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Making the Case for Retention

Physician turnover hurts morale and costs hospitals and practice groups millions in lost revenues and recruiting and training expenses. Why your practice can't afford not to be involved in physician retention.

BY LESTER A. PICKER

Does your practice carefully track its bottom line? Does your administrator review telephone plans every year to see which one would save you the most money? How about medical supplies? Office furniture?

The fact is that those expenses are chump change when it comes to stemming the revenue flow from medical practices. Every time a physician leaves your practice, you might as well withdraw \$250,000 from your bank account and burn it, according to Press Ganey, a South Bend, Indiana-based health-care consulting company. And that figure does not include a broad swath of ancillary costs. A 1992 study in the *MGMA Journal* estimated

lost revenues per physician who left a practice at \$400,000 to \$1 million for a hospital and \$250,000 to \$2 million for a group.

Physician turnover is one of the most critically important issues now facing American medical care. The American College of Physician Executives (ACPE) reported that in a 2006 survey of 1,250 physicians that nearly 60 percent had considered leaving their medical practice. Of the approximately 598,000 physician jobs in the United States, some 20 percent experienced turnover in 2004, according to Press Ganey, reflecting an immediate and growing problem that practice administrators must vigilantly address. Nearly half of all respondents to an American Medical Group Association/Cejka Search survey in 2005 reported being highly concerned about physician turnover and more than a third ranked it as one of the top three critical issues they face.

Reasons for Leaving

While the reasons physicians give for leaving a practice range from job dissatisfaction to retirement, most experts agree that there is a growing problem with physician turnover, especially in locations already experiencing



Molly Scroggins, the director of physician relations at Silver Cross Hospital in Joliet, Illinois, works to retain physicians by strengthening their practices. "Our physicians know that we are working with them on achieving success. We're being proactive in helping them to seed their practices. We help physicians to identify better locations for office space or maybe a better community within our market, trying to help them grow the types of practices that they're looking to grow."

physician shortages and in specific specialties, such as cardiology, dermatology, and radiology.

"Part of the problem is a societal issue, one that happened in a lot of other industries earlier," says Kriss Barlow, a senior consultant for Corporate Health Group, a national health-care consulting company headquartered in East Greenwich, Rhode Island. "It's just now affecting physicians." In previous generations, physicians would stay in one practice forever, just as attorneys and corporate executives. "Today I think there's an expectation for more immediate gratification and that if things don't work out, I'll move along," says Barlow. "And with the multiplicity of job offers and physicians not having to buy into a practice, there's much more fluidity and opportunity to move on."

Money, of course, is another compelling reason for physician dissatisfaction, especially with the enormous

Top Six Effective Retention Plan Benefits

Physicians surveyed by LocumTenens.com in 2006 most often named the following benefits as important to retaining them.

1. Flexible work hours
2. 401k or profit sharing program
3. Ongoing bonus program
4. Continuing education leave/reimbursement
5. Signing bonus
6. Partnership potential

Continued

Increasing Your Net Worth — A Guide for New Physicians

Studies have shown that recruiting costs to replace a physician can range upward of \$300,000 in today's dollars. Add to that the continuing loss of revenues that can exceed \$1 million and you have an obvious prescription for a practice to develop a Physician Retention Plan.

But, what about the flip side of the equation? For physicians just entering a practice, the question becomes 'What is a good organizational fit worth to you?' Aside from the major upheaval to a physician and her family resulting from leaving an unsatisfying practice, there are the daily tribulations and assaults on one's self-esteem and self-empowerment that arise from a less-than-perfect fit. That is why physician recruitment experts recommend that prospective physicians develop a plan of their own to quickly and seamlessly integrate themselves—and their families—into a new practice. The result? Stable and satisfying employment and improved morale throughout the organization.

Ideally, a personal retention plan should optimize your adjustment experience. Here are some characteristics of a personal retention program for physicians entering a practice.

CONGRUITY. Beginning at the interview stage, your plan should insure that you are strongly aligned with your prospective employer's philosophy, culture, and management style. Ask whether the practice has a printed mission statement or a set of guiding principles. If you are a serious candidate, ask to see their employee manual to better understand how those principles are put into practice.

INTERVIEW THE INTERVIEWERS. The interview experience can be daunting, especially when a newly minted you is interviewed by a cadre of accomplished, experience professionals. But long-term relationships are built on mutual expectations. Be prepared with a detailed set of questions for your interviewers, progressing from broad to specific concerns. And, don't be afraid to ask the same important question of different personnel at appropriate times.

START BEFORE THE START DATE. Even prior to your start date there are several things you can do to facilitate a seamless entry. If you have been assigned a mentor, be sure to maintain contact and establish a collegial relationship. Be sure to arrange one or more follow-up visits both for yourself and for the entire family prior to the start date. Subscribe to the local newspapers and look for opportunities to involve your spouse and children.

