

## **Use of recruitment incentives spikes in 2006, survey shows**

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The average signing bonus offered to physicians increased by 46 percent between 2005 and 2006, jumping from \$14,030 to \$20,480. At the high end of the spectrum, physicians garnered signing bonuses as large as \$75,000, increasing from a high of \$50,000 the previous year, according to the survey.

Signing-bonus values are increasing as practices and hospitals use the incentives to distinguish themselves from competitors when trying to woo a prospective physician, says **Kurt Mosley**, vice president of business development at MHA.

“A lot of new residents—and sometimes current physicians—are in a situation where they’re not making the money they think they should in their practice,” he explains. Offering them an incentive to come to your practice is “a way to differentiate yourself from others in the field.”

This phenomenon is growing. Only 36 percent of those surveyed in 2003 offered signing bonuses; 58 percent of practices that participated in the survey now offer a signing bonus, partially due to an industrywide physician shortage. “The physician’s in the driver’s seat,” Mosley says.

This gives physicians a significant advantage across the board, adds **Kevin Forster**, senior associate with ECG Management Consultants in Seattle. “We don’t see it as a regional trend, but more of a national trend toward greater affiliations between physicians and hospitals, whether that be employment or recruitment support, or other business ventures.”

In addition to signing bonuses, other recruitment incentives have become standard in many physician searches. For example, 99 percent of respondents to the MHA survey offered a relocation stipend, for which the median amount also increased almost 14 percent between 2005 and 2006, from \$8,800 to \$10,000, according to the survey.

Educational loan forgiveness also has become an attractive deal sweetener, especially because education loans have more than doubled since 2002, Mosley says. Educational loan forgiveness was offered in 34% of the recruiting assignments represented in the MHA survey, up from 14 percent the previous year.

### **Primary care returns to forefront of recruiting**

Another trend revealed by the survey shows a renewed upswing in the demand for primary care physicians, Mosley says. Prior to 1996, a majority of MHA searches were conducted for family practitioners, general internists, and pediatricians, according to the survey.

However, in the 1990s, the market shifted dramatically toward the recruitment of surgical and diagnostic specialists and remained that way until 2005, when MHA observed an upswing in demand in primary care. That cycle became apparent again in 2006 as internal medicine and family practice represented MHA’s number one and number two most requested physician search assignments, the survey says.

### **Specialty areas remain strong**

While primary care is enjoying a strong comeback, specialty areas also remain strong, according to the survey. The MHA survey shows a continued strong demand for many specialists (e.g., radiologists, cardiologists, orthopedic surgeons, general surgeons, and neurologists).

Average income continues to rise for most specialists, with offers to cardiologists showing a significant increase of almost 7 percent, from \$320,000 in 2005 to \$342,000 in 2006.

Certified registered nurse anesthetists averaged higher annual salaries, at \$156,000, than family practitioners, whose annual salaries average \$145,000—an interesting fact to note, Mosley says.

#### **More physicians approaching hospitals**

Also, the survey revealed another growing trend--now, more than ever, physicians are approaching hospitals about employment opportunities rather than the reverse. Specialists, in particular, are throwing in the towel when it comes to owning and running their own practices. They are finding it difficult to sustain the high malpractice rates and handle the reimbursement hassles and administrative duties of private practices. They are increasingly seeking the security and relative simplicity of an employed position, Mosley says.

This is happening more as healthcare businesses are becoming increasingly complex, Forster adds. “For smaller physician groups, it’s difficult to have the business infrastructure necessary to manage in this environment and be able to maintain overhead levels that are reasonable.”

Hospitals are also getting savvier regarding physicians’ desire to join the organization, Forster says. “The business structures in which hospitals are bringing or employing physicians under now allow physicians greater control and autonomy, but also don’t have as many practice-management headaches.”