



The physician landscape, redefined

NALTO[®]/NAPR

March 7, 2024

What one word best describes the
state of the physician landscape in 2024?

Messages to take away today

- 1. The arms race for physician talent and practice assets continues with new players.** The competition for physicians at both the individual and practice-level remains fierce. But private equity and large corporate players are the new dominant players in this space as health systems and independent physician practices navigate turbulent financial times.
- 2. Physicians will be increasingly embedded in vertical ecosystems.** Even if they're not employed by a large corporation, many physicians will be aligned to these vertical ecosystems through contracts, partnerships, and patient relationships.
- 3. Expect physician turnover to increase with more practice opportunities.** There's never been as many potential employers and potential career paths available to physicians as there are today. Both health system employment and independent practice have their challenges right now. Combined, these forces are likely to drive increased physician turnover.
- 4. A wave of retirements is on the horizon — but will there be a shortage?** There will be a wave of physician retirements across the next decade as the largest cohort of practicing physicians approaches age 65. But for all the headlines suggesting a physician shortage, is it possible to reduce or avoid one?
- 5. What do physicians want in 2024 and beyond?** It's a “seller's” market and physicians have more options and agency than ever before. But what do they want? Physicians desire many things, but autonomy is the currency physicians want most. What that autonomy looks like will vary by employer, practice option, and physicians.
- 6. While recruiters face headwinds, there are also some strong tailwinds to take advantage of.** The market favors the physicians now more than ever, and that makes recruitment hard. But these industry changes also create 1) more need for physician recruitment and 2) opportunities for those who truly understand what physicians want in this new landscape.

01

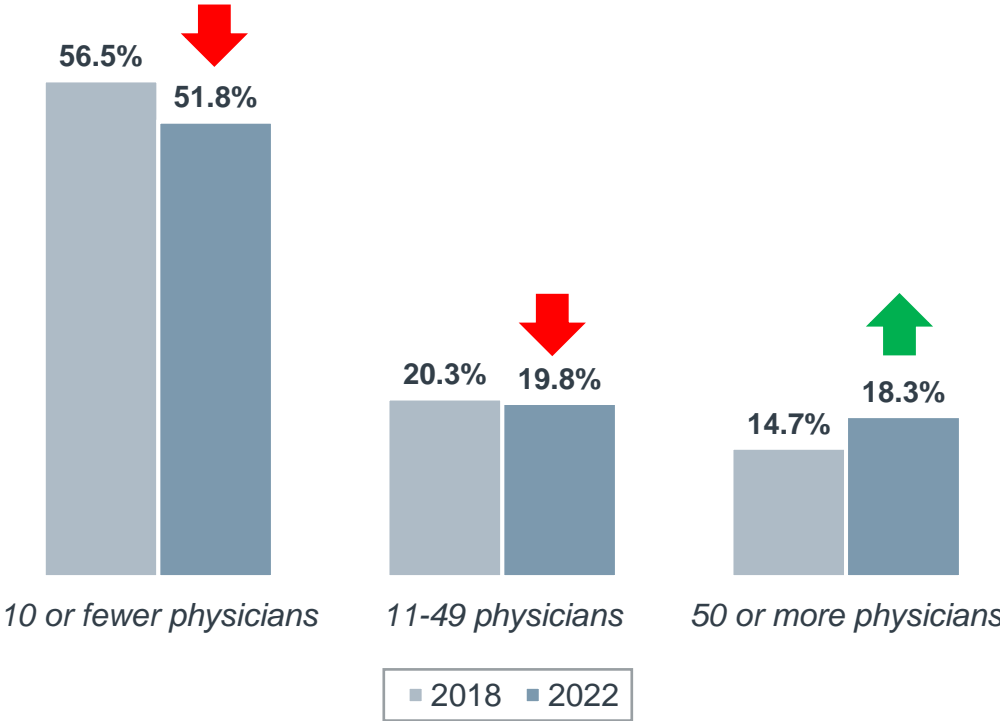
Supply: A new chapter in the arms race for physician talent



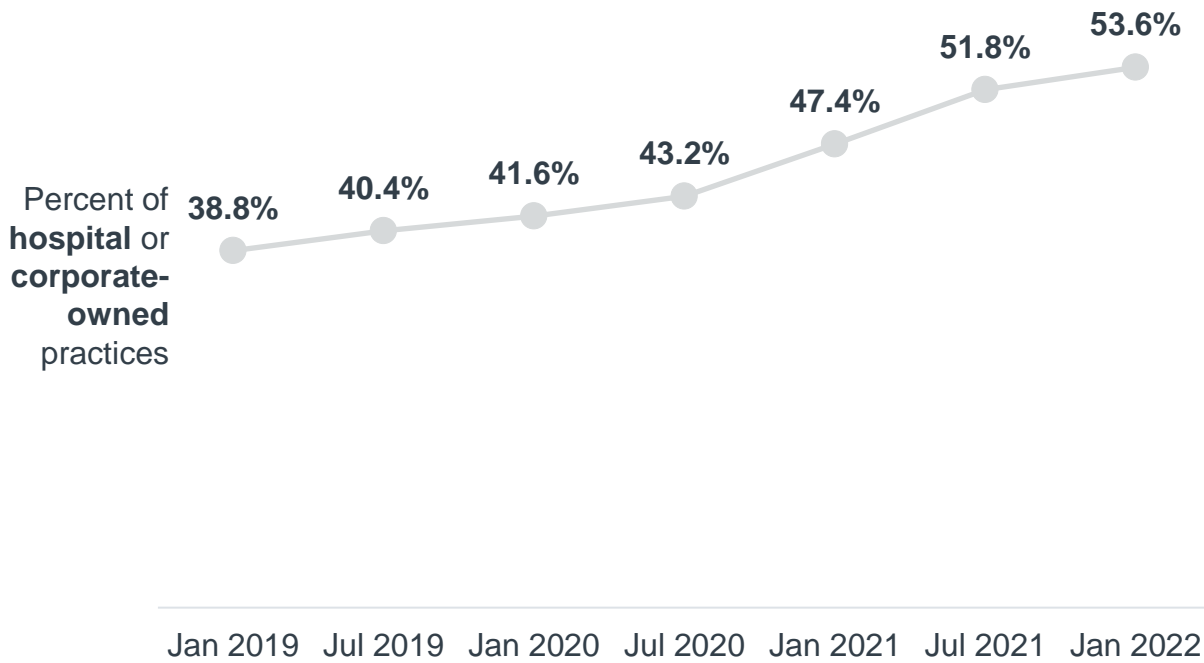
Conventional wisdom: Health systems
drive physician aggregation.

