AMN Healthcare | MERRITT HAWKINS an AMN Healthcare company

2022

Review of Physician and Advanced Practitioner Recruiting Incentives

An Overview of the Salaries, Bonuses, and Other Incentives Customarily Used to Recruit Physicians, Physician Assistants, Nurse Practitioners and CRNAs

EMPOWERING THE FUTURE OF CARE
AMN Healthcare CENTER FOR RESEARCH

Overview

Merritt Hawkins is a national healthcare search and consulting firm specializing in the recruitment of physicians in all medical specialties, physician leaders, and advanced practice professionals. Now celebrating our 35th year of service to the healthcare industry, Merritt Hawkins is a company of AMN Healthcare (NYSE: AMN), the nation's largest healthcare staffing organization and the industry innovator of healthcare talent solutions.

This report marks Merritt Hawkins' 29th annual *Review* of the search and consulting assignments the firm conducts on behalf of its clients. Merritt Hawkins' *Review* is the longest consecutively published and most comprehensive report on physician recruiting incentives in the industry.

Over the past 29 years the *Review* has become a standard benchmarking resource throughout the healthcare industry used by hospitals, medical groups and other healthcare facilities to determine which incentives are customary and competitive in physician and advanced healthcare professional recruitment. The *Review* also has become a resource widely utilized by healthcare journalists, analysts, policy makers and others who track trends in physician supply, demand and compensation.

Ongoing Thought Leadership

The *Review* is part of Merritt Hawkins' ongoing leadership efforts, conducted through AMN Healthcare's Center for Research, which includes surveys and white papers and analyses Merritt Hawkins has completed on behalf of prominent third parties, including The Physicians Foundation, the Indian Health Service, the American Academy of Physicians Assistants, Trinity University, Texas Hospital Trustees, the North Texas Regional Extension Center/Office of the National Coordinator of Health Information Technology, the Society for Vascular Surgery, MedChi: The Maryland State Medical Society, the American Academy of Surgical Administrators, the Association of Managers of Gynecology and Obstetrics and Subcommittees of the Congress of the United States.

The 2022 *Review* is based on a representative sample of the 2,695 permanent physician and advanced practitioner search engagements that Merritt Hawkins/AMN Healthcare's physician staffing companies had ongoing or conducted during the 12-month period from April 1, 2021, to March 31, 2022.

The intent of the *Review* is to quantify financial and other incentives offered by our clients to physician and advanced practitioner candidates during the course of recruitment. Incentives cited in the *Review* are based on contracts or incentive packages used by hospitals, medical groups and other facilities in real-world recruiting engagements.

A Key Differentiator

Unlike other physician compensation surveys, Merritt Hawkins' *Review* tracks ***physician starting salaries*** and other recruiting incentives, rather than total annual physician compensation. It therefore reflects the incentives physicians and advanced professionals are *offered* to attract them to new practice settings rather than what they may actually earn and report on their tax returns.

The range of incentives detailed in the *Review* may be used as benchmarks for evaluating which recruitment incentives are customary and competitive in today's market. In addition, the *Review* is based on a national sample of search assignments and provides an indication of which medical specialties are currently in the greatest demand, as well as the types of medical settings into which physicians are being recruited.

Following are several key findings of the 2022 *Review*.

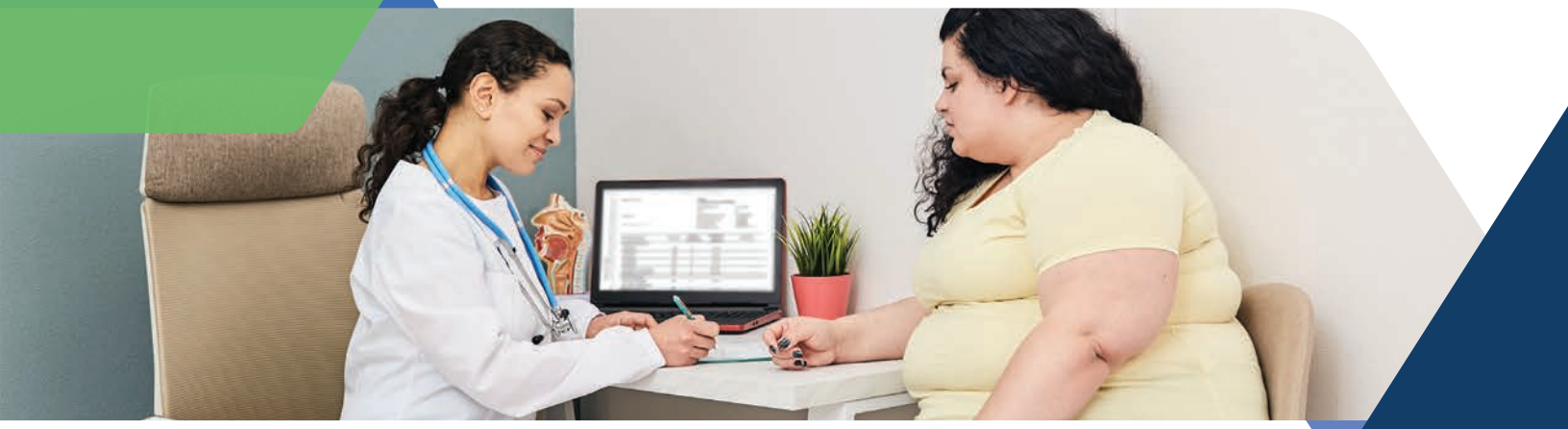
Key Findings

Merritt Hawkins' *2022 Review of Physician and Advanced Practitioner Recruiting Incentives* reveals a number of trends within the physician and advanced practitioner recruiting market, including:

- Nurse practitioners (NPs) topped the list of Merritt Hawkins' most requested search engagements for the second consecutive year, underscoring a shift from traditional physician office-based primary care delivery settings toward "convenient care" settings such as urgent care centers, retail clinics and telemedicine that are largely staffed by NPs and other advanced practitioners.
- 19% of Merritt Hawkins' search engagements were for advanced practitioners, including NPs, physician assistants (PAs) and certified registered nurse anesthetists (CRNAs), up from 18% the previous year and 13% the year prior to that, indicating growing demand for non-physician providers.
- Only 17% of Merritt Hawkins' search engagements were for primary care physicians, down from 18% last year and 20% the year prior to that, a further indicator of the shift from office-based primary care to the convenient care model.
- The majority of Merritt Hawkins' search engagements (64%) were for physician specialists, including cardiologists, gastroenterologists, orthopedic surgeons, neurologists, oncologists and others, reflecting the needs of an aging population that is reliant on specialty care.
- Combined, anesthesia providers (anesthesiologists and CRNAs) ranked third on the list of Merritt Hawkins' most frequently requested search engagements, signaling that the volume of medical procedures requiring anesthesia, which was suppressed by COVID-19, is rebounding.
- When anesthesiologists and CRNAs are not combined, radiologists ranked third on the list of Merritt Hawkins' most requested search engagements, a sign that utilization of diagnostic services and procedures requiring x-rays or other images, previously inhibited by COVID-19, is rising.
- Psychiatrists were fourth on the list the of Merritt Hawkins' search engagements, reflecting the longstanding dearth of behavioral health providers, a shortage that has been exacerbated by COVID-19.
- Demand for telemedicine physicians is growing, particularly in radiology and psychiatry. 18% of Merritt Hawkins' radiology search engagements were for teleradiologists, while 15% of its search engagements for psychiatrists were for telepsychiatrists.

- Demand for physicians is growing at Academic Medical Centers (ACAs). 34% of Merritt Hawkins' search engagements were for ACAs, up from 20% last year and 11% five years ago, indicating that ACAs are expanding both their teaching capacity and their role as direct patient care providers.
- Physician starting salaries have generally rebounded since they were suppressed by COVID-19. Starting salaries of 14 physician specialties tracked in the 2022 *Review* were up year-over-year, while only three were down.
- Orthopedic surgeons are offered the highest starting salary of physicians tracked in the 2022 *Review*, at $565,000.
- Pediatricians are offered the lowest starting salary of physicians tracked in the 2022 *Review*, at $232,000.
- The average signing bonus for physicians was $31,000, up from $29,656 last year.
- The average signing bonus for NPs and PAs was $9,000, up from $7,233 last year.
- 68% of Merritt Hawkins' search engagements were located in communities of 100,000 people or more, indicating that demand for physicians and advanced practitioners is not limited to small and/or rural communities.

Following is a breakout of the characteristics and metrics of Merritt Hawkins' 2021/22 recruiting engagements.



Merritt Hawkins' 2022 Review of Physician Advanced Practitioner Recruiting Incentives:

Recruiting Engagement Characteristics and Metrics

1.

Total Number of Physician/Advanced Practitioner Search Assignments Represented

The 2022 *Review* is based on a representative sample of the 2,695 permanent physician and advanced practitioner search engagements Merritt Hawkins/AMN Healthcare's physician staffing companies had ongoing or were engaged to conduct during the 12-month period from April 1, 2021 to March 31, 2022 (numbers rounded to the nearest full digit). This is up from 2,458 search engagements the previous year, a 10% increase.

2.

Settings of Physician Search Assignments

	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
Hospital	914 (34%)	813 (33%)	1,168 (36%)	1,065 (34%)	1,230 (40%)	1,415 (43%)
Group	487 (18%)	714 (29%)	1,042 (32%)	877 (28%)	798 (26%)	886 (27%)
Solo/partnership/Concierge	29 (1%)	70 (3%)	92 (3%)	31 (1%)	45 (2%)	34 (1%)
CHC/FQHC/IHS	219 (8%)	197 (8%)	199 (6%)	282 (9%)	363 (12%)	497 (15%)
Academics	911(34%)	493 (20%)	591 (18%)	626 (20%)	464 (15%)	374 (11%)
Other (Urgent Care, HMO, Association, Home Health, etc.)	135 (5%)	171 (7%)	159 (5%)	250 (8%)	145 (5%)	81(3%)

If Academics, what type of position? (of 911 Academic setting positions)

	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
Research Faculty	21 (2%)	6 (1%)	25 (4%)	21 (3%)	19 (4%)	19 (5%)
Leadership/Administration	193 (21%)	105 (21%)	168 (28%)	143 (23%)	155 (37%)	101 (27%)
Clinical Faculty	697 (77%)	382 (78%)	398 (68%)	462 (74%)	250 (59%)	254 (68%)

3.

