

Business is growing
I need help!
Hiring new physicians

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Learning objectives

- Developing a new physician business plan
- Establish recruitment process
- Creating a retentive environment
- Discuss the costs of an improper selection

What's out there today

- **Baby Boomers pre 1964**
 - Consider late in career
 - Good team players
 - Generally second career
- **Generation X 1964-1980**
 - Large diversity in race ethnicity, sexual orientation
 - Highest level of education achievement
 - Comprise most of workforce
- **Generation Y 1980-current**
 - Known as the trophy generation
 - Very accepting of change
 - Not concerned about change
 - Looking for larger meaning of life

Developing a new physician business plan

- A new physician is an investment and should be treated as a capital expense.
- Must perform due diligence
 - Do we need a new physician?
 - What will the cost us?
 - What will they make?
 - What is the ROI?

Developing a new physician's business plan

- Determine a physician to population ratio for your specialty using Graduate Medical Education National Advisory Committee
 - PMR is 1:76000 to 105000

Developing a new physicians business plan

- Inventory your current community physicians
 - How many current providers are in your area
 - What practices are closed
 - Length of time needed to get appointment
 - Anticipated physician retirements, change in activity

Developing a new physicians business plan

- Calculate the following
 - Charges per full time equivalent (FTE)
 - Charges per patient visit
 - Collections per FTE provider
 - Collections per patient visit
 - Overall costs per FTE
 - Staff costs per FTE
 - Medical and office supply cost per FTE

Developing a new physicians business plan

| | Month 1 | Month 2 | Month 3 | ETC |
|--------------------------|---------|---------|---------|-----|
| Patient visits | | | | |
| Charges/pt vt | | | | |
| Collection % | | | | |
| Total net revenue | | | | |
| | | | | |
| Physician salary | | | | |
| Physician benefits costs | | | | |
| Staff salaries | | | | |
| Staff benefits | | | | |
| Med/office supply cost | | | | |
| Building/occupancy cost | | | | |
| Gen/admin cost | | | | |
| Total cost | | | | |
| | | | | |
| Profit/(loss) | | | | |

Developing a new physicians business plan

- Remember
 - demand for physicians is outgrowing supply
 - Population is growing older so demand could double visits rates
 - Current physician population growing older
 - Medical school enrollments are flat

Establishing a recruitment process

- In-house recruiter vs. independent search firm
- Interview process
- Closing the deal what new physicians want

What new physicians want

| Physicians less than 35 (early) | Physicians 36-40 (mid career) | Physicians > 41 (later) |
|--|--------------------------------------|-----------------------------------|
| Geographic location | Geographic location | compensation |
| Call schedule | Compensation | Practice setting |
| Practice setting | Practice setting | Geographic location |
| Compensation | Professional growth/opportunities | Professional growth/opportunities |
| Professional growth/opportunities | Spouse/ family opportunities | Spouse/ family opportunities |

The interview process

- Recruiting visit
 - First impressions are key for both sides.
Remember everyone's a doctor
 - Establish a lead individual
 - Responsible for the interactions with everyone throughout the day
 - Establish a visit agenda for everyone involved
 - Establish time to meet everyone in the practice
 - Remember not are you recruiting the individual but you are selling your practice

The interview process

- Structured interview
 - This is the formal interview where all questions should be addressed
 - Physician contracts, call, record keeping, policies and procedures and expectations
 - Attendees
 - Partners and new hired physician, admin, spouse, recruit
 - Assign questions to attendees
- Post visit interview
 - Readdress any further questions

The employment contract checklist

- Term
 - Fixed or evergreen
- Physician duties
- Standard of care
- Work schedule
- Representations
- Compensation
- Benefits
- Malpractice
- Expense reimbursement
- Office facilities, equipment, staff
- Third party credentialing
- Termination
- Indemnification
- Confidentiality
- Restrictive covenant
- Dispute resolution

Creating a retentive environment

- An effective retention plan respects work life balance and must be flexible to understand this might be different for each physician even though the job is the same
 - 47% of newly hired physicians will leave within the first year
 - 60% will leave within the first 5 year
 - Sink or swim environment does not work with generation Y