Physician practice size and employment are on the rise

Distribution of physicians by practice size¹ (2018-2022)



Percent of practices owned by hospitals or corporations (2019-2022)

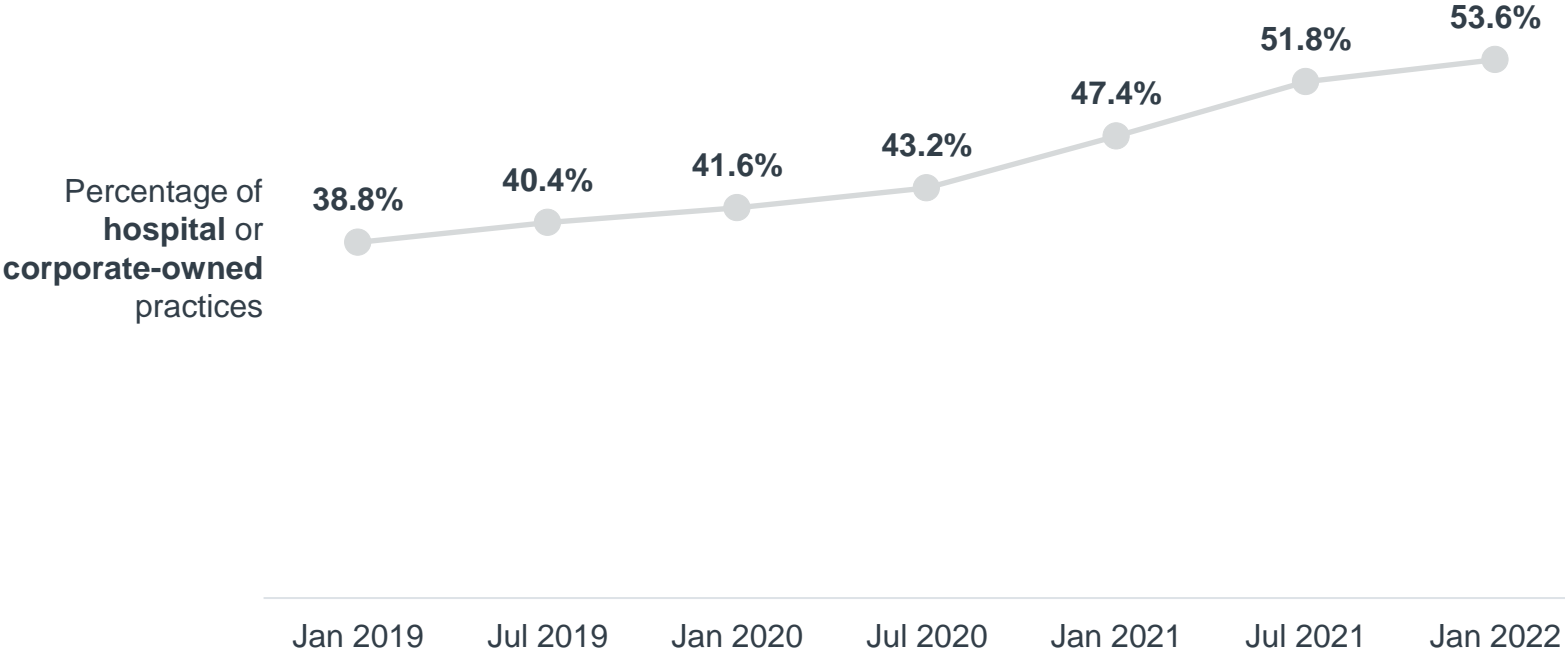


1. Remaining 8.5% (2018) and 10.1% (2022) are categorized as "Direct hospital employee/contractor."

Source: Kane, C. "Physician Practice Benchmark Survey." American Medical Association, 2023; Avalere Health, "Covid-19's Impact on Acquisitions of Physician Practices and Physician Employment 2019-2021." Physicians Advocacy Institute, April 2022.

Over half of practices are owned by hospitals or corporations

Percentage of physician practices owned by hospitals or corporations (2019-2022)

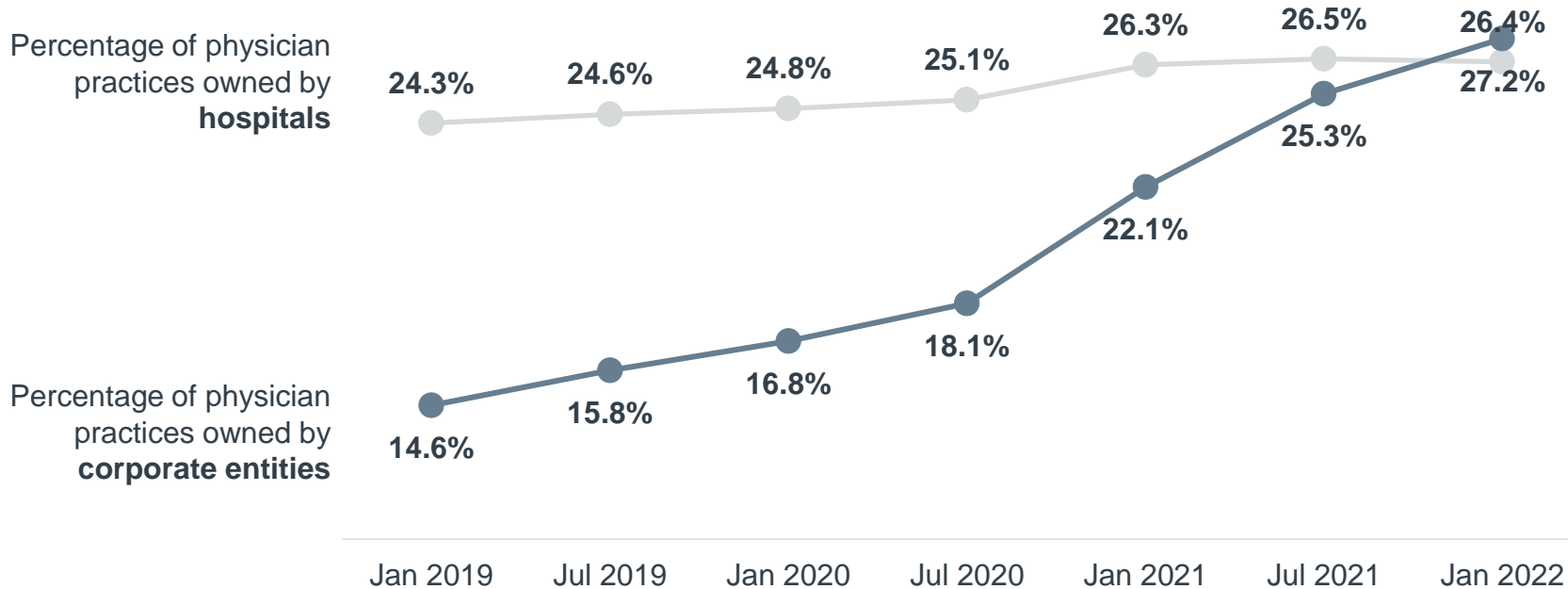


38%
increase in hospital-owned or corporate-owned practices in three years

Source: Avalere Health, "Covid-19's Impact on Acquisitions of Physician Practices and Physician Employment 2019-2021," Physicians Advocacy Institute, April 2022.