FIRST HUNDRED DAYS. Studies and anecdotal records indicate that the first few months are a landmark period for a new physician. Take advantage and participate fully in your orientation program, even though its value may not be readily apparent. Also be open to whatever administrative and technical support and training the practice offers. It will invariably be easier to tackle that as a new physician than later on when you are already solidly booked and training time is at a premium. Capitalize on every opportunity to introduce yourself to the medical community, your prime referral source. Attend social events with your spouse. If concerns arise regarding job expectations, including remuneration, now is the time to raise them with the administration. Arrange regular meetings with mentors and practice leadership that include mutual feedback.

RETENTION REDUX. Maximize your value to the organization by taking advantage of professional development opportunities. Insist on regular performance reviews to assess your contributions. If you are placed within a hospital setting, take advantage of opportunities to interact with the governing board whenever possible.

COMMUNICATE. Even with the best intentions, you will undoubtedly run into the realities of family life, revenue pressures, unpredictable professional or community events, even changes in the larger society that may effect your medical practice. The best remedy is to actively involve yourself in decisions that affect your career and to proactively communicate with your practice administrators about them. ■

loan burdens for younger physicians and the leveling off of compensation many specialties have experienced since 2002, according to MGMA salary figures. Still, money is rarely at the top of the list of reasons physicians leave a practice.

“People often assume that reimbursement might sit at the top of that list,” says Pamela McKemie, the senior vice-president of LocumTenens.com, which sponsored a survey in 2006 of more than 2,500 physicians on the issue of retention. “Although money matters, our survey indicated that what is more important for them are issues around loss of autonomy, patient overload, and respect. Very strong behind those issues were work and lifestyle balance. They feel like they don’t have enough time to live a life outside medicine.”

Marc Greenwald, MD, the former chief medical officer at the Fallon Clinic in Massachusetts, agrees. Greenwald was in charge of physician recruitment and retention for the 240-physician practice. “The generation of physicians born after about 1964 wants a life. They want time for themselves and their families. They see themselves as time-limited, not necessarily work-limited. We can expect, on the whole, less work out of those physicians than ones 20 or 25 years older. That means more physicians to accomplish the same amount of work.”

This societal change has been accelerated by the increasing numbers of women physicians. “They have families today,” Greenwald says. “Child rearing is very different than it used to be. Many of these women are in two-income families now and



Carol Westfall, the president of Cejka Search, says the retention plan needs to evolve with the practice. “Some groups have used the same orientation program for 10 years. But really good orientation programs should be routinely revised to meet the needs of today’s physician. I think extending the orientation program through the first 90 days to six months, so that it’s more extensive, is the way to go. Find ways to get new physicians engaged in the organization early.”



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they want part-time work or they want regular, time-limited work.”

Add to these reasons the fact that the supply of physicians is limited in many specialties—in the past 25 years America’s population has

grown by 30 percent but the supply of new physicians has been flat at approximately 16,000 per year—and you have a double-whammy recruiting problem, with increased pres-

Continued

tures on the remaining physicians to handle their departing colleague's additional workload. That, in itself, leads to greater job dissatisfaction and turnover.

Cost to Practices

And the cost to practices from turnover is enormous, much larger than most small to medium practices may realize or be able to handle. The 2006 report by ACPE pointed to costs that go far beyond the often-cited \$250,000 recruiting costs and lost revenues.

These "soft" costs may include lowered employee morale, as the practice seeks to distribute the departing physician's workload and as support staff deal with possible emotional issues involved in the disruption of the status quo.

Then there is the ripple effect of workflow disruptions. Patients have to be reassigned, support staff have to adjust to working with different physicians, and physicians may have to spend precious time training reassigned staff.

Patient care may also suffer, resulting in inconsistencies and a potential downturn in the practice's reputation in the community. That, in turn, affects patient referrals and the recruiting effort itself.

At the same time, as overworked physicians attempt to cope with the suddenly altered reality, the practice will undoubtedly experience a significant revenue hit, perhaps for a protracted period. Staff may need to be let go. These additional stresses may actually serve to exacerbate the situation. A desperate search committee may feel pressured into making a hasty decision, bringing in a physician

who ultimately is not a good fit. And most recruitment committees will feel pressures, as time passes and the costs of the process climb.

Coping Strategies

The hard and soft costs incurred in replacing physicians is why the number of medical groups reporting having targeted retention initiatives in place increased from 48 percent in 2004 to 58 percent in 2005, according to a membership survey by the American Medical Group Association (AMGA). However, the

LocumTenens.com survey showed that the majority of physicians responding to its survey had not yet felt the effects of such programs. In fact, 35 percent of respondents planned to change jobs in the next year and 53 percent expected to do so within three years. Statistics like these frighten practice administrators. Accordingly, small and large health groups throughout the nation have developed or are in the process of developing retention programs.

