

SPECIAL REPORT:

*How the laws of supply and demand are giving hospitalists
Higher salaries and a wide*

Take a look at the employment statistics for physicians, and one thing is clear: It's a great time to be a physician looking for a job.

Salaries are on the rise, and so are the number of incentives and perks that would-be employers are giving recruits. One survey found that most third-year residents last year fielded on average more than 50 solicitations from eager employers—and recruiters say that seasoned hospitalists are in even more demand than new graduates.

And while the fierce demand is pushing salaries for hospitalists to new highs, that's only part of the story. According to recruiters, hospitalists are finding that their limited numbers are leading to other benefits, from potentially lucrative incentive plans to signing bonuses and flexible scheduling.

Here's an overview of what hospitalists looking for work, whether they're just out of residency or have several years of experience under their belt, can expect to find.

The shortage grows

Recruiters say one sure sign that hospital medicine has come of age is that demand for hospitalists is increasingly migrating out from larger metropoli-

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tan areas—where programs are still expanding—to more medium-sized and even small markets.

"The convincing stage is over," says Phil Miller, vice president of communications for Merritt, Hawkins & Associates, a national physician recruiting company based in Irving, Texas. "The people who were the initial trailblazers have done their job, and now everyone else wants to do the same."

But that growing demand is stretching an already-limited supply.

"The challenge lies in managing hospitals' expectations," says Stacy Goldsholl, MD, president of the hospital medicine division of Team-Health, which provides staffing and administrative services for hospitalist programs nationwide. "We can ultimately meet their staffing needs, but it may take longer today than it did just a few years ago."

Seven years ago, one West Coast recruiter reports, he used to receive 65 responses to an ad for a hospitalist. Today he is happy when he gets two. And Paul Bodner, vice president of physician relations and executive recruitment for the Atlanta-based Regency Hospital Company, says he

uses another yardstick to measure hospitalists' limited supply.

"We now use four times more advertising because the needs have exploded," he says. "The same physician who 18 months ago may have had two or three opportunities now has between seven and 10."

Rising salaries

The most immediate—and obvious—impact of the hospitalist shortage has been rising salaries.

According to Merritt Hawkins, which last year doubled its number of hospitalist searches from the previous year, hospitalist salaries now range from a low of \$140,000, typically in the most attractive metropolitan areas, to a high of \$190,000 in smaller markets that are harder to staff.

The firm found that the average hospitalist salary for 2005-06 was \$175,000. And while that's a slight increase over the previous year's average of \$171,000, it represents a considerable jump over the 2003-04 average of \$162,000. (See "Average salary ranges: an upward climb," page 16.)

Recent survey data from the Society of Hospital Medicine (SHM) paint a similar picture, showing an

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new options.

range of perks are becoming the norm in some areas.




8 percent increase between 2003-04 and 2005-06 median salaries. By the SHM's estimates, the median salary for hospitalists in 2005-06 was \$168,000.

Those rising salaries have some hospitalist programs regularly adjusting salaries so they can stay competitive. At Lehigh Valley Hospital and Health Network, which operates three hospitals in eastern Pennsylvania, officials have taken a creative approach to increasing physician pay.

"We made some upward adjustments," explains Frank Gallagher, who recruits physicians and executives for the system. "We implemented a salary scale with one range for entry level and more for those who have been out working—and we shifted the entire range up."

Incentives and bonuses

But recruiters say the biggest change in the compensation discussion with hospitalists is not rising salaries, but the growth of incentives and bonuses.

"Salaries have crept up a bit," says Mr. Bodner from Regency Hospital Company, "but there's a lot of discussion on how to bonus hospitalists, whether it's RVU measurements or quality and performance improvement issues." 

Lehigh Valley's Mr. Gallagher agrees. In addition to adjusting salaries, his system has recently added performance bonuses to its compensation package. Those incentives track many variables including communication, discharge codes and research. As an additional incentive, Lehigh Valley has moved to better structure the non-clinical time its hospitalists spend in its teaching hospital so physicians on the teaching service won't be pulled away for triage or clinical services.

There are other signs that a growing number of employers are paying hospitalists a combination of base salary and productivity or performance incentives. The SHM's 2005-06 survey, for example, found that 67 percent of hospitalist medical groups reported relying on a mixed compensation package in 2005-06, a huge jump from 47 percent in 2003-04.

Not surprisingly, those gains come as two other models have faded in popularity. The pure salary model fell from 41 percent in 2003-04 to 28 percent in 2005-06. And while 12 percent of hospitalist groups used the pure productivity model in 2003-04, the most recent data show that number dropping to only 5 percent.

Flexible schedules

Another strategy recruiters are using to attract hospitalists is flexible scheduling. These options are designed to help hospitalists tailor their work schedule to their lifestyle, working as little or as much as they want—and giving them a major say in how schedules are configured.