But corporate ownership of practices is growing 10x faster

Percentage of physician practices owned by hospitals vs. corporations (2019-2022)



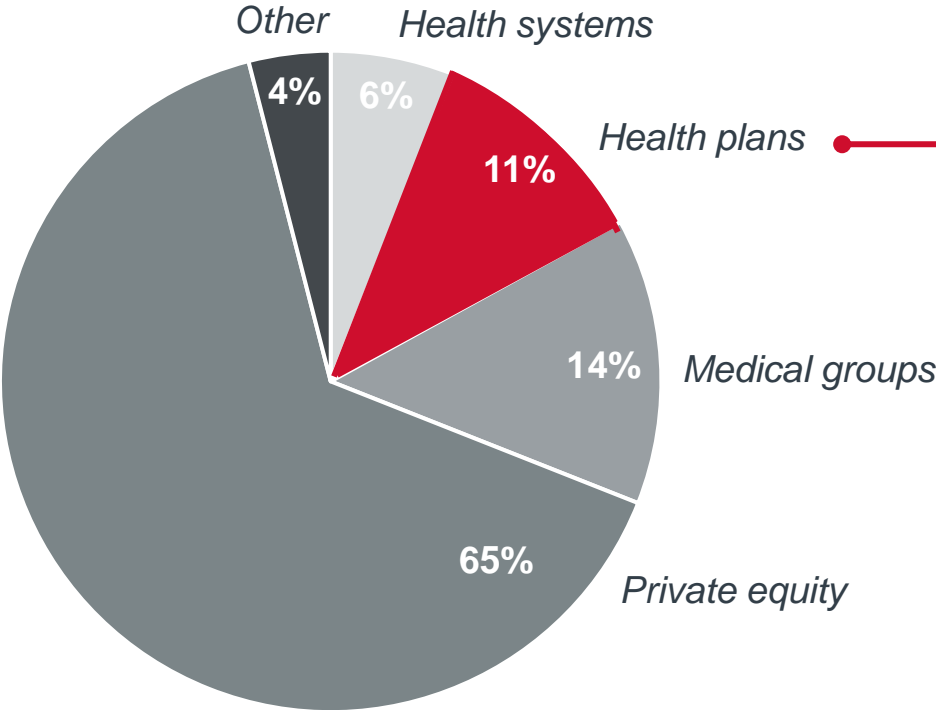
9%
increase in **hospital-owned** practices in three years

86%
increase in **corporate-owned** practices in three years

Source: Avalere Health, "Covid-19's Impact on Acquisitions of Physician Practices and Physician Employment 2019-2021," Physicians Advocacy Institute, April 2022.

PE and health plans are driving corporate ownership

Percentage of acquired physicians by funder type (2019-2023)



10x
The average number of acquired physicians per deal is 10x higher for **health plans** than any other funder

AHA analysis of LevinPro HG, Levin Associates, 2023, June, levinassociates.com. Only includes values for deals where the number of acquired physicians was reported. Certain acquirer types were also modified to more closely align with the services provided by the acquirer

Source: American Hospital Association, "Setting the Record Straight: Private Equity and Health Insurers Acquire More Physicians than Hospitals," June 2023.

More physicians will be embedded in vertical ecosystems.

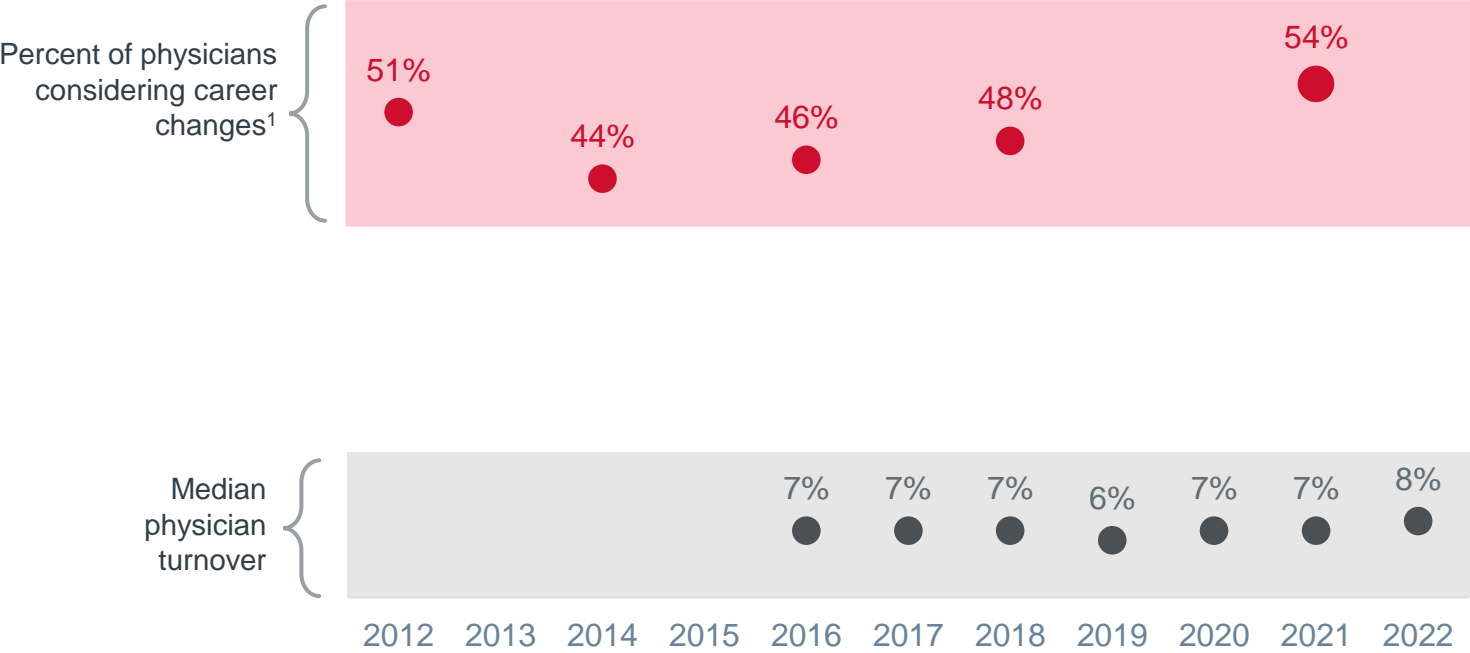
New buyers view physician ownership as central to building and scaling care delivery platforms. While these purchasers see direct employment as key to controlling utilization, many more physicians will be connected to these vertical ecosystems through contracts, partnerships, and patient relationships.