States Where Search Engagements Were Conducted

Merritt Hawkins conducted search engagements in all 50 states during the 2022 *Review* period, as well as Washington, D.C.

4.

Number of Searches by Community Size

	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
0-25,000	326 (12%)	549 (17%)	534 (17%)	612 (20%)	755 (23%)	870 (26%)
25,001-100,000	536 (20%)	588 (18%)	530 (17%)	545 (18%)	742 (22%)	766 (23%)
100,001+	1,833 (68%)	2,114 (65%)	2,067 (66%)	1,888 (62%)	1,790 (55%)	1,706 (51%)

5.

Top 20 Most Requested Searches by Specialty

	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
1. Nurse Practitioner	405	335	270	169	205	137
2. Family Medicine	280	284	448	457	497	607
3. Radiology	162	136	163	148	132	80
4. Psychiatry	153	124	182	199	243	256
5. Obstetrics/Gynecology	148	108	122	161	118	109
6. Internal Medicine	133	117	146	148	150	193
7. Anesthesiology	117	78	72	70	40	43
8. Cardiology	100	63	56	97	57	61
9. Gastroenterology	95	67	65	85	102	66
10. Hematology/Oncology	86	74	91	53	31	22
11. CRNA	86	64	71	47	23	N/A
12. Hospitalist	63	27	71	143	118	94
13. Pulmonary/Critical Care/Intensivist	53	34	37	56	40	62
14. Pediatrics	53	28	54	85	63	76
15. Orthopedic Surgery	51	45	55	73	85	61
16. Urology	48	N/A	N/A	N/A	N/A	N/A
17. Neurology	43	63	115	84	61	62
18. Dermatology	35	42	43	60	66	83
19. Rheumatology	34	N/A	N/A	N/A	N/A	N/A
20. Oral/ Maxillofacial Surgery	29	32	N/A	N/A	N/A	N/A

6.

Other Specialty Recruitment Engagements

Allergy & Immunology
Anesthesiology, Cardiac
Anesthesiology, Critical Care-Intensivist Medicine
Anesthesiology, Pain Medicine
Anesthesiology, Pediatric
Anesthesiology, Pediatric Cardiac
Bariatric Medicine
Cardiology, Advanced Cardiac Imaging
Cardiology, Electrophysiology
Cardiology, Heart Failure
Cardiothoracic Surgery
Clinical Pharmacology
Dentist
Dermatology, Dermatopathology
Dermatology, MOHS-Micrographic Surgery
Endocrinology
Endocrinology, Diabetes
Endocrinology, Reproductive
Emergency Medicine
Family Medicine, Addiction Medicine
Family Medicine, Adolescent Medicine
Family Medicine, Adult Medicine
Family Medicine, Geriatric Medicine
Family Medicine, Hospice and Palliative Medicine
Family Medicine, Obstetrics
Geriatric Medicine
Gynecology
Hematology & Oncology - Bone Marrow Transplantation
Hospitalist, Nocturnist
Hospice and Palliative Medicine
Infectious Disease
Maternal Fetal Medicine
Neurological Surgery
Neurological Surgery, Critical Care-Intensivist Medicine
Neurological Surgery, Pediatric
Neurology, Alzheimer's and Related Dementias
Neurology & Neuropsychiatry
Neurology, Child Neurology / Pediatric Neurology
Neurology, Clinical Neurophysiology / EMG
Neurology, Epilepsy
Neurology, Headache & Neuropathic Pain
Neurology, Hospitalist
Neurology, Multiple Sclerosis
Neurology, Neuro-Critical Care
Neurology, Oncology
Neurology, Pain Medicine
Neurology, Stroke
Neurology, Vascular Neurology / Stroke
Neuromusculoskeletal Medicine & OMM
Nephrology
Oncology, Gynecologic
Obstetrics & Gynecology, Laborist
Ophthalmology
Ophthalmology, Pediatric
Optometrist
Orthopedic Surgery, Adult Reconstructive Orthopedic Surgery / Total Jo
Orthopedic Surgery, Hand Surgery
Orthopedic Surgery, Pediatric
Orthopedic Surgery, Spine
Orthopedic Surgery, Sports Medicine
Orthopedic Surgery, Trauma
Otolaryngology
Otolaryngology/Facial Plastic Surgery
Otolaryngology, Pediatric
Pain Medicine, Interventional
Pain Management
Pathology
Pathology, Anatomic Pathology
Pathology, Anatomic Pathology & Clinical Pathology
Pathology, Dermatopathology
Pathology, Forensic Pathology
Pathology, Gastroenterology
Pathology, Hematology
Pathology, Pediatric
Pediatrics, Adolescent Medicine
Pediatrics, Child Abuse Pediatrics
Pediatrics, Developmental
Pediatrics, Hospitalist
Pediatrics, Neonatal-Perinatal Medicine / Neonatology
Pediatrics, Cardiology
Pediatric Critical Care Medicine
Pediatric Emergency Medicine
Pediatric Gastroenterology

Pediatric Gastroenterology - Transplant Hepatology
Pediatric Hematology-Oncology
Pediatric Infectious Diseases
Pediatric Nephrology
Pediatric Rheumatology
Pharmacist
Pharmacist, Oncology
Physical Medicine & Rehabilitation
Physical Medicine & Rehabilitation, Pediatrics
Plastic Surgery
Preventive Medicine, Occupational Medicine
Preventive Medicine, Public Health & General Preventive Medicine
Psychiatry, Addiction
Psychiatry, Child & Adolescent Psychiatry
Psychiatry, Forensic
Psychiatry, Geriatric
Psychiatry, Psychosomatic Medicine
Psychologist
Pulmonary & Sleep
Radiology, Body Imaging
Radiology, Cardiothoracic
Radiology, Diagnostic Neuroimaging
Radiology, Mammographer
Radiology, Neuro-Interventional
Radiology, Neuroradiology
Radiology, Nuclear Radiology
Radiology, Pediatric Radiology
Radiology, Radiation Oncology
Radiology, Teleradiology
Radiology, Vascular & Interventional Radiology
Surgery, General
Surgery, Breast
Surgery, Colon & Rectal Surgery
Surgery, Pediatric Cardiovascular
Surgery, Pediatric Surgery
Surgery,Trauma Surgery
Surgery, Surgical Oncology
Surgery, Vascular
Thoracic Surgery
Urgent Care
Urology, Female Pelvic Medicine and Reconstructive Surgery
Urology, Infertility
Urology, Oncology
Urology, Pediatric

Academic Medical Center Search Engagements

Chair, Internal Medicine
Chief, Cardiology
Chief, Cardiothoracic Radiology
Chief, Division of Hematology, Oncology and Palliative Care
Chief, Pediatric Critical Care
Chief, Plastic Surgery
Director, Cancer and Blood Disorders Institute
Medical Director, Heart and Vascular Institute
Medical Director, Lung Transplant Program
Residency Program Director, Emergency Medicine
Assistant Dean for Student Affairs, Diversity and Inclusion
Assistant Residency Program Director Internal Medicine
Associate Dean for Admissions and Student Life
Associate Dean for Clinical Education
Associate Residency Program Director General Surgery
Chair, Anesthesiology
Chair, Clinical Anatomy, Osteopathic Manipulative Medicine
Chair, Family Medicine
Chair, Osteopathic Principles and Practices
Chair, Otolaryngology, Head and Neck Surgery
Chair, Population Health
Chair, Radiology
Chief Clinical Research Officer
Chief Dental Officer
Chief Information Officer
Chief Medical Officer, Pediatric Physicians Organization
Chief Physician Executive
Chief, Breast Imaging
Chief, Developmental Behavioral Pediatrics
Chief, Endocrinology, Diabetes and Metabolism
Chief, General Internal Medicine
Chief, Hematology
Chief, Neurology

Chief, Neurology and Co-Director, Neurological Institute
Chief, Orthopedic Surgery, VA Medical Center
Chief, Pediatric Hematology Oncology
Chief, Pediatric Nephrology
Chief, Pediatric Neurology
Chief, Pediatric Pulmonology
Dean, College of Osteopathic Medicine
Dean, School of Medicine
Director, Age Friendly Health Systems
Director, Brain Health Research, Endowed Chair in Neurology
Director, Cell Therapies Facility
Director, Cytopathology
Director, Maternal Fetal Medicine
Director, Maternal, Fetal and Neonatal Institute
Director, Pediatric Maltreatment Program and Section Director, Child Abuse Pediatrics
Director, Student Health Services
Executive Director, Children's Health Institute
Inpatient Medical Director for Physical Medicine & Rehabilitation
Medical Director, Pediatric Physical Medicine & Rehabilitation
Provost and Dean for the School of Medicine
Residency Program Director, General Surgery
Residency Program Director, Internal Medicine
Residency Program Director, Psychiatry
Chief, Psychiatry
Senior Associate Dean for Academic Affairs
Senior Director, Ambulatory Services
Senior Research Faculty, Prostate Cancer
Senior Vice President, Health Sciences
Vice Chair of Education, Anesthesiology
Vice Chair of Research, Internal Medicine
Vice Chair of Research, Pain Center Director, Endowed Chair, Anesthesiology
Vice Chair, Diversity Equity & Inclusion, Surgery
Vice Chair, Diversity, Equity and Inclusion, Anesthesiology
Vice Chair, Molecular Pathology
Vice President of Academic Affairs and Dean, School of Medicine

7.