One such group is Silver Cross Hospital, a 250-bed facility in suburban Joliet, Illinois, about an hour south of Chicago. Like many hospitals, the administration decided it was financially impractical to stay in the practice management business. However, they also knew it would be problematic simply to unwind their physicians from the practice with no support.

Over a nine- to 12-month period, the hospital first used a health consulting group to gather information from the community and its physicians about ways the hospital could support practices in light of today's relentless financial pressures. In 2004 it

launched a plan that, by and large, won the support of the local physician community.

"We did a medical staff development plan that would get us out five years," says Molly Scroggins, the director of physician relations. "It was important that everybody agreed on what kind of physician growth we'd be experiencing in these next five years and how we would accomplish that growth, what kind of market growth we would be experiencing and how we would grow with the market and not let it outgrow us."

With the basic plan in effect, Scroggins makes sure that, if anything, the plan is over-communicated to all physicians in the community. "There are no secrets to the plan.

Our physicians know that we are working with them on achieving success. We're succession planning with physicians nearing retirement and we're also helping to grow newer practices. We're being proactive in helping them to seed their practices. We help physicians to identify better locations for office space or maybe a better community within our market, trying to help them grow the types of practices that they're looking to grow."

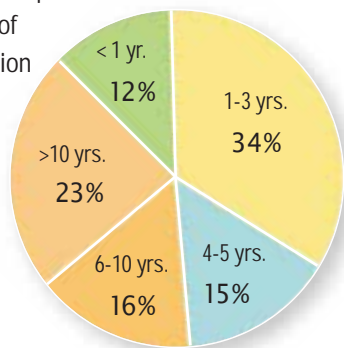
Silver Cross administrators believe their efforts will retain existing physicians by strengthening their practices, winning their loyalty, and recruiting new physicians to growing practices in areas of identified medical need. They recently started the Physician Leadership Academy, a two-year program designed to help grow physician leadership from within and to secure the engagement of newer physicians as they enter their market.

The academy helps physicians de-

Length of Stay

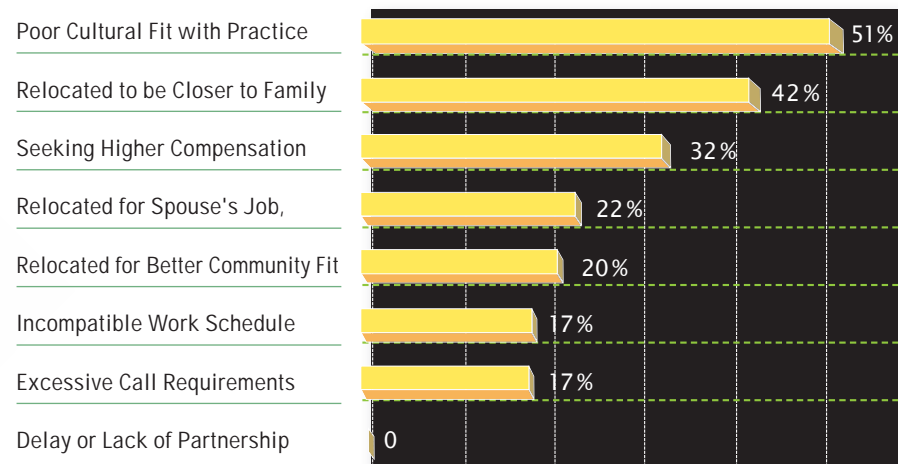
According to the AMGA and Cejka Search 2006 Physician Retention Survey of physician groups, physicians often leave a practice after only one to three years.

Years with practice at time of separation



Why Did They Leave?

According to the survey, fit and family are the two reasons most often cited for physicians leaving a practice. Responses were received from 92 groups representing 16,833 employed physicians.



Source: AMGA and Cejka Search 2006 Physician Retention Survey

velop critical skills about the business aspect of running a practice—or a hospital—and to develop capital and operating budgets. Additional skills include how to communicate effectively with physician colleagues and patients, how to improve customer service, and other practice-based skills, all the while providing participants with education credits.

Reducing Turnover

The battle for recruiting and retaining physicians has already begun to shake some of the inefficiencies from older, less formal programs. Practice administrators and consulting companies have experimented with a variety of strategies and tactics over the past decade and the field has matured to the point where there are “best-practices” for recruitment and retention.