Conventional wisdom: Physicians remain loyal to their practices.

Despite stable turnover, discontent reaches new highs

Physicians considering career changes vs. actual turnover



1. 2021 data point is from an alternate surveyor (see sources).

Source: "2022 AAPPR In-House Physician and Provider Recruitment Benchmarking Report," <https://aappr.org/research/benchmarking/>; "A Survey of America's Physicians: Practice Patterns and Perspectives," The Physicians Foundation, 2012, 2014, 2016, 2018; "New Study from Jackson Physician Search Reveals 69% of Physicians Disengaged: 54% Say COVID Driving Change in Job Plans," Jackson Physician Search, February 2021; "Physician Shortage Worsens Nationally, Impacted by COVID-19," AAPPR, 2021.

Intent to leave is a key warning sign



Turnover

Staff members who actually leave the organization, the role, or the workforce

Leader visibility

Intent to leave

Staff members who are considering leaving, are disappointed in their current roles, or who are open to new opportunities

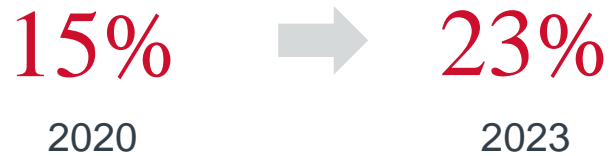
Burnout reaches record highs

Physician burnout and depression rates

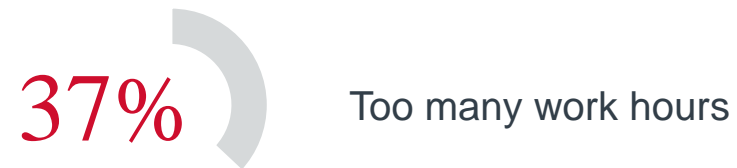
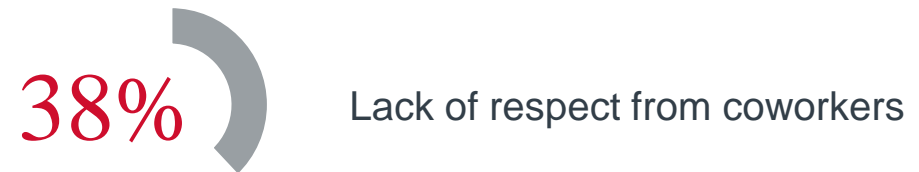
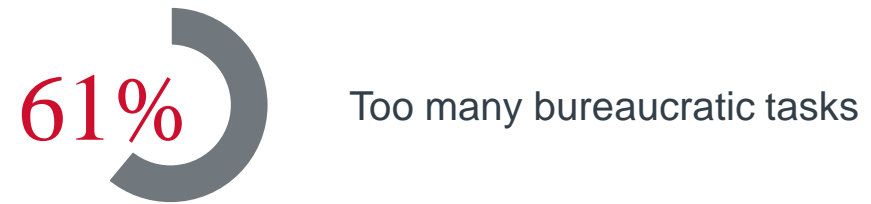
Burnout



Depression



Top three factors contributing to physician burnout in 2023

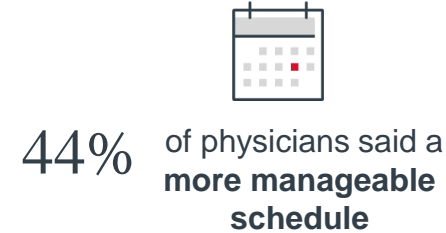
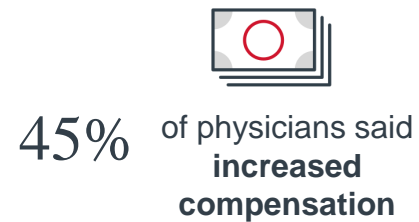


Source: Kane L, "US Physician Burnout & Depression Report 2023," Medscape, 2023.

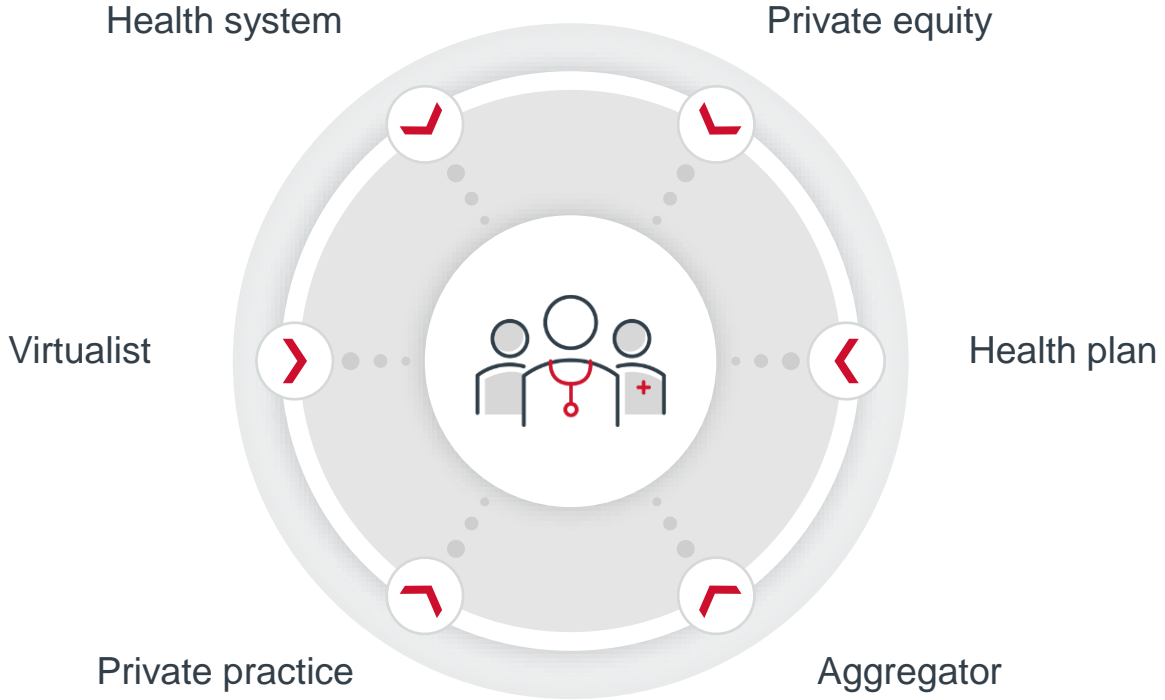
Physicians need resources, not new jobs, to relieve burnout

Factors reported to alleviate burnout

When asked what would alleviate burnout, only 14% of physicians said a new job. The graphics below show what physicians said would help most.