Income Offered to Top 20 Recruited Specialties

(Base salary or guaranteed income only, does not include production bonus or benefits. Average salaries indicated for non-Academic and Academic positions in select specialties in which Academic salary data is most robust)

Nurse Practitioner	LOW	AVERAGE	HIGH
2021/22 (All Positions)	$68,000	$138,000	$266,000
2021/22 (Non-Academic)	$68,000	$153,000	$266,000
2021/22 (Academic)	$75,000	$128,000	$174,000
2020/21	$90,000	$140,000	$275,000
2019/20	$90,000	$125,000	$234,000
2018/19	$90,000	$124,000	$200,000
2017/18	$85,000	$129,000	$205,000
2016/17	$85,000	$123,000	$181,000

YOY change -1% All Positions

Family Medicine	LOW	AVERAGE	HIGH
2021/22 (All Positions)	$185,000	$251,000	$322,000
2021/22 (Non-Academic)	$185,000	$251,000	$322,000
2021/22 (Academic)	$210,000	$263,000	$300,000
2020/21	$180,000	$243,000	$400,000
2019/20	$140,000	$240,000	$325,000
2018/19	$130,000	$239,000	$400,000
2017/18	$165,000	$241,000	$400,000
2016/17	$110,000	$231,000	$400,000

YOY change +3% All Positions

Radiology	LOW	AVERAGE	HIGH
2021/22 (All Positions)	$200,000	$455,000	$650,000
2021/22 (Non-Academic)	$200,000	$465,000	$650,000
2021/22 (Academic)	$340,000	$416,000	$500,000
2020/21	$150,000	$401,000	$825,000
2019/20	$275,000	$423,000	$577,000
2018/19	$245,000	$387,000	$550,000
2017/18	$309,000	$371,000	$650,000
2016/17	$300,000	$436,000	$725,000

YOY change +12% All Positions

Psychiatry	LOW	AVERAGE	HIGH
2021/22 (All Positions)	$145,000	$299,000	$450,000
2021/22 (Non-Academic)	$255,000	$308,000	$450,000
2021/22 (Academic)	$145,000	$271,000	$338,000
2020/21	$185,000	$279,000	$400,000
2019/20	$185,000	$276,000	$400,000
2018/19	$184,000	$273,000	$400,000
2017/18	$200,000	$251,000	$465,000
2016/17	$120,000	$263,000	$450,000

YOY change +7% All Positions

Obstetrics/Gynecology	LOW	AVERAGE	HIGH
2021/22	$240,000	$332,000	$520,000
2020/21	$207,000	$291,000	$750,000
2019/20	$200,000	$327,000	$600,000
2018/19	$200,000	$318,000	$475,000
2017/18	$200,000	$324,000	$550,000
2016/17	$175,000	$225,000	$700,000

YOY change +14% All Positions

Internal Medicine	LOW	AVERAGE	HIGH
2021/22 (All Positions)	$180,000	$255,000	$375,000
2021/22 (Non-Academic)	$180,000	$256,000	$375,000
2021/22 (Academic)	$201,000	$247,000	$300,000
2020/21	$170,000	$244,000	$500,000
2019/20	$175,000	$276,000	$400,000
2018/19	$184,000	$273,000	$400,000
2017/18	$200,000	$261,000	$465,000
2016/17	$120,000	$263,000	$450,000

YOY change +5% All Positions

Anesthesiology	LOW	AVERAGE	HIGH
2021/22	$260,000	$400,000	$500,000
2020/21	$245,000	$367,000	$750,000
2019/20	$280,000	$399,000	$535,000
2018/19	$281,000	$404,000	$450,000
2017/18	$325,000	$371,000	$540,000
2016/17	$249,000	$376,000	$520,000

YOY change +8% All Positions

Cardiology (non-inv.)	LOW	AVERAGE	HIGH
2021/22	$300,000	$484,000	$1,000,000
2020/21	$350,000	$446,000	$700,000
2019/20	$300,000	$409,000	$575,000
2018/19	$325,000	$441,000	$620,000
2017/18	$300,000	$427,000	$580,000
2016/17	$300,000	$428,000	$580,000

YOY change +8% All Positions

Cardiology (Interventional)	LOW	AVERAGE	HIGH
2021/22	$425,000	$527,000	$668,000
2020/21	$400,000	$611,000	$1,000,000
2019/20	$500,000	$640,000	$750,000
2018/19	$575,000	$648,000	$725,000
2017/18	$480,000	$590,000	$810,000
2016/17	$480,000	$563,000	$810,000

YOY change -16% All Positions

Gastroenterology	LOW	AVERAGE	HIGH
2021/22	$375,000	$486,000	$600,000
2020/21	$125,000	$453,000	$750,000
2019/20	$300,000	$457,000	$600,000
2018/19	$350,000	$495,000	$650,000
2017/18	$355,000	$487,000	$725,000
2016/17	$300,000	$492,000	$800,000

YOY change +7% All Positions

Hematology/Oncology	LOW	AVERAGE	HIGH
2021/22 (All Positions)	$215,000	$404,000	$590,000
2021/22 (Non-Academic)	$240,000	$426,000	$590,000
2021/22 (Academic)	$215,000	$267,000	$404,000
2020/21	$180,000	$385,000	$1,000,000
2019/20	$220,000	$403,000	$612,000
2018/19	$200,000	$393,000	$450,000
2017/18	N/A	$391,000	N/A
2016/17	N/A	$388,000	N/A

YOY change +5% All Positions

CRNA	LOW	AVERAGE	HIGH
2021/22 (All Positions)	$163,000	$211,000	$270,000
2021/22 (Non-Academic)	$163,000	$245,000	$270,000
2021/22 (Academic)	$163,000	$170,000	$205,000
2020/21	$158,000	$222,000	$353,000
2019/20	$170,000	$215,000	$260,000
2018/19	$154,000	$197,000	$250,000
2017/18	N/A	$194,000	N/A
2016/17	N/A	$202,000	N/A

YOY change -5% All Positions

Hospitalist	LOW	AVERAGE	HIGH
2021/22	$203,000	$284,000	$376,000

YOY change N/A

Pulmonology/Critical Care	LOW	AVERAGE	HIGH
2021/22	$212,000	$412,000	$650,000
2020/21	$250,000	$385,000	$650,000
2019/20	$350,000	$430,000	$500,000
2018/19	$325,000	$399,000	$460,000
2017/18	$355,000	$418,000	$725,000
2016/17	$225,000	$390,000	$530,000

YOY change +6% All Positions

Pediatrics	LOW	AVERAGE	HIGH
2021/22	$200,000	$232,000	$412,000
2020/21	$180,000	$236,000	$400,000
2019/20	$170,000	$221,000	$300,000
2018/19	$140,000	$242,000	$400,000
2017/18	$189,000	$230,000	$355,000
2016/17	$170,000	$240,000	$400,000

YOY change -2% All Positions

Orthopedic Surgery	LOW	AVERAGE	HIGH
2021/22	$400,000	$565,000	$790,000
2020/21	$300,000	$546,000	$1,000,000
2019/20	$425,000	$626,000	$850,000
2018/19	$350,000	$536,000	$850,000
2017/18	$340,000	$533,000	$985,000
2016/17	$192,000	$579,000	$1,000,000

YOY change +3% All Positions

Urology	LOW	AVERAGE	HIGH
2021/22	$400,000	$510,000	$600,000
2020/21	N/A	$497,000	N/A
2019/20	$300,000	$477,000	$625,000
2018/19	$300,000	$464,000	$575,000
2017/18	$290,000	$386,000	$700,000
2016/17	N/A	$460,000	N/A

YOY change +3% All Positions

Neurology	LOW	AVERAGE	HIGH
2021/22	$275,000	$356,000	$525,000
2020/21	$215,000	$332,000	$850,000
2019/20	$255,000	$295,000	$450,000
2018/19	$250,000	$317,000	$400,000
2017/18	$255,000	$301,000	$395,000
2016/17	$220,000	$305,000	$400,000

YOY change +7% All Positions

Dermatology	LOW	AVERAGE	HIGH
2021/22	$250,000	$368,000	$450,000
2020/21	$200,000	$378,000	$1,000,000
2019/20	$300,000	$419,000	$850,000
2018/19	$250,000	$420,000	$850,000
2017/18	$280,000	$425,000	$985,000
2016/17	$250,000	$421,000	$1,000,000

YOY change -3% All Positions

Rheumatology	LOW	AVERAGE	HIGH
2021/22	$200,000	$258,000	$325,000

YOY change N/A

Oral Maxillofacial Surgery	LOW	AVERAGE	HIGH
2021/22	$300,000	$368,000	$450,000
2020/21	$275,000	$349,000	$1,200,000

YOY change +5% All Positions

8.

Average Salaries for Five Top Most Requested Providers by Region

	MIDWEST	NORTHEAST	SOUTHEAST	SOUTHWEST	WEST
Nurse Practitioner	$115,454	$135,585	$122,714	$114,654	**$145,079**
Family Medicine	$255,370	$248,621	$229,738	$247,522	**$258,323**
Radiology	$533,556	$438,529	$428,512	$445,000	**$407,600**
Psychiatry	$314,375	$309,211	$304,500	$266,429	$290,012
Obstetrics/Gynecology	$361,143	$339,538	$276,750	$299,250	**$316,438**

9.

Type of Contract Offered

	SALARY	SALARY WITH BONUS	INCOME GUARANTEE	OTHER
2021/22	886 (33%)	1,647 (61%)	104 (4%)	58 (2%)
2020/21	856 (35%)	1,503 (61%)	47 (2%)	52 (2%)
2019/20	809 (25%)	2349 (72%)	21 (<1%)	72 (2%)
2018/19	686 (22%)	2,198 (70%)	61(2%)	184 (6%)
2017/18	515 (17%)	2,285 (75%)	89 (3%)	156 (5%)
2016/17	723 (22%)	2,359 (72%)	121 (4%)	84 (2%)

10.

If Salary Plus Production Bonus, on Which Types of Metrics Was the Bonus Based? (of 1,647 searches offering salary plus bonus – multiple responses possible)

	RVU BASED	NET COLLECTIONS	GROSS BILLINGS	PATIENT ENCOUNTERS	QUALITY	OTHER
2021/22	58%	22%	2%	5%	31%	0%
2020/21	57%	23%	2%	10%	23%	0%
2019/20	73%	13%	2%	12%	64%	0%
2018/19	70%	18%	3%	9%	56%	0%
2017/18	50%	10%	1%	4%	43%	4%
2016/17	52%	28%	6%	14%	39%	9%

11.