A core aspect of any retention program is for the practice to take the time necessary to define carefully the

✓ Of the approximately 598,000 physician jobs in the United States, some 20 percent experienced turnover in 2004.

job before interviewing even begins. It sounds deceptively simple, but far too many practices do not take the time to consider new realities, changes in best medical practices, opportunities for rearranging practice responsibilities, even the changing character of the next generation of physicians. “If you want them to stay, you have to have the job meet their needs,” cautions Marc Greenwald. “Make it one that is part of their life, not their life.”

Elements to be addressed cover a wide range of issues, including physician lifestyle, work expectations, including the hours and the intensity of

the work, salary and benefits, the culture of the group practice, and fitting into the larger community. A failure to fully explore and understand these components can lead to disaster for both the employer and the newly hired physician.

Matching a physician’s needs and expectations with the demands of the job is as much art as science. But good scientific preparation helps. Once the job is defined and the expectations set, the interview committee’s job is to develop an artful interview protocol that ferrets out whether the match is one made in heaven or is doomed to a much warmer place—a job much easier said than done.

“At Fallon Clinic, we thought key physicians had to be behavioral interviewers,” Greenwald recalls. “They needed to learn how to get the right answers, not the answers they wanted to hear, but the true answers from the person.

“For example if you ask the candidate, ‘Are you a team player?’ everyone says ‘Yes, of course.’ On the other hand if you ask them: ‘Tell me about the last time you and at least two other physicians collaborated on a project, what was the project, what were the goals, how did it work out, and how did you feel about it?’ and then watch their eye contact, body language, facial expressions as they tell you about how they created clinical pathways, for example, you’re going to know by the end of that if they’re team players or not.”

Retention programs should be specific to physicians. “What physicians are saying is that we are an integral part of the health-care community, and we want to be respected and valued and part of the decision-making process that defines what good clinical care should look like,” says McKemie of LocumTenens.com.

The key here is to get physicians in the organization involved in defining what a good retention plan would be for them. For some it may be additional CME time, for others it may be flexible hours, or perhaps sitting on the board that makes decisions about clinical outcomes. This quality of good retention plans is known as targeting and it applies to practices both small and large. “We have a very targeted approach,” says Silver Cross Hospital’s Scroggins. “We have a retention calendar, so I can tell you for the whole year every given week what area I’m focused on.”

The targeted approach is key because it makes sure your key players are all on the same page in terms of priorities, strategies, and tactics. In the case of Silver Cross, its database gives exact numbers on every physician’s hospital referrals on a weekly basis.

“I’m looking at the different specialties, to see who has increased their referrals and who has decreased and I’m going out and I’m seeing those practices and meeting with those physicians,” says Scroggins. These meetings are part of a critical feedback loop that the hospital uses to improve its retention.

And, no physician retention plan should be set in stone. One of the secrets to success is to constantly tweak the plan to balance the realities of the marketplace with the needs and desires of physicians. “With our recruitment and retention process and the medical staff development plan, there’s been a lot of tweaking as we go along,” says Scroggins. “It’s an ever-changing community and as we grow demographics change, and we may need to move something up or down in priority. Our physicians have been integral in that whole process.”

Carol Westfall, the president of Cejka Search, extends that principle to any size practice. “Some groups have used the same orientation program for 10 years. But really good orientation programs should be routinely revised to meet the needs of today’s physician. I think extending the orientation program through the first 90 days to six months, so that it’s more extensive, is the way to go. Find ways to get new physicians engaged in the organization early.”

Comprehensive orientation systems enable new physicians to gradually work into their practice, cultivate the lifestyle they need, insert themselves into their communities, and become part of the culture of the organization they’ve joined and know what they can expect from the organization for themselves. “The orientation to me is really how do we help this physician ac-

climate to the hospital and to the practice and what would that look like,” says Barlow of Corporate Health Group.

One much-hyped component of retention is mentoring programs. But, most experts agree that if not designed properly, this can often turn into so much window dressing. Many practices assign a relatively junior practice member to the new physician. That alone makes a statement that speaks louder than the proverbial welcome speech. Well thought out mentoring goes much deeper.

“It needs to be somebody who will introduce the new person to people, show them the ropes,” says Barlow. “The new physician should feel comfortable asking the mentor some of the tough questions in a way that they can get a confidential and honest answer.”

“The process of attracting and retaining physicians is what in chemistry we call an endothermic reaction,” says Greenwald. “You have to keep putting energy in to make it work. The training, the coaching, the mentoring, the shadowing, the feedback, all of this has to become part of the culture by doing it consistently every single time. The minute you stop doing it, or assume it’s going to happen, it stops.”

When all is said and done, is developing a retention plan worth it? Again, Dr. Greenwald: “You can call it an overhead cost. I look at it as an investment. There’s a return on the dollar. If you keep one physician, you save a quarter of a million dollars or more. That to me is an investment.” ■

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