Simultaneously, there are more practice options for physicians



More practice options will catalyze physician turnover.

There is now a meaningful range of practice options for physicians who want to leave. While turnover has remained stable to date, these expanding options will enable physicians to act on their longstanding discontent and change employers.



Conventional wisdom: There will be a physician shortage.

Experts repeatedly predict a physician shortage



The Complexities of Physician Supply and Demand: Projections From 2019 to 2034

IHS Market Ltd.

DETAILS

- Published by the **Association of American Medical Colleges** in June 2021
- Most data was collected in 2019 **before COVID-19** had emerged as a global pandemic
- Predicts **PCP shortage** between 17,800 and 48,000 and **specialist shortage** between 21,000 and 77,100 by 2034
- Contends that the **aging physician workforce** will drive many of the supply constraints



Physician workforce in the United States of America: Forecasting nationwide shortages

Zhang et al.

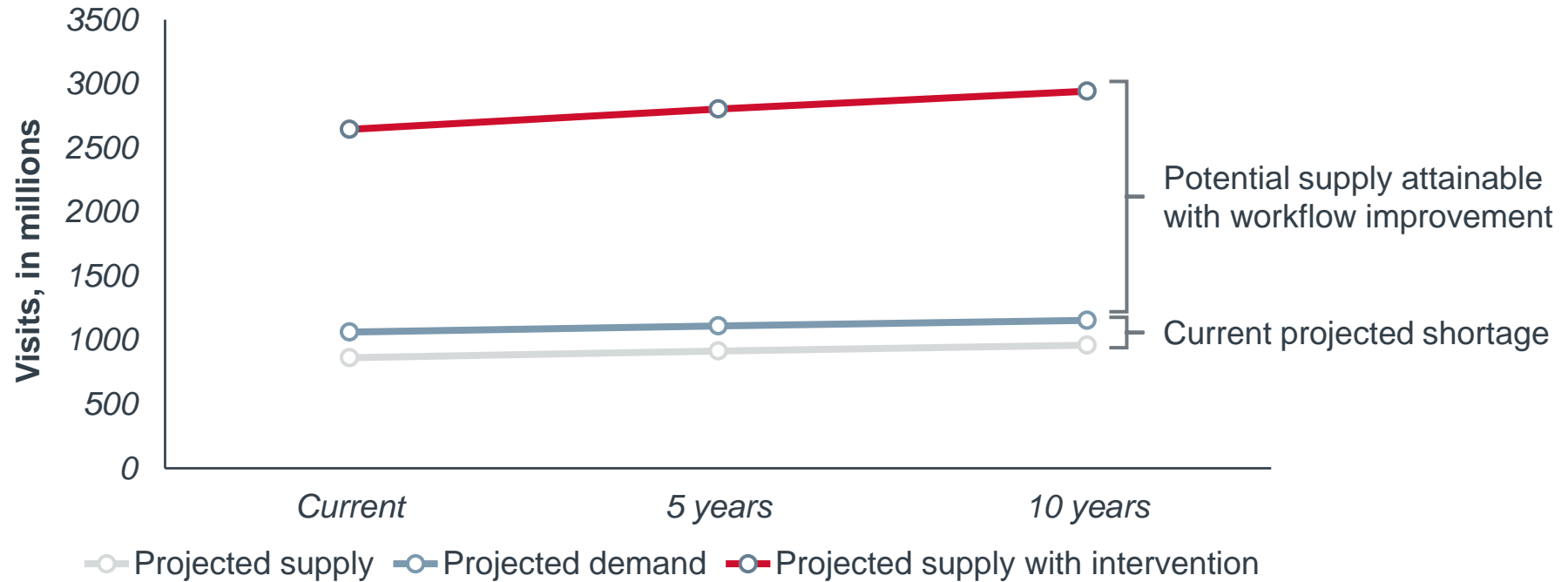
DETAILS

- Published in the journal **Human Resources for Health** in February 2020
- Estimates future physician shortages on a state-by-state basis, with **some states seeing a surplus and others seeing a shortage**
- Projects that the **number of states with a physician shortage will increase** from 4 in 2017 to 23 in 2030
- Predicts **demand for physicians will rise** as population ages and more people get access to health coverage