If Quality Factors Were Included in the Production Bonus, About What Percent Of Physician's Total Compensation Determined by Quality?

2021/22	11%
2020/21	10%
2019/20	11%
2018/19	11%
2017/18	8%

12.

Searches Offering Relocation Allowance

	YES	NO
2021/22	2,106 (78%)	589 (22%)
2020/21	1,821 (74%)	637 (26%)
2019/20	3,147 (97%)	104 (3%)
2018/19	3,064 (98%)	67 (2%)
2017/18	2,999 (98%)	46 (2%)
2016/17	3,132 (95%)	155 (5%)

13.

Amount of Relocation Allowance (Physicians only)

	LOW	AVERAGE	HIGH
2021/22	$2,000	$10,718	$30,000
2020/21	$2,000	$10,634	$75,000
2019/20	$1,000	$10,553	$40,000
2018/19	$2,000	$10,393	$30,000
2017/18	$2,500	$9,441	$25,000
2016/17	$2,500	$10,072	$44,000

14.

Amount of Relocation Allowance (NPs and PAs only)

	LOW	AVERAGE	HIGH
2021/22	$1,000	$8,542	$25,000
2020/21	$2,000	$8,363	$15,000
2019/20	$2,000	$7,114	$15,000
2018/19	$2,500	$7,067	$15,000
2017/18	$1,500	$6,250	$25,000
2016/17	$2,500	$8,063	$25,000

15.

Searches Offering Signing Bonus

	YES	NO
2021/22	2,475 (92%)	220 (8%)
2020/21	1,505 (61%)	953 (39%)
2019/20	2,344 (72%)	907 (28%)
2018/19	2,220 (71%)	911 (29%)
2017/18	2135 (70%)	910 (30%)
2016/17	2,501 (76%)	786 (24%)

16.

Amount of Signing Bonus Offered (Physicians only)

	LOW	AVERAGE	HIGH
2021/22	$5,000	$31,000	$400,000
2020/21	$1,000	$29,656	$240,000
2019/20	$2,500	$27,893	$100,000
2018/19	$3,000	$32,692	$225,000
2017/18	$2,500	$33,707	$180,000
2016/17	$2,500	$32,636	$275,000

17.

Amount of Signing Bonus Offered (NPs and PAs only)

	LOW	AVERAGE	HIGH
2021/22	$2,500	$9,000	$48,000
2020/21	$3,000	$7,233	$50,000
2019/20	$2,500	$8,500	$35,000
2018/19	2,500	$9,000	$25,000
2017/18	$5,000	$11,944	$30,000
2016/17	$2,500	$8,576	$25,000

18.

Amount of Signing Bonus Offered for Top 5 Most Requested

	LOW	AVERAGE	HIGH
Nurse Practitioner	$2,500	$9,677	$141,440
Family Medicine	$10,000	$35,577	$225,000
Radiology	$10,000	$32,163	$100,000
Psychiatry	$5,000	$24,615	$100,000
Obstetrics/Gynecology	$5,000	$22,841	$240,000

19.

Searches Offering to Pay Continuing Medical Education (CME)

	YES	NO
2021/22	2,481 (92%)	214 (8%)
2020/21	2,306 (94%)	152 (6%)
2019/20	3,124 (96%)	127 (4%)
2018/19	2,966 (95%)	154 (5%)
2017/18	3,243 (97%)	99 (3%)
2016/17	3,116 (95%)	171 (5%)

20.

Amount of CME Pay Offered (Physicians only)

	LOW	AVERAGE	HIGH
2021/22	$1,000	$3,691	$35,000
2020/21	$1,000	$3,695	$50,000
2019/20	$800	$4,166	$20,000
2018/19	$1,000	$3,620	$35,000
2017/18	$250	$3,888	$50,000
2016/17	$500	$3,613	$30,000

21.

Amount of CME Pay Offered (NPs and PAs only)

	LOW	AVERAGE	HIGH
2021/22	$750	$2,537	$5,200
2020/21	$1,000	$2,956	$30,000
2019/20	$1,000	$2,313	$5,000
2018/19	$1,000	$2,862	$5,000
2017/18	$650	$2,280	$5,000
2016/17	$400	$2,126	$5,000

22.

Searches Offering to Pay Additional Benefits

	2021/22	2020/21	2019/20
Health Insurance	68%	78%	67%
Malpractice	66%	76%	67%
Retirement /401K	61%	68%	63%
Disability	61%	70%	58%
Educational Forgiveness	16%	21%	24%

23.

If Educational Loan Forgiveness was Offered, What Was the Term (of 434 searches offering loan forgiveness)

	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
One Year	35 (8%)	45 (9%)	72 (9%)	NA	18 (3%)	40 (5%)
Two Years	67 (15%)	109 (21%)	184 (24%)	NA	104 (19%)	191 (23%)
Three Years Plus	332 (77%)	360 (70%)	528 (67%)	NA	425 (78%)	592 (72%)

24.

If Education Loan Forgiveness Was Offered, What Was the Amount? (Physicians only)

	LOW	AVERAGE	HIGH
2021/22	$10,000	$101,572	$400,000
2020/21	$2,500	$104,630	$800,000
2019/20	$40,000	$101,590	$300,000
2018/19	$10,000	$101,571	$300,000
2017/18	$10,000	$82,833	$300,000
2016/17	$10,000	$80,923	$260,000

25.

If Education Loan Forgiveness Was Offered, What Was the Amount? (NPs and PAs only)

	LOW	AVERAGE	HIGH
2021/22	$1,650	$55,950	$90,000
2020/21	$60,000	$80,000	$100,000
2019/20	$40,000	$68,323	$90,000
2018/19	$20,000	$61,250	$100,000
2017/18	$25,000	$33,333	$37,500
2016/17	$35,000	$56,442	$100,000

Trends and Observations

Merritt Hawkins' annual *Review of Physician and Advanced Practitioner Recruiting Incentives*, now in its 29th year, tracks three key physician and advanced practitioner recruiting trends:

1. Based on the recruiting engagements Merritt Hawkins is contracted to conduct, the *Review* indicates which types of physicians and advanced practitioners are in the greatest demand and which are the most challenging to recruit.
2. The *Review* also indicates the types of practice settings into which physicians and advanced practitioners are being recruited (hospitals, medical groups, solo practice etc.) and the types of communities that are recruiting physicians based on population size.
3. The *Review* further indicates the types of financial and other incentives that are being used to recruit physicians and advanced practitioners.

Each of these trends is discussed below, following an overview of the current market in which physician and advanced practitioner recruiting is taking place.

The Current Physician Recruiting Market: Demand for Doctors is Surging

In Merritt Hawkins' 2020 *Review of Physician and Advanced Practitioner Recruiting Incentives* we noted the strong inhibiting effect COVID-19 had on demand for physicians and on physician recruiting. During the initial months of the pandemic, the number of search assignments Merritt Hawkins was engaged to conduct declined by 30% year-over-year. For the first time in over 33 years of providing physician search services, we saw a significant number of physicians laid off or furloughed, while some physicians were unable to find jobs coming out of residency.

The contrast between then and the completion of our 2022 *Review* could not be more pronounced. In the last quarter of 2021, Merritt Hawkins was retained to conduct more search engagements than in any other quarter in our history. After an unprecedented lull in demand, the number of healthcare facilities seeking physicians and advanced practitioners, such as nurse practitioners (NPs) and physician assistants (PAs) is surging.

Factors Driving the Physician Shortage Remain in Place

The pandemic temporarily curtailed utilization of healthcare services, including physician office visits and many of the procedures that physicians provide. While demand for physicians was suppressed for a time, the underlying factors driving the physician shortage remained in place.

First among these factors is population aging. According to the U.S. Census Bureau, there will be more seniors in the U.S. (78 million) by 2032 than children 17 and under, the first time this demographic imbalance has occurred in U.S. history

Though they account for only 15% of the population, seniors generate 37.4% of diagnostic tests and 34% of inpatient procedures, according to the Centers for Disease Control (CDC). They generate more than twice the number of annual physician visits of younger patients.

A second factor is the widespread incidence of ill-health among Americans. Six in 10 adults in the U.S. have a chronic illness such as heart disease or diabetes, while 4 in 10 have more than one, the CDC reports. Pervasive ill-health caused by poverty, lifestyle choices and the impact of COVID-19 is further driving demand for doctors.

The maldistribution of physicians also remains a challenge, as the Health Resources and Services Administration (HRSA) now designates 7,447 Health Care Professional Shortage Areas (HPSAs) for primary care nationwide, 60% of them in rural areas. Over 83 million people live in these areas, in which HRSA estimates only 46% of primary care needs are being met. It would take an additional 14,858 providers to remove these shortage designations. HRSA also designates 5,930 mental health HPSAs nationwide in which 129,640,558 people live and where only 28% of mental healthcare needs are being met. It would take 6,559 providers to remove these designations.

For these and related reasons, the the Association of American Medical Colleges (AAMC) projects a shortage of up to 124,000 physicians by 2034, including a shortage of up to 48,000 primary care physicians and 77,000 specialists (*The Complexities of Physician Supply and Demand. Association of American Medical Colleges. June 2021.*) The shortage would be considerably higher if all members of the population had equal access to healthcare services. According to the AAMC report: "If marginalized minority populations, people living in rural communities, and people without insurance had the same health care use patterns as populations with fewer barriers to access, up to an additional 180,400 physicians would be needed."

An imbalance between physician supply and demand was the status quo prior to COVID-19 and given the underlying factors cited above, is likely to remain the status quo once the coronavirus pandemic has been resolved.

COVID-19, Physicians and the "Great Resignation"

As was referenced above, COVID-19 initially inhibited demand for physician services. Now that hospitals, physicians and patients have adapted to the pandemic, demand has returned and has been accelerated by a backlog of patients who had delayed care but now are seeking it.

Eventually, pent up demand for care will be addressed. However, the effects of the pandemic on the physician workforce are likely to be more long-term.

In 2019, prior to the pandemic, the T.H. Chan Harvard School of Public Health identified physician burnout as a public health crisis. COVID-19 has added accelerant to this problem. In the 2020 *Survey of America's Physicians*, conducted by Merritt Hawkins on behalf of The Physicians Foundation after the pandemic was widespread, 58% of physicians said they often experienced feelings of burnout. This is up from 40% who said they often experienced feelings of burnout in 2018, before the pandemic.

