shortage, attracting physicians after implementation of the ACA (Affordable Care Act) is critical for hospitals and healthcare systems. The Centers for Medicare and Medicaid Services has been clear on the Act's triple aim approach: to improve the health of populations, enhance the patient experience (quality, access, and reliability) and reduce, or at least control, the cost of care. Recruiting and retaining skilled, talented physicians is crucial for organizations to meet these higher standards and to qualify for quality-based financial incentives.

The coming shortage is one of the reasons that recruiting and retaining physicians is so important. There are areas that a healthcare organization can control and make appealing for physicians, such as a positive and challenging work environment, clear communication, and benefits they offer to employees.

A compensation package is one of the easier characteristics that an organization can control. More than just annual salary, bonuses, and paid time off, compensation should include the benefits and perks that gives the employee financial security, work/life balance, and a healthy environment.

Some compensation components that should be considered include:

PENSION

Most employers offer a contributory plan such as a 401(k), but few still offer a defined benefit pension plan. Employer contributions to any plan are a must in the marketplace. Profit sharing is another avenue to help employees save for their retirement.

1. https://www.aamc.org/download/150584/data/physician_shortages_factsheet.pdf

2. https://www.merrithawkins.com/uploadedfiles/merrithawkins/surveys/2014_merrithawkins_fymr_survey.pdf

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HEALTH PLANS

Medical coverage is the core of most benefits packages. The ability for an employee and their family to access benefits to maintain or improve their overall health is critical. Dental and vision coverage should also be included in the package.

LIFE AND DISABILITY

Income protection is essential for any physician whether a primary care or specialist. The employer should ensure that the physician has adequate protection by including specialty own-occupation language for doctors that protects them in case of an unexpected disability. Life insurance should be provided at an adequate level for a physician to protect the family in case of death.

PRE-TAX ACCOUNTS

These allow the employee to pay for out-of-pocket expenses on a tax-favored basis. Typical account offerings are Flexible Spending Accounts, Health Reimbursement Arrangements, and/or Health Savings Accounts.

RELOCATION

Organizations will often be responsible for paying or reimbursing moving expenses for physicians that need to relocate.

PHYSICIAN-SPECIFIC BENEFITS

There are value-added benefits provided to physicians that can be included in an overall compensation package. An employer will usually pay the premium for liability insurance. Payment for professional dues, license fees, and continuing medical education expenses, including time off and reimbursement for travel, is expected. With more physicians coming out of school with higher student loans, employers are also exploring student loan debt relief programs.

SHAREHOLDER STATUS

If appropriate to the employer, allowing the physician to buy in to the company is another way to attract and retain talent. Employees tend to put more value and work harder when they have the ability to share in the profits of the company.

Retirement aged physicians currently outnumber the young members entering the profession, and there is no immediate solution. Some employers are asking retirement aged physicians to work part-time or flexible schedules that allow mentoring instead of moving directly into retirement. The trend for physicians is to look at opportunities for employment by a medical group rather than starting their own practice. The industry's primary focus needs to be on ways to recruit and retain top talent. Engaging an experienced benefits broker is the first step to creating a recruiting and retention strategy.