But a physician shortage is preventable

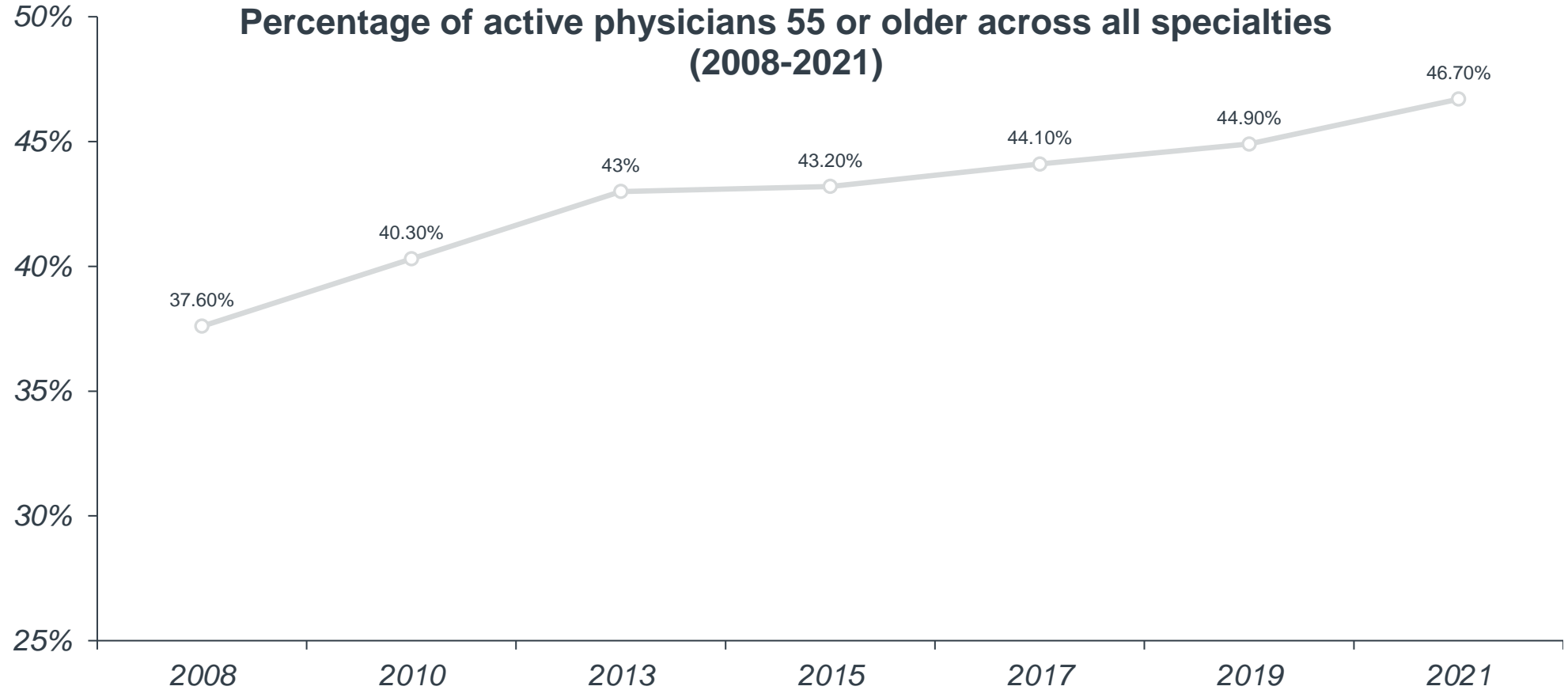
Advisory Board's projected primary care provider¹ supply and demand

Measured through provider visit capacity and U.S. adult population visit demand



1. Primary care providers include primary care physicians (both internal and family medicine), physician assistants, and nurse practitioners

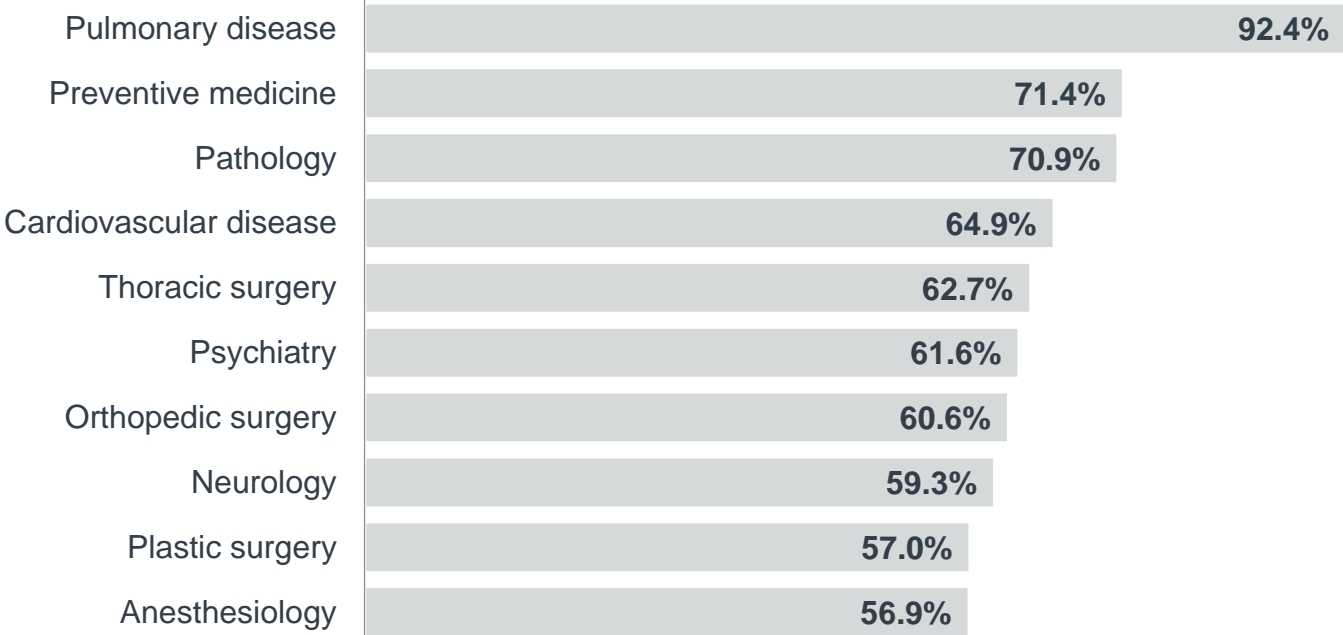
Almost half of physicians will retire in the next decade



Source: "Physician Specialty Data Report: Active Physicians by Age and Specialty, 2022," Association of American Medical Colleges, 2022.

Retirement wave will hit some specialties harder

Specialties with highest percentage of doctors 55+



Source: "Physician Specialty Data Report: Active Physicians by Age and Specialty, 2022," Association of American Medical Colleges, 2022.

Retirement is inevitable — but you can prepare now

THREE WAYS TO PLAN FOR PHYSICIAN RETIREMENT



Scale physician expertise

- Mitigate the risk of an experience-complexity gap
- Leverage experience of pre-retirement doctors to help with training, care protocols, and other clinical best practices



Double down on recruitment in the most impacted specialties

- Identify specialties with greatest number of pre-retirement physicians
- Strategically recruit to build up pipeline *before* physicians leave