Physician burnout, spurred by COVID-19 and other factors which predated it, is causing increased volatility in the physician workforce, leading to higher rates of turnover and retirement. Eleven percent of physicians responding to the 2020 *Survey of America's Physicians* indicated they either switched jobs due to COVID-19 or moved into a non-clinical role. Thirty-eight percent

of all physicians indicated they would like to retire in the next year, as did 21% of physicians 45 or younger who are still in the relatively early stages of their careers.

Many hospitals and medical groups with which Merritt Hawkins works have reported increased turnover among their medical staffs as physicians either quit, retire, or look for greener pastures elsewhere.

In a March 2021 survey, the Medical Group Management Association (MGMA) asked medical group managers the following question: "Have you had a doctor retire unexpectedly in the last year?" Over one quarter (28%) of those surveyed said "yes" Of these, 45% indicated they had a physician unexpectedly retire due in whole or in part to COVID-19. Four percent of physicians who retired did so because they had contracted the virus. (*MGMA Stat. March 2, 2021*).

The U.S. already faced a physician "retirement cliff" before the pandemic, as close to 30% of active physicians are 60 years old or older. The fallout from COVID-19 is likely to accelerate physician retirements and otherwise drive exits from medicine as physicians become part of the "Great Resignation" that has seen workers of all kinds leave their jobs.

New Funding for GME Not Enough

Due to the 1997 cap Congress placed on federal funding for physician graduate medical education (GME) the number of new physicians being trained has been limited. Funding for 1,000 additional residency positions was included in COVID-19 relief spending, far short of the number the AAMC has called for. As the numbers below show, a significant number of medical school graduates do not match with a residency position:

PERCENT OF MEDICAL SCHOOL GRADUATES NOT MATCHING TO A FIRST-YEAR RESIDENCY POSITION IN 2022	
U.S. allopathic (M.D.) graduates	7%
U.S. osteopathic (D.O.) graduates	9%
International medical graduates (non-U.S. citizens)	42%

Source: National Residency Matching Program

Those medical school graduates who do not match with a residency have their path to practicing medicine blocked. Congress periodically considers bills that would greatly increase the number of residency positions, but they consistently fail to gain traction. For this reason, the number of physicians entering the workforce is likely to remain static while the number leaving is likely to increase.

"Market Disruptors" Drive Competition for Physicians

Coinciding with physician workforce shortages, volatility, and workplace disaffection is the growing presence of non-traditional players such as retail outlets, insurance companies and private investor groups that now actively recruit physicians and/or acquire their practices.

Retail pharmacy giant CVS, known for it 1,500 Minute Clinics, which are mostly staffed by nurse practitioners (NPs), is implementing a "nationally scaled, next-generation primary care model" that features "physician-led primary care centers with integrated visual and home health assets." (*CVS to Escalate Physician Acquisitions in Primary Care Strategy. Bruce Japsen. Forbes. December 9, 2021*).

As the owners of Aetna, the nation's third largest health insurer, CVS is in a position to integrate insurance, pharmacy benefits management and physician services, expanding beyond basic primary care. Its goal is to open 1,500 HealthHubs that move "from the episodic to the longitudinal – everything you would see in a doctor's office." (*Forbes, December 9, 2021*).

CVS has the stated aim of becoming the physician employer of choice, taking advantage of physician burnout and workplace disaffection to attract physicians seeking a more favorable practice model.

Walgreens and Walmart have somewhat similar goals. Walgreens recently invested $5.2 billion in VillageMD to escalate expansion into doctor-staffed clinics across the U.S. under a new "Walgreen's Health" banner.

Though the growth of retail clinics pre-dates the spread of COVID-19, the pandemic has had a hand in increasing traffic to these settings, according to a survey from Morning Consult (see below):

HAVE YOU GONE IN-PERSON TO A RETAIL CLINIC TO RECEIVE MEDICAL SERVICES DURING THE COVID-19 PANDEMIC?

Source: Morning Consult. Tracking Poll #2104152. April 29 – May 2021

Private Equity Groups and Insurance Companies

Private equity groups and insurance companies also have joined more traditional players such as hospitals and medical groups in both the recruitment of physicians and in physician practice acquisition.

Research published in JAMA indicates that private equity firms purchased 355 physician practices from 2013 to 2016, with the pace of such purchases accelerating. While only 59 practices were purchased in 2013, 136 were purchased in 2016 (*Private Equity Firms Are Acquiring More Physician Practices. Joanne Finnegan. FierceHealth. February 2020*).

Insurance companies such as UnitedHealth, which owns Optum and its 1,400 clinics, also are expanding. Optum had a 2021 goal of adding 10,000 employed or affiliated physicians to the 53,000 physicians it already employed or was affiliated with.

According to a study commissioned by the Physicians Advocacy Institute, there was a sharp increase in the number of physicians employed by corporate entities from July 2020 to January 2022, from 15.3% of all physicians to 21.8% of physicians. There was an 86% increase in the percentage of corporate entity-owned physician practices during the same period, from 14.6% of practices to 27.2% of practices (*3 of 4 Physicians Employed by Health Systems, Hospitals or Corporate Entities. Christopher Cheney. HealthLeaders. April 25, 2022*). The study attributed much of this trend to COVID-19, which compelled many private practice physicians to sell to investment groups and insurance companies or to hospitals.

Back to a Buyer's Market

As a result of these developments, physician recruiting once again takes place in a buyer's market where physicians typically have a variety of practice opportunities to choose from.

The *2022 Review of Physician and Advanced Practitioner Recruiting Incentives* indicates the starting and salaries and other incentives being offered to recruit physicians and advanced practitioners in today's evolving market.

2022 Incentive Review: Findings and Metrics

Based on a national sample of recruiting engagements, Merritt Hawkins' *Review of Physicians and Advanced Practitioners* suggests which types of physicians and advanced practitioners are in the greatest demand.

NPs Number One for the Second Consecutive Year

For the second consecutive year, Merritt Hawkins conducted more search engagements for nurse practitioners (NPs) than for any type of physician or advanced practice professional. The 2022 *Review* indicates that the number of Merritt Hawkins search engagements for NPs has increased by 170 % since 2016, underscoring the growing demand for these providers (see chart below):

NUMBER OF MERRITT HAWKINS NP SEARCH ENGAGEMENTS BY YEAR					
2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
405	335	270	169	205	137

This is only the second time in the 29 years that the *Review* has been conducted that a physician of one specialty type or another has not held the top spot.

NPs by the Numbers

The NP workforce in the United States has grown rapidly in recent years. Today, the number of NPs completing their training programs each year exceeds the number of medical residents in all specialties who complete physician training. Below are statistics regarding the current NP workforce as compiled by the American Association of Nurse Practitioners (AANP)

- There are more than 355,000 nurse practitioners (NPs) licensed in the U.S., though not all of them are in active patient care.
- More than 36,000 new NPs completed their academic programs in 2019-2020.
- There are now 26 states in which NPs can practice independently of physicians.

- 88.9% of NPs are certified in an area of primary care, and 70.2% of all NPs deliver primary care.
- 81.0% of full-time NPs see Medicare patients and 78.7% see Medicaid patients.
- 42.5% of full-time NPs hold hospital privileges, 12.8% have long-term care privileges.
- 96.2% of NPS prescribe medications, and those in full-time practice write an average of 21 prescriptions per day.
- NPs hold prescriptive privileges, including controlled substances, in all 50 states and Washington, D.C.
- The majority of full-time NPs (59.4%) see three or more patients per hour.
- On average, NPs have 11 years of practice experience.
- The average age of NPs is 49 years.

Source: American Association of Nurse Practitioners Fact Sheet

NPs Help Open New Gateway to the Healthcare System

As of November 2019, the number of urgent care centers in the U.S. stood at 9,616, up from 6,100 in 2013, according to a report from the Urgent Care Association (*Now More Than 9,000 Urgent Care Centers in the U.S. Fierce Healthcare. February 26, 2020*). Both the number of urgent care centers and retail clinics has continued to grow across the U.S. as patients look for convenience and affordability. In some cases, convenient care clinics compete directly with hospitals and physician practices for patients.

According to a white paper from FAIR Health, healthcare payers saw urgent care center utilization grow by 1,725% from 2007 to 2016, indicating that urgent care may one of the fastest-growing choices for receiving healthcare. The white paper also found that beneficiary utilization of urgent care outpaced ED utilization growth sevenfold.

Patients between ages 31 to 40 accounted for the highest percentage of urgent care claims, accounting for 18% of utilization. The next largest age groups were beneficiaries ages 41 to 50 (15.7%) and ages 23 to 30 (15.2%). (*Urgent Care Center Utilization Skyrocketed 1,725% in the Last Decade. Thomas Beaton. Health Payer Intelligence. March 26, 2018*).

NPs and PAs are at the center of urgent care staffing models, as they can perform many of the duties of primary care physicians at considerably less cost, while the number of states in which they can practice independently is increasing.

NPs and the Growing Use of Telemedicine

COVID-19 has spurred the use of telemedicine among primary care and other types of physicians. NPs also are on the front lines of the telemedicine movement and often are the providers of choice for companies that offer direct patient care through telemedicine.

As was referenced above, major non-traditional players have a concerted strategy to shift consumer access to healthcare to the convenient care model and away from the traditional primary care physician office model, creating a new gateway to the healthcare system. Instead of relying on a regular primary care physician as their gatekeeper who directs them to additional services, such as diagnostic tests, surgery, and therapy, more patients are using urgent care centers, retail clinics and telemedicine as the first stop on their path to care.

According to a November 2018 report from the Health Care Cost Institute, visits to primary care physicians dropped by 18% between 2012 and 2016. In 2012, 51% of office visits for patients under 65 were to primary care physicians. That number declined to 43% in 2016, according to the report. Young people, in particular, appear less inclined to see a primary care physician (see chart below):

ADULTS WHO HAVE NO PRIMARY CARE PHYSICIAN	
18-29	45%
30-49	28%
50-64	18%

Source: Health Care Cost Institute/ Kaiser Health News/Washington Post. 10/8/2018

There was a corresponding 129% increase in office visits to NPs and PAs from 2012 to 2016, according to the report, indicating that the manner in which patients access the healthcare system is evolving.