Creating a retentive environment

- Satisfied Physicians
 - Relationships with patients
 - Relationships with colleagues
 - Family peace
 - Personal growth
 - Freedom to provide quality care
 - Availability of hospital and office resources
 - Prestige for the role of the physician
- Dissatisfied physicians
 - Cost containment
 - Inadequate amount and quality of personal time
 - Inadequate opportunities for research and teaching
 - Lack of autonomy
 - income

Bogue et al "Secrets of physician satisfaction", *The physician executive* 11/2006

Creating a retentive environment

- Orientation
 - Structured in nature
 - Introduce to all staff individually
 - Have each administrator meet with physician
 - Schedule hospital orientation
- On-boarding
 - Promotes high level of care technical competence
 - Help physicians with connections to community

Mentoring

- Do not assign a mentor



6.3%
turnover ratio

- Assign a mentor and formalized program



5.3%
turnover ratio

Example:

For every 100 physicians /
the 1% change in turnover =
Loss of 1 physician = \$88K



Retention Strategies Throughout Career Stages

Security (Early Career)

- Guaranteed compensation
- Advanced technology
- Loan repayment

Opportunity (Mid-Career)

- Productivity-based compensation
- Partnership/shareholder
- Leadership development

Flexibility (Late Career)

- Quality of life
- Flexible schedule

Creating a retentive environment

- Buy in and ownership is essential to practice success
- Provide nurturing program for physicians and family
 - Name and phone numbers of referring physicians
 - Name and phone number of consulting physicians
 - Meetings that they must attend without pay
 - Meetings they can attend for pay
 - Active membership in professional state and county societies
 - Billing and coding education
 - Compliance education
 - Written policy education
 - Call, incentives, vacation, document completion, dress code, community participation
- **REMEMBER THIS IS AN INVESTEMENT IF PHYSICIAN AND/SPOUSE DO NOT FEEL WANTED THEY WILL LEAVE**