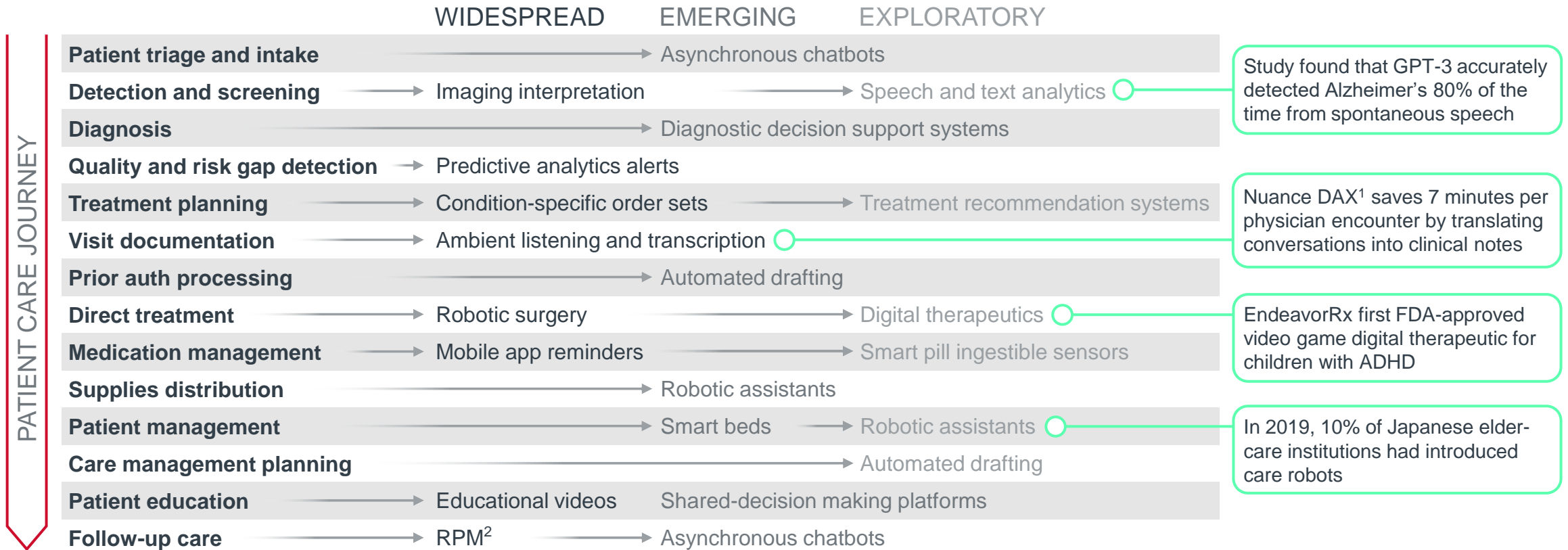


Retire physicians strategically

- Offer pre-retirement options to work part-time, reduce call coverage, take flexible PTO in exchange for one- to two-year advance notice
- Give physicians flexibility to scale back workload while employers proactively assess workforce needs and recruit replacements

Tech increasingly capable of more tasks, often with AI

Adoption of select clinical workforce technologies across the patient care journey



1. Dragon Ambient eXperience.
2. Remote patient monitoring.

Source: "Ambient Clinical Intelligence," Nuance, 2023; "Inside Japan's long experiment in automating eldercare," MIT, January 2023; "FDA Permits Marketing of First Game-Based Digital Therapeutic to Improve Attention Function in Children with ADHD," FDA, June 2020; "Predicting dementia from spontaneous speech using large language models," PLOS Digital Health, December 2022; "ChatGPT's AI Could Help Catch Alzheimer's Early," WebMD, February 2023.

Tech can't replace humans, but it will change their roles

As technology becomes a member of the care team, the rest of the care team must evolve

ROLE

Who does what tasks?

- As technology makes some tasks **faster**, what will clinicians spend **more time** on?
- Will we need to **add** new roles or **repurpose** existing ones?
- How will clinicians engage with **patients** as consumer access to AI-powered diagnostic tools grows?



TRAINING

Where does learning happen?

- How will clinicians gain **experience** and **expertise** as technology takes on **simple** tasks?
- When will schools, employers, and accreditors standardize training on **working with technology**?
- Will technology enable clinicians to take on some responsibilities with **less training**?

COMPENSATION

How do we value work?

- How will compensation models shift to **incentivize** performance that is **blended** with technology?
- Will compensation **levels** vary to reflect shifting **training** requirements?

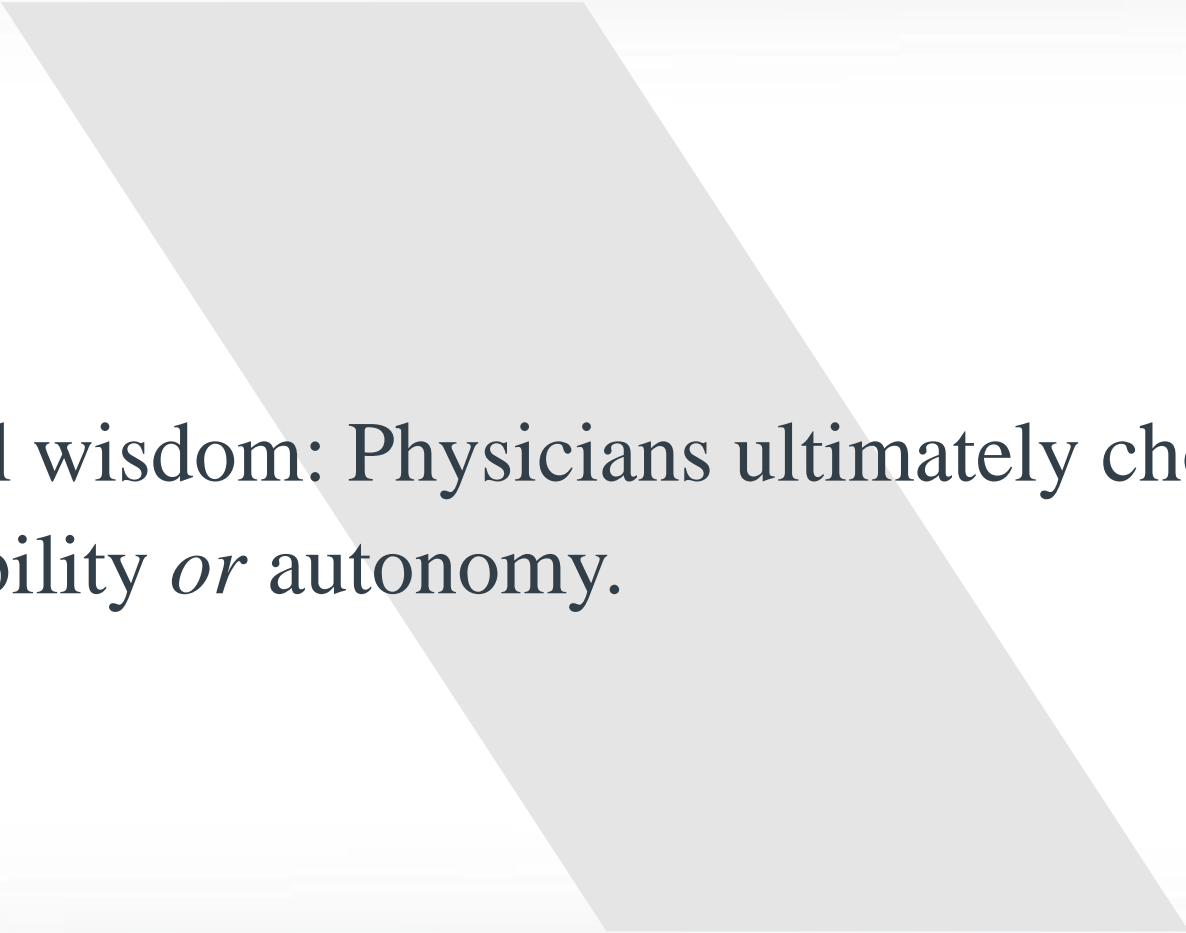
Who will make decisions **proactively** – and who will be forced to **respond**?