NPs and PAs are the key care providers at the increasing number of urgent care centers, retail clinics and telemedicine platforms. For years, they also have been fixtures at the growing number of Federally Qualified Health Centers (FQHCs) that provide care for underserved populations across the country. Their role will expand as these types of services proliferate, as will demand for their services. For more information on this subject see Merritt Hawkins' white paper, *NPs and PAs: Supply, Distribution and Scope of Practice*.

Primary Care Physicians Still Key Care Coordinators

For 14 consecutive years, family medicine physicians were ranked as Merritt Hawkins' most requested type of provider. They dropped out of this spot to second on the list in both the 2021 and 2022 *Reviews*, while the number of family medicine search engagements Merritt Hawkins conducts has dropped by 62% since 2015

Nevertheless, family medicine physicians and other primary care physicians such as internal medicine physicians and pediatricians still have an important role to play, even though demand for their services has abated relative to previous years.

Internal medicine and family physicians play a critical role in the care coordination of older patients, many of whom have multiple chronic illnesses that need to be tracked and managed. This aspect of their role will increase significantly as the population ages.

Primary care physicians also are essential to the implementation of value-based reimbursement models and to the integrated systems built on these models, such as accountable care organizations (ACOs). In these models, primary care physicians are the quarterbacks of the care delivery team, ensuring tasks are allocated appropriately and resources are managed efficiently. Rather than focus on individual transactions, ACOs and other primary care led delivery models promote disease prevention and the care of large population groups. The principles of value-based care and population health management cannot be applied without a robust network of primary care doctors.

These principles include continuity of patient care, which is vital to achieving better outcomes and to ensuring population health. Care continuity will become even more important as a result of COVID-19, since the pandemic will require more patient monitoring, more care coordination and therefore more primary care physicians.

Changing Demographics Drive Need for Physician Specialists

As was noted above, the majority of Merritt Hawkins' search engagements (64%) during the 2022 *Review* period were for specialist physicians.

Merritt Hawkins determines demand for physicians and advanced practitioners in part on how many search engagements we conduct for various types of providers. Prior to the 2021 *Review*, Merritt Hawkins conducted more search engagements for family physicians than for any other type of provider for 14 consecutive years.

Who Leads in "Absolute Demand?"

It is to be expected that specialties that have a comparatively high number of practicing physicians, such as family medicine, will generate a comparatively high number of search engagements. But how does the picture look if specialties are ranked by number of search assignments/job openings as a percent of all active providers in a given specialty (e.g., number of physicians vs. number of job openings) or by what Merritt Hawkins calls "absolute demand?"

The list below ranks demand for physicians and nurse practitioners in this manner.

2022 MERRITT HAWKINS TOP 15 SEARCH ENGAGEMENTS AS A PERCENT OF ALL PROVIDERS IN VARIOUS SPECIALTIES (PATIENT CARE ONLY)
1.Gastroenterology
2.Radiology
3.Rheumatology
4.Hematology/Oncology
5.Urology
6.Cardiology
7.Pulmonology/Critical Care
8.Psychiatry
9.Obstetrics/Gynecology
10.Neurology
11.Dermatology
12.Anesthesiology
13.Orthopedic Surgery
14.Family Medicine
15. Nurse Practitioner

Ranked by "absolute demand," gastroenterologists were the most in demand type of provider during the 2022 *Review* period. By contrast, only one type of primary care physician (family medicine) is in the top 15, ranking at a relatively low 14. By this standard, it can be argued that specialist physicians now are more highly sought after than are primary care physicians.

As was referenced above, demand for specialists is being driven by an aging population.

Many elderly patients will need a variety of specialists to treat and repair specific body parts and organ systems – cardiologists, orthopedic surgeons, gastroenterologists, neurologists, dermatologists and many others. Population aging is the primary driver of demand for medical specialists, and demand will only increase as the nation ages.

There is an additional reason driving demand for medical specialists, however, and that is their role as revenue generators.

Specialists Drive Revenue

Payment models in healthcare are evolving, with a growing amount of reimbursement tied to value and outcomes rather than volume of services provided. Despite these changes, a basic fact of healthcare economics remains. Physicians still drive revenue to hospitals through the volume of patient admissions they generate, the procedures they perform, the tests and treatments they order, and the drugs they prescribe. According to Merritt Hawkins' 2019 *Physician Inpatient/Outpatient Revenue Survey*, physicians generate an average of $2.4 million in net revenue for their affiliated hospitals each year, with the amount varying by specialty. Specialist physicians remain the highest revenue generators (see chart below):

AVERAGE NET ANNUAL HOSPITAL REVENUE GENERATED BY PHYSICIANS BY SPECIALTY	
Cardiology (interventional)	$3,484,375
Orthopedic Surgery	$3,286,764
Gastroenterology	$2,965,277
Family Medicine	$2,111,931
Ob/Gyn	$2,024,193

Source: Merritt Hawkins 2019 Physician Inpatient/Outpatient Revenue Survey

Radiology/Anesthesiology Demand Reflect Rising Utilization

Demand for both radiologists and anesthesiologist is increasing, a clear sign that the overall volume of medical procedures is growing after being greatly inhibited by COVID-19. Whether it is a diagnosis or a procedure, little happens in healthcare without an x-ray or other image interpreted by a radiologist. Radiology ranked third among Merritt Hawkins' most requested search engagements during the 2022 *Review* period, signaling growing utilization of both inpatient and outpatient imaging tests and procedures.

Anesthesiology ranked seventh, reflecting growing utilization of both elective and non-elective procedures requiring anesthesia. Combined with certified registered nurse anesthetists (CRNAs), anesthesia providers ranked third on the list of most requested search engagements during the 2022 *Review* period.

COVID-19 Exacerbating the Shortage of Psychiatrists

Psychiatry was Merritt Hawkins' fourth most requested search engagement during the 2022 *Review* period and ranked eighth in "absolute demand."

For well over 10 years, Merritt Hawkins has been noting in these *Reviews* the critical shortage of psychiatrists nationwide. Demand for psychiatrists and other behavioral health workers is spiking due to COVID-19, which has had a profoundly negative effect on the mental well-being of millions of Americans. This topic is explored in more detail in Merritt Hawkins' white paper *Psychiatry: The Silent Shortage*.

Surging Demand for Telemedicine

Merritt Hawkins saw a significantly increased demand for physicians providing care through telemedicine in the 2022 *Review* period. This included rising demand for teleradiologists, who have been providing telemedicine services for many years, but also for psychiatrists, family physicians, internal medicine physicians, NPs, PAs and other providers practicing telemedicine. Eighteen percent of Merritt Hawkins' radiology search engagements in the 2022 *Review* period were for teleradiologists, while 15% of its search engagements for psychiatrists were for telepsychiatrists.

Types of Healthcare Facilities Currently Recruiting Physicians

Following is a review of the types of settings into which Merritt Hawkins recruited physicians during the 2022 *Review* period.

HOSPITALS

Thirty-four percent of Merritt Hawkins' search engagements conducted over the 2022 *Review* period were for a hospital setting, up marginally from 33% the previous year.

Many of the nation's 6,093 hospitals were stretched to the limit by the pandemic, experiencing 4.5 million total COVID-19 admissions as of early 2022, according to the American Hospital Association (AHA). Hospitals lost $200 billion dollars over the first quarter of 2020 directly or indirectly as a result of the coronavirus pandemic. Hospital visits as of May 2020 were down by 40% year-over-year (*Washington Post, June 2, 2020*). By contrast, hospital costs rose 11% from 2019 (pre-pandemic) to 2021, the AHA reports.

However, there are signs that overall hospital patient volumes, which were inhibited by the pandemic, are returning to pre-COVID levels. A June 2021 report from Vizient projects that hospital patient volumes will recover in 2022, with overall outpatient demand surpassing 2019 (*Vizient Report Expects Patient Volumes to Fully Rebound in 2022 After COVID losses. Robert King. FierceHealthcare. June 8, 2021*.)

Not all areas of the hospital will experience increased patient volumes. The report projects that hospital emergency department visits will decline by 5% (or 4.8 million people) by 2029, due primarily to the shift in lower acuity patients from the ED to urgent care centers. However, the report also indicates that Americans will spend 12.5 million more days in the hospital (a 9% increase) due to the rise in chronic diseases and an older population. This will necessitate the continued robust recruitment of surgical, diagnostic and internal medicine specialists and subspecialists.

The Vizient report projects that hospital outpatient departments and ambulatory surgery centers are expected to see patient visits increase by 15 million from 2019 to 2029.

Due in part to these trends, there was an 18% increase in the number of physicians employed by hospitals and health systems after the start of the pandemic, rising from 290,200 in July 2020 to 341,000 in January 2022. (*3 of 4 Physicians Employed by Health Systems, Hospitals or Corporate Entities. Christopher Cheney. HealthLeaders. April 25, 2022*.)

Merritt Hawkins saw growth in the last year in the number of facilities recruiting hospitalists to address the large volume of inpatient work driven by COVID-19. By contrast, search engagements for emergency medicine physicians have declined in recent years, and emergency medicine no longer is a fixture in our list of top 20 most requested specialties.

To compete with new players offering convenient care, and to keep up with rising inpatient volumes driven by an aging population, hospitals are likely to stay active in recruiting physicians or purchasing their practices for the foreseeable future.