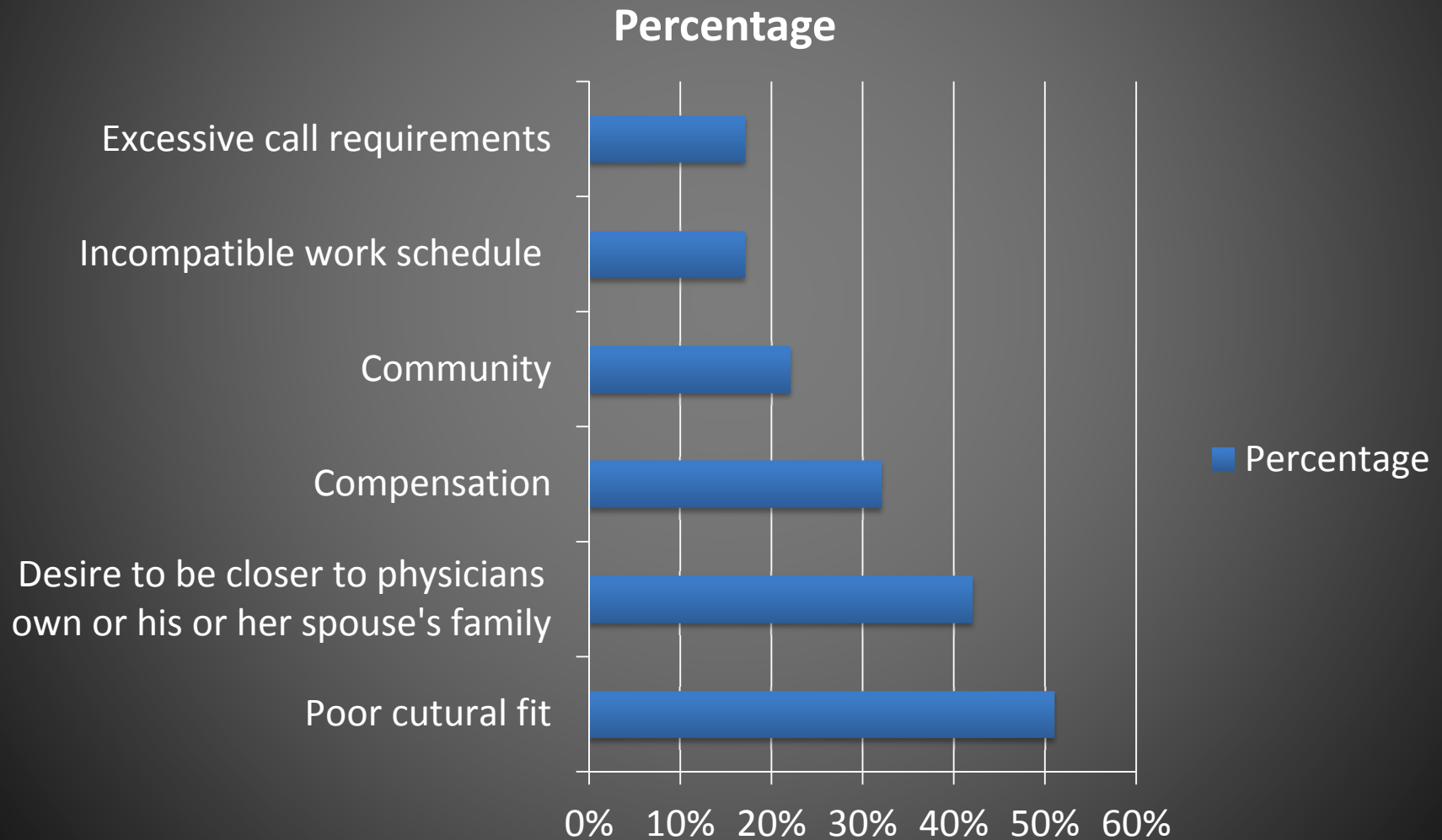
Creating a retentive environment

- Measure success
 - Obtain recruit feedback from new physician initially monthly then quarterly
 - Obtain leadership feedback
 - Obtain peer feedback
 - Monitor patient satisfaction surveys on new physician
 - Monitor productivity
 - Inform new physician of any problems and discipline as appropriate.

Cost of replacing a physician

- Hiring a physician is a long term investment for a practice and just like any other capital expenditure needs to be looked at it as such.

Why physicians leave.



Cost of Replacing a Physician

| Recruiting Costs per Vacancy | “Hard cost” |
|---------------------------------------|-----------------------|
| Agency recruiting fees | \$0 - \$30,000 |
| Sourcing/Advertising | \$0 - \$10,000 |
| Interview: Travel cost ¹ | \$0 - \$2,205 |
| Interview: Entertainment ¹ | \$0 - \$911 |
| Signing bonus | \$0 - \$30,000 |
| Moving cost | \$0 - \$15,000 |
| Total | Up to \$88,116 |

¹ Average Interview Cost per Vacancy

Source: 2011 Cejka Search and AMGA Physician Retention Survey

Cost of Replacing a Physician

Twelve Month Start-Up Practice Cost

| | |
|-----|-----------|
| PCP | \$156,164 |
|-----|-----------|

| | |
|------------|-----------|
| Specialist | \$253,360 |
|------------|-----------|

| | |
|--|------------------|
| Average Start-Up Cost Per Physician FTE | \$211,063 |
|--|------------------|

Source: Trinity Mother Francis Hospitals and Clinics

Hiring a new physician- conclusion

- Developing a new physician business plan
 - a new physician is a long term investment and should be treated as such- ROI may be 3 years
- Establish recruitment process
 - Recruitment should be structured, analytical and comprehensive
 - They are all doctors
- Creating a retentive environment
 - Reassess their needs both physician and family
 - Mentor new physicians
- Discuss the costs of an improper selection
 - Improper selection has a cost on average of 250K
 - Following steps 1 to 3 should reduce this factor

References

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