



Attracting Physicians in a Shallow Market



Unfortunately, many hospitals lack a strategy to improve physician engagement and retention. This oversight can be expensive. Every physician departure costs health systems up to \$1.2 million in recruitment, onboarding and lost productivity.¹ For high-volume specialists, that number can be even higher. These departure costs, coupled with the coming physician shortage, illustrate the importance of physician recruitment and retention. 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 offered.

The United States is expected to face a physician shortage of 86,000 by 2036, which is only a slight improvement of the shortage in the early part of this decade.² According to a 2023 survey,³ 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 the current changes to healthcare coverage, such as the Affordable Care Act and Medicaid, is critical for hospitals and healthcare systems. In an era with federal funding and reimbursement cuts, systems must continue to reduce, or at least control, the cost of care while improving the health of populations, and enhancing the patient experience (quality, access, and reliability). 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.

Other areas can include:

- + Developing an inclusive, culturally competent workforce that considers social factors that may disproportionately affect racial and ethnic minority.
- + Designing a system that responds to staff needs; assessing for psychological safety and healthcare worker burnout/fatigue.
- + Evaluating staffing workloads on each shift and offer flexible work hours.
- + Developing career progression pathways to promote growth of clinical leaders within the organization.
- + Conducting staff surveys that evaluate job satisfaction and factors that lower departmental turnover rates.
- + Aligning with universities and medical schools that expand capacity and resources.

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 give 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 necessary in the marketplace. Profit sharing is another avenue to help employees save for their retirement.
- + **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. 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 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 medical professional 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 into 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.

Even with the effort of Congress and medical schools to stem the physician shortages, sustained and increased investments in training new physicians will continue to be critical in mitigating projected shortfalls needed to meet the country's health care needs. 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 insurance broker is the first step to creating a recruiting and retention strategy.

SOURCES

¹ Becker's Hospital Review. (n.d.). *Stop the \$1.2M bleed: A proven roadmap to physician retention*. Becker's Hospital Review. <https://go.beckershospitalreview.com/hr/stop-the-1.2m-bleed-a-proven-roadmap-to-physician-retention>

² Dall, Tim, et al. (2024, March). *The Complexities of Physician Supply and Demand: Projections From 2021 to 2036*. AAMC. <https://www.aamc.org/media/75236/download?attachment>

³ Smith, Timothy M. (2025, April 22). *How final-year resident physicians can narrow down job options*. AMA. <https://www.ama-assn.org/medical-residents/transition-resident-attending/how-final-year-resident-physicians-can-narrow-down>