"I am seeing much more input from physicians in creating a schedule that works for them," says Karen Zeller, president of Rocky Mountain Medical Search, which is based in Fort Collins, Colo. "The new perks are in self-management and in flexible contracting, with contract

terms that are longer or shorter depending on what the candidate is looking for."

As part of that greater flexibility, groups are offering candidates fewer weekend and nighttime hours. To do that, they're recruiting more nocturnists. (See this month's cover story on page 26.) They're also tapping community-based physicians, fellows and residents to work as moonlighters for nights, weekends and swing shifts.

"I'm certainly seeing more use of moonlighters and weekend people," says Ms. Zeller, who is also president of the National Association of Physician Recruiters. "This again is a perk to the troops. If you can bring in those folks and cut back on weekend call, your core physicians will appreciate it." It also is a big draw for hospitalists who want to work only part time, something that's a recruiting plus for many young physicians.

To make sure prospective groups can deliver on flexible scheduling, recruiters say that hospitalists need to ensure that groups are adequately staffed. TeamHealth, for example, works to make sure that staffing is such that hospitalists have a caseload of no more than 15 to 18 patients a day.

"Beyond that," says TeamHealth's Dr. Goldsholl, "you run the risk of higher LOS, less-than-optimal patient outcomes, and higher rates of physician burnout and turnover."

Other strategies

Another recruitment strategy that appears to be gaining in popularity among hospitalists, particularly in hard-to-recruit areas, is the signing bonus.

In some parts of the country, such as Colorado, signing bonuses are offered to candidates in both urban and



Average salary ranges: an upward climb

Year	Hospitalist	Internal medicine	Family practice	Pediatrics
2005-06	\$175,000	\$162,000	\$145,000	\$151,000
2004-05	\$171,000	\$161,000	\$150,000	\$147,000
2003-04	\$162,000	\$152,000	\$146,000	\$144,000
2002-03	\$155,000	\$150,000	\$146,000	\$146,000

Source: Merritt, Hawkins & Associates

rural markets as part of the typical recruitment package. In other areas, however, signing bonuses are thrown into the recruiting mix on a case-by-case basis.

In the Southeast, for instance, “signing bonuses are typically offered outside of larger areas,” points out Avery Poe, an independent physician recruiter based in Atlanta who helps staff hospitalist programs, primarily in the Southeast. “Atlanta pretty much sells itself.”

He adds that outside of large cities, signing bonuses of between \$5,000 and \$20,000 are offered—particularly “to get candidates off the fence, helping them decide between two positions” or to secure an early commitment from third-year residents.

The same is true for tail coverage, Mr. Poe says, mentioning one physician he’s recruiting who has a tail coverage bill of \$90,000. “We may pick up half of it,” he says.

The Merritt Hawkins survey found that another emergent strategy is loan forgiveness, which was offered in 34 percent of its physician searches across all specialties. While none of the recruiters interviewed for this story reported offering loan forgiveness to hospitalist candidates, it’s a trend that may come to hospital medicine in the coming years.

When experience is a plus

Recruiters say that a major reason that programs are offering some of the above incentives, particularly hybrid compensation structures, is simple: They are trying to appeal to seasoned hospitalists.

Experienced hospitalists, they point out, can make incentives work to their financial advantage because they see more patients, understand more procedures and come with a broader set of skills, generally speaking, than less experienced colleagues.

The conventional wisdom is that seasoned physicians are particularly critical for a group that is just starting up. Existing programs that already have, say, a long-tenured leader would be much more comfortable hiring a physician right out of residency.

New candidates: primary care physicians

But because the supply of seasoned hospitalists and residents interested in the specialty are both slim, recruiters

around the country are watching with interest a new, emerging pool of candidates: private-practice internists interested in a career as a hospitalist.

While some recruiters say they’re not actively recruiting office-based physicians to work as hospitalists, others say they’ve seen a big surge of interest from these physicians in the past year. And some of them, like Mr. Bodner from Regency Hospital, are interested in turn.

“The private practice doctors who choose to work as a hospitalist know what they want and they’re very motivated,” he says. “They understand utilization review and quality control, and they can do a lot of things at the bedside.”

Mr. Bodner adds that community-based physicians are a particularly good fit for Regency’s long-term acute care hospitals. Regency’s patients—who often have medically complex diseases or illnesses such as pulmonary or respirator-related issues, or infectious diseases—typically have lengths of stay of between 25 and 30 days, as opposed to three to five days in short-term acute care.

Opportunities for everyone

Does this mean that there’s not a place for younger, less experienced hospitalists in the job market? Not at all, says Ms. Zeller from Rocky Mountain Medical Search. Hospitalist demand is so hot, after all, that employers “are interested in anyone who’s interested in them,” she explains.

Mr. Bodner agrees that although companies like his may have their eye on seasoned physicians, there are plenty of good fits for less experienced physicians, even in his programs.

When hiring newly graduated residents, he says, he always makes sure the program has seasoned leaders who can serve as mentors. “That’s where a resident,” he says, “would fare very well.” **TH**



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