MEDICAL GROUPS

Eighteen percent of Merritt Hawkins' search engagements tracked in the 2022 *Review* were conducted for medical groups, down from 28% the previous year. The same market conditions driving hospitals to recruit physicians and advanced practitioners often apply to medical groups. A growing number of medical groups today are large, integrated entities that may more resemble hospital systems than traditional small, independent physician practices. These groups also are major employers of physicians, as the following numbers indicate:

LARGEST U.S. MEDICAL GROUPS BY NUMBER OF PHYSICIANS EMPLOYED	
1. The Permanente Medical Group	10,007
2. Southern California Permanente Medical Group	9,584
3. Ascension Medical Group	6,300
4. HealthCare Partners IPA	5,029

LARGEST U.S. MEDICAL GROUPS BY NUMBER OF PHYSICIANS EMPLOYED	
5. Mayo Clinic Physicians	4,690
6. Hill Physicians Medical Group	3,677
7. Advocate Aurora Medical Group	3,612
8. North Shore Health & Hyperbarics	3,580
9. Northwell Health Physician Partners	3,530
10. Cleveland Clinic	3,302

Even many smaller medical groups today that are not independent are owned or affiliated with hospital systems or investor groups. The number of hospital-owned physician practices increased by 8% from July 2020 to January 2022, from 61,900 practices to 66,700 – with fastest growth occurring at the beginning of the pandemic (*3 of 4 Physicians Employed by Health Systems, Hospitals or Corporate Entities. Christopher Cheney. HealthLeaders. April 25, 2022*.)

Many solo and small group practice physicians have struggled during the pandemic and were able to stay open and independent only because of financial relief provided through the Paycheck Protection Program (PPP) and by a quick pivot to telemedicine. The dwindling number of medical groups explains in part the reduction in the number of search assignments Merritt Hawkins conducted for medical groups year-over-year.

It can expected that COVID-19 will further drive consolidation of independent physician practices with larger entities, and that the process of recruiting physicians, advanced practitioners and other healthcare professionals will become more consolidated.

ACADEMIC MEDICAL CENTERS

Thirty-four percent of Merritt Hawkins' search engagements tracked in the 2022 *Review* were conducted for Academic Medical Centers (AMCs), up significantly from 20% the previous year and 11% five years ago. Seventy-seven percent of these assignments were for clinical faculty positions, 21% were for leadership/administrative positions, and 2% were for research faculty positions.

AMCs are hospitals and health systems with a close affiliation with a medical school. AMCs feature residency and often fellowship training programs and pursue clinical research in addition to providing direct patient care. They are also often considered to be tertiary care centers, because of their ability to treat a full range of complex conditions, in many cases by providing subspecialty care.

The increasing number of search engagements Merritt Hawkins conducts for AMCs reflects their growing role as medical education centers and as providers of direct patient care. After a rapid expansion of medical schools beginning in 2005, AMCs are further expanding to accommodate a growing number of residency positions. Through 2020 COVID-19 relief, federal funding was provided for 1,000 new residency positions nationwide. State and private funding also is driving funding for new residency positions. In 2022, 36,277 first-year residency positions were offered, up 3% from 2021 and a new record, according to the National Residency Matching Program.

While expanding their role as medical educators, AMCs also are likely to experience increases in demand for clinical services as they are typically hubs for specialized care in their service areas. This proved to be particularly true during the height of the pandemic. As is noted above, demand for specialty care, driven by patient aging and other factors, is on pace to increase in coming years. In addition, many AMCs are growing their community clinic programs, expanding their primary care footprint beyond the main campus. Below are Merritt Hawkins' top eight most requested types of AMC search engagements by provider type:

MERRITT HAWKINS TOP 8 MOST REQUESTED AMC SEARCH ENGAGEMENTS BY SPECIALTY
1.Anesthesiology
2.Family Medicine
3.CRNA
4.Radiology
5.Internal Medicine
6.Psychiatry
7.Hematology/Oncology

In certain specialties, particularly radiology and pathology, AMCs are seeking pure clinical positions. In instances where clinical faculty previously had a ratio of 80% clinical time/20% protected research time, there now is a 100% clinical expectation. A challenge can arise in these search engagements when financial incentives do not align with those being offered for similar clinical positions by non-academic hospitals and medical groups.

These financial disparities can be observed in the starting salary data broken out by non-Academic and Academic positions in select specialties in the 2022 *Review* (Academic salaries were indicated in the seven specialties listed above in which Merritt Hawkins conducted the most Academic search engagements). The two comparisons below illustrate this point:

NURSE PRACTITIONER (NP) AVERAGE STARTING SALARY	
Non-Academic	$153,000
Academic	$128,000

RADIOLOGY AVERAGE STARTING SALARY	
Non-Academic	$465,000
Academic	$416,000

In the last several years, many AMCs have increased their salary offers to get closer to non-Academic averages, but significant gaps still exist.

AMCs RESPONDING TO COMPETITION

Competition with non-AMCs has risen as private groups and hospitals, having laid off physicians during the COVID-19 pandemic, are renewing their search efforts to address amped up demand. Some of these groups have been more agile than AMCs in implementing telemedicine, an option that is attractive to many candidates. They expect physicians to see a high volume of patients but are paying commensurately, putting pressure on AMCs to enhance their incentives and overall recruiting positions.

AMCs are responding in part by engaging in large scale recruiting initiatives, in which Merritt Hawkins is engaged in recruiting for ten or more high-demand specialties simultaneously. Some AMCs are transitioning to virtual interview platforms, significantly improving the efficiency and turnaround of the search process to gain a competitive advantage, while others are reassessing their incentive packages.

DIVERSITY, EQUITY AND INCLUSION (DEI)/ACADEMIC ADVISORY COUNCIL

Achieving DEI remains a top priority for AMCs and many other healthcare organizations. To ensure DEI goals are met, and to bring additional expertise to the academic search process, Merritt Hawkins partners with its Academic Advisory Council. The Council is composed of Tom Lawley, MD, former Dean of Emory Medical School; Philip Pizzo, MD, former Dean of Stanford Medical School; and Arthur Rubenstein, MD, former Dean of the University of Pennsylvania School of Medicine.

FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)

Eight percent of Merritt Hawkins' search engagements tracked in the 2022 *Review* were conducted for Federally Qualified Health Centers/Community Health Centers or Indian Health facilities, the same percent as the previous year. The first community health center opened in 1965 and their numbers have grown to 1,400 organizations with approximately 10,000 sites of service.

Using a primary care driven, preventive model now being adopted by other types of providers, FQHCs see over 28 million patients annually, while offering affordable, accessible care and seeing all patients regardless of their ability to pay. Merritt Hawkins is proud to be the sole provider of permanent physician search services for the National Association of Community Health Centers (NACHC) and to support the vital mission of FQHCs in addressing the needs of medically underserved populations.

A Winning Healthcare Delivery Model

Supported by both sides of the political aisle, FQHCs have proven to provide a successful model of preventive care, saving the health care system $24 billion a year, according to NACHC. They have been on the front lines of COVID-19 care, providing 19 million vaccinations, with two of three vaccinations administered to people from racial or ethnic minority backgrounds. They are typically staffed by primary care physicians, PAs, NPs, behavioral health specialists and dental professionals.

The importance of FQHCs in providing safety net care is underlined by federal funding. A three-year extension of the Community Health Center Fund was initiated in 2021. Combined with discretionary funding, spending on FQHCs now is budgeted at more than $5.7 billion a year, up from $3.7 billion in 2013. (*NACHC CHC Funding Chart. NACHC.org*).

As long as funding is available, FQHCs will play a vital role in providing care for traditionally underserved populations.

Solo Practice/Partnerships/Concierge

One percent of Merritt Hawkins' search engagements tracked in the 2022 *Review* were conducted for solo practices, partnerships or concierge practice settings, compared to 3% the previous year.

These settings generally feature practice ownership, in which physicians are being recruited to set up their own solo practice or to join another physician as an owner/partner in a private practice. In some cases, these may be concierge/direct pay practices in which physicians contract directly with patients, bypassing third party payers, though not all concierge practices feature practice ownership.

COVID-19 Another Threat to Private Practice

COVID-19 has created financial and operational difficulties for many small, independent practices, further eroding the viability of this traditional practice model. Few physicians today express a preference for this practice style. According to Merritt Hawkins' *2021 Survey of Final-Year Medical Residents*, 0% of physicians in their last year of training would prefer a solo practice, while only 10% would prefer to join another physician as a partner in private practice.

While it is hard to be precise given the hybrid nature of some physician contacts, the 2022 *Review* suggests that the great majority of physicians accepting new positions today – more than 90% -- will practice as employees and not as independent practice owners/partners. By contrast, in 2001, the number was approximately 60%. As was referenced above, 73% of physicians in the U.S. now are employed by a health system, hospital or corporate entity, according to the Physicians Advocacy Institute.

Recruiting Not Limited to Rural Areas

Physician shortages, and, by extension, physician recruiting efforts, are often thought to be concentrated in smaller communities and rural areas. Merritt Hawkins' 2022 *Review* underscores how this dynamic continues to change.

For the first 22 years Merritt Hawkins completed the *Review*, the number of search engagements we conducted in communities of 100,000 or more never exceeded 50%. That has not been the case over the last six years (see chart below):

PERCENT OF MERRITT HAWKINS' SEARCH ENGAGEMENTS IN COMMUNITIES OF 100,000 OR MORE					
2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
68%	67%	66%	66%	62%	55%

As these numbers indicate, during the 2022 *Review* period, over two-thirds of Merritt Hawkins' search engagements were for communities of 100,000 people or more.

The chart below indicates in which states Merritt Hawkins had the most search engagements per capita during the 2022 *Review* period.

MERRITT HAWKINS SEARCH ENGAGEMENTS PER 100,000 POPULATION BY STATE			
MOST SEARCH ENGAGEMENTS PER CAPITA		FEWEST SEARCH ENGAGEMENTS PER CAPITA	
1.Utah	16.36	41. Wisconsin	1.11
2. Hawaii	14.55	42. Oregon	1.01
3. North Dakota	7.79	43. Maine	0.97
4. Alaska	7.33	44. Indiana	0.96
5. South Caronlina	5.12	45. Iowa	0.89
6. Delaware	3.30	46. Nevada	0.80
7. Alabama	3.14	47. California	0.77
8. Maryland	3.09	48. Wyoming	0.72
9. Oklahoma	3.05	49. Massachusetts	0.65
10. Ohio	2.81	50. Connecticut	0.37

These numbers reflect geographic anomalies in physician demand, in which some states that have a high number of physicians per capita, such as Delaware and Maryland, also saw a relatively high number of search engagements, whereas some states with a low number of physicians per capita, such as Wyoming, also saw a relatively low number of search engagements.

Merritt Hawkins worked for clients in all 50 states during the 2022 *Review* period and the District of Columbia, underscoring the national presence of physician recruiting needs and challenges.

Average Starting Salaries and Contract Structures

Merritt Hawkins' *Review* tracks the starting salaries offered to recruit physicians and advanced practitioners, as well as other types of recruiting incentives.

Average starting salaries represent the base only and are not inclusive of bonuses or other incentives. This is in contrast to physician compensation numbers compiled by the Medical Group Management Association (MGMA), the American Medical Group Association (AMGA) and other organizations, which track overall average physician incomes rather than starting salaries.

Merritt Hawkins' salary ranges are therefore indicators of the financial incentives needed to attract physicians and advanced practitioners already established in a practice or those coming out of training to a practice opportunity, rather than indicators of physician and advanced practitioner average incomes.

Physician Compensation and COVID-19

Despite the negative financial impact on many physicians of COVID-19, evidence has emerged that physician compensation was not as comprised by the pandemic as initially thought.

In a May 26, 2021 press release (*Physician Compensation Flattens Due to the Pandemic's Impact on Medical Groups*) the MGMA notes that "Despite the wide-ranging financial impacts of the COVID-19 pandemic on physician practices in 2020 — which included lower patient volumes, caps on elective procedures and a growing number of practice closures — new research from MGMA reveals that compensation for most physicians has remained steady."

MGMA's 2021 *Provider Compensation and Production* report indicates that total compensation for primary care physicians increased by 2.6% between 2019 and 2020, due to a "rebound in patient volumes in the latter part of the year" and to federal support through the Paycheck Protection Program (PPP) and the Provider Relief Fund (PRF).

The MGMA press release further indicates that "Compensation trends for other physician specialties also sustained despite the significant patient access challenges that several specialties faced during the pandemic. Compensation changes for most specialties were very modest or essentially flat, and the decreases in compensation seen for certain specialties were not as large as expected. Surgical physicians, for example, whose patient volumes were significantly limited because of regional lockdowns and overwhelmed hospitals, experienced a compensation decrease of 0.89% in 2020. Nonsurgical specialists also reported a decrease of 1.29% despite the significant challenges faced by those specialists last year."

Total physician compensation in 2020 also was sustained by those physicians who were able to transition to telemedicine during the pandemic.

Starting Salaries in Primary Care Mostly Up

Merritt Hawkins' 2022 *Review* generally supports data showing a rebound in physician compensation. For example, starting salaries in family medicine increased from $243,000 last year for all positions (non-Academic and Academic) to $251,000 as tracked in the 2022 *Review*, up by 3% and the highest average for family medicine recorded in any Merritt Hawkins' *Review*.

Starting salaries in internal medicine for all positions also increased from, $244,000 in 2021 to $255,000 in 2022, a growth of 5%, though still down from the all-time high of $276,000 recorded in the 2020 *Review*.

By contrast, starting salaries for pediatricians decreased by 2% year-over-year, from $236,000 in 2021 to $232,000 in 2022.

Rising starting salaries for family medicine and internal medicine physicians suggest that though demand for primary care physicians has abated in recent years, it is still strong enough to push salaries upward as healthcare facilities compete for a limited number of physicians.

Starting Salaries for Specialists

Over the last several years, starting salaries for medical specialists as tracked by Merritt Hawkins' *Review* have generally increased, though not always on a year-over-year basis. These increases have reflected the growing demand for specialty services driven by population aging and other factors as cited in the *Review*.

COVID-19, however, led to the suspension of elective procedures and consequently had an inhibiting effect on starting salaries for most specialists tracked in the 2021 *Review*. In 2022, by contrast, starting salaries for most specialists were up, even though Merritt Hawkins conducted a higher percentage of Academic search engagements during the 2022 *Review* period than in previous years, which can bring overall starting salary averages down.

YEAR-OVER-YEAR SALARY INCREASES/DECREASES BY SPECIALTY			
	2021/22	2020/21	INCREASE
OB/GYN	$332,000	$291,000	+14%
Radiology	$455,000	$401,000	+12%
Anesthesiology	$400,000	$367,000	+8%
Cardiology (non. Inv.)	$484,000	$446,000	+8%
Neurology	$356,000	$332,000	+7%
Psychiatry	$299,000	$279,000	+7%
Gastroenterology	$486,000	$453,000	+7%
Pulmonology/Critical Care	$412,000	$385,000	+6%
Hematology/Oncology	$404,000	$385,000	+5%
Oral Maxillolfacial	$368,000	$349,000	+5%
Orthopedic Surgery	$565,000	$546,000	+3%
Urology	$510,000	$497,000	+3%
			DECREASE
Cardiology (Inv.)	$527,000	$611,000	-16%
Dermatology	$368,000	$378,000	-3%

Year-over-year starting salary fluctuations may sometimes result if Merritt Hawkins conducted an unusually large number of searches for a given specialty in a market where physician compensation is either atypically low or high. Fluctuations also may occur if recruiting practices change in a particular specialty. In addition, overall changes in Medicare or other payer reimbursement rates also can be a factor influence compensation fluctuations.

Starting Salaries for NPs and CRNAs

The average starting salary for all NP positions during the 2022 *Review* period was $138, 000, down from $140,000 in 2021, a decline of 1%. The average starting salary for all 2022 CRNA positions was $211,000, down from $222,000 in 2021, a decline of 5%.

Average salary decreases for both NPs and CRNAs can be attributed to the growing number of Academic search engagements Merritt Hawkins conducted for these positions in the 2022 *Review* period. As is indicated above, the average starting salary for non-Academic NP positions as tracked in the 2022 *Review* was $153,000 compared to $128,000 for Academic positions. The average salary for non-Academic CRNA positions was $245,000, compared to $170,000 for Academic positions.

Comparing only 2022 non-Academic NP positions to all 2021 NP positions, average starting NP salaries were up 5% year-over-year, while average starting CRNA salaries were up by 10%.

Physician Contract Structures

Typically, physicians are offered employment contracts that feature a starting base salary that can be supplemented through a production bonus. Sixty-one percent of the search engagements Merritt Hawkins conducted in the 2022 *Review* period featured this type of contract structure, the same percent as in 2021. An additional 33% featured a straight salary, down from 35% in 2020, while 4% featured an income guarantee, up from 2% in 2021.

Salaries with production bonuses are commonly offered by hospitals and medical groups as an incentive to reward specific physician behaviors, such as volume of work performed or adherence to quality guidelines. The straight salary model is more frequently used by urgent care centers, FQHCs and academic settings.

Merritt Hawkins has observed that fewer large medical groups are offering the salary with production bonus model than have done so in the past. Some medical groups have found that the straight salary model entails less ambiguity and is less likely to cause friction with physicians and so have stopped offering production bonuses. Geisinger Health is a prominent example of a large medical group that has made the transition from production bonus to straight salary.

In addition, over the last several years Merritt Hawkins has conducted a relatively high percent of searches for academic medical centers that typically do not offer the salary with production bonus model, which also may account for the decline in the use of this compensation structure.

Income guarantees, which are essentially loans that must be repaid (but may be forgiven over time) generally are used to establish physicians in solo or small independent practices. Income guarantees were once the standard contract model, when private practices were more prevalent than they are now, but they are rarely used today. Nevertheless, the number of contracts featuring income guarantees increased to 4% as tracked in the 2022 *Review*, up from 2% the previous year.

Production Bonus Structures

Production bonuses determine the maximum income that physicians can potentially earn beyond their base salary. These bonuses are calculated using a variety of metrics, including:

- Relative Value Units (RVUs)
- Net Collections
- Gross Billings
- Patient Encounters
- Quality

All of these metrics, with the exception of quality, are volume-driven. The more work units (RVUs) physicians generate, the more net reimbursement they collect or gross billings they generate, the more patients they see, the higher their bonus. Today, RVUs are the primary way that employers measure physician volume-based productivity. RVUs were featured in 58% of physician employment contracts offering a salary and production bonus as tracked by Merritt Hawkins' 2022 *Review*, up from 57% in 2021.

Net collections, also a volume-based metric, were featured in 22% of Merritt Hawkins' recruiting engagements offering a production bonus tracked in the 2022 *Review*, down slightly from 23% last year, while gross collections, another volume-based metric, were featured in 5% of production formulas this year, down from 10% last year.

The continued widespread use of RVUs, net collections and gross billings to reward physicians for production highlights the extent to which physician compensation remains volume-based.

Use of Quality-Based Metrics Up

By contrast, 31% of contracts tracked in the 2022 *Review* that featured a production bonus included one or more quality metrics, such as patient satisfaction scores, up from 23% the previous year.

While the 2022 *Review* indicates that quality can be a factor in determining physician production bonus amounts, a question arises as to the amount of total physician compensation that is tied to quality.

In instances where the production bonus includes quality metrics, the 2022 *Review* indicates that, on average, 11% of the physician's total compensation will be determined by quality, up marginally from 10% in 2021. The majority of income for many physicians, including those paid on quality, therefore is still determined by their base salary and by volume-driven production bonuses.

Signing Bonuses and CME

Signing bonuses were offered in 92% of the recruiting assignments Merritt Hawkins conducted in the 2022 *Review* period, up from 61% percent the previous year. This is a significant increase that speaks to the resurgence in demand for physicians after a pandemic-driven lull.

Signing bonuses are a common recruiting incentive used by hospitals and medical groups and provide an additional impetus for candidates who may be considering multiple opportunities, offering an immediate, tangible reward that can separate one opportunity from another similar opportunity. The significant year-over-year increase in the number of contracts featuring a signing bonus is a signal of a more competitive market, but it may represent a one-year aberration. Subsequent *Reviews* will indicate if this trend will be sustained.

Signing bonuses offered to physicians tracked in the 2022 *Review* averaged $31,000 up from $29,656 the previous year. Signing bonuses offered to NPs and PAs as tracked in the 2022 *Review* averaged $9,000, up from $7,233 the previous year.

Relocation Bonuses and Other Incentives

Certain other incentives, such as paid relocation, paid CME, health insurance and malpractice insurance