There doesn't have to be a physician shortage.

The approaching wave of physician retirements rightly causes concern. But it's possible to reduce the impacts of a physician shortage — and maybe to prevent it entirely. With workflow interventions, technology, autonomous use of Advanced Practice Providers, and strategic preparation, a physician shortage is far from guaranteed.

02

Demand: How physician career preferences have evolved



Conventional wisdom: Physicians ultimately choose careers based on stability *or* autonomy.

What *used* to align doctors

Organizations historically relied on compensation and benefits



Increasing
base pay



Offering incentive
pay, bonuses



Expanding PTO,
other benefits



Implementing
resilience programs

Becoming the employer of choice in 2024 means

Giving physicians the meaningful autonomy, ample time, and seamless support to be *both* doctors and people

Now physicians are looking for other forms of support

3 criteria to be the partner of choice



TIME

During and after the visit

- Visits are long enough to address all patient concerns
- Schedules contain built-in time to complete all clinical and administrative work



SUPPORT

Care team and technology

- Physicians do only what they're uniquely trained for and collaborate with ease
- Technology improves daily workflows and removes barriers to delivering care



AUTONOMY

Clinical, schedule, and strategic

- Clinical decisions balance physician judgment and group care standards
- Work-life balance is sustainable for physicians
- Physicians have a voice in strategic conversations

I have *ample time*

What physicians actually mean	What this ideally looks like in practice	What physicians need from you	What to highlight in your retention plan
I have enough time during each visit to care for patients.	<ul style="list-style-type: none"> • Visits are long enough to address all patient concerns 	<ul style="list-style-type: none"> • EHR time trackers to measure physician capacity and adjust visits accordingly • Compensation models that put less emphasis on wRVU productivity 	<ul style="list-style-type: none"> • Average patient visit length • Scheduling templates and processes
I have enough time outside the visit to complete all work within business hours.	<ul style="list-style-type: none"> • Schedules contain built-in time to complete all clinical and administrative work 	<ul style="list-style-type: none"> • Standardized schedules that allocate time for documentation and other tasks 	<ul style="list-style-type: none"> • Average time spent in EHR per day • Practice initiatives to reduce after-hours “pajama time”

I have *seamless support*

What physicians actually mean	What this ideally looks like in practice	What physicians need from you	What to highlight in your retention plan
<p>I have the care team support I need, clinical and administrative, to practice at top of license.</p>	<ul style="list-style-type: none"> Physicians do only what they are uniquely trained for Care team understands roles and collaborates with ease 	<ul style="list-style-type: none"> Team-based care and adequate staffing ratios Dedicated teams to complete administrative tasks (e.g., refills, prior authorizations, portal messages) 	<ul style="list-style-type: none"> Team-based care models including staffing ratios and training support
<p>I have the technology support I need to perform my job easily.</p>	<ul style="list-style-type: none"> Technology improves workflows and removes barriers to delivering patient care 	<ul style="list-style-type: none"> Documentation support (e.g., EHR refreshers, scribes, transcription) Workflows co-designed with doctors and executives Quick access to tech support to troubleshoot issues 	<ul style="list-style-type: none"> EHR platform Other technology investments

Autonomy emerges as differentiator (and isn't one size)

Clinical autonomy



“I can make decisions that are best for my patients.”

Schedule autonomy



“I can spend my days in a way that works for my patients, my family, and myself.”

Strategic autonomy



“I can help shape the practice's future direction.”

#1

Autonomy is the top attribute that physicians value in their current role, according to 2022 Advisory Board survey data.

Source: Advisory Board 2022 Clinician Survey.

I have *meaningful autonomy*

What physicians actually mean	What this ideally looks like in practice	What physicians need from you	What to highlight in your retention plan
I have clinical autonomy to make decisions that are best for my patients.	<ul style="list-style-type: none"> Care decisions balance physician judgment and group care standards 	<ul style="list-style-type: none"> Clinical protocols cocreated by leadership and practicing doctors 	<ul style="list-style-type: none"> Physician involvement in creating care standards
I have schedule autonomy to spend my days in a way that works for my patients, my family, and myself.	<ul style="list-style-type: none"> Physicians can flex hours and co-design schedules Work-life balance is sustainable 	<ul style="list-style-type: none"> Flexible scheduling and alternate practice models (e.g., part-time employment, telehealth-only) 	<ul style="list-style-type: none"> Menu of alternate practice models and flexible scheduling options
I have strategic autonomy to help shape the practice's future direction.	<ul style="list-style-type: none"> Physicians have a voice in strategic conversations 	<ul style="list-style-type: none"> Regular forums to provide input Physician leadership opportunities 	<ul style="list-style-type: none"> Formal and informal group channels for providing feedback Leadership roles and programs

New competitors raising the bar for practice



Autonomy is not binary

Three primary types of physician autonomy

- 1) Clinical autonomy
- 2) Scheduling autonomy
- 3) Strategic autonomy

Commonly offered by:

- Independent medical groups
- National chains with specialized care models (e.g., ChenMed, One Medical)



Flexible work options becoming the norm, not the exception

85% of physicians used telehealth in 2021

29% of physicians reduced work hours in 2022

Commonly offered by:

- Telehealth companies
- Retail providers



Security comes through size, not employment

Percentage of physicians in a practice with 10+ physicians

33% → **38%**
2012 2022

Commonly offered by:

- PE-backed superpractices
- Payer-backed superpractices

Source: "2021 Telehealth Survey Report," AMA, 2022. Kane L, "US Physician Burnout & Depression Report 2023," Medscape, 2023; Kané, C. "Physician Practice Benchmark Survey," American Medical Association, 2023

Autonomy is the currency today's employers trade on.

As physicians opt for larger practices, they gain financial stability in exchange for some loss of autonomy. While the type of autonomy and degree of loss can vary widely by practice, tradeoffs to autonomy are unavoidable.

Messages to take away today

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Keep in mind

What is **one thing** you will do differently because of today's conversation?

Download your copy of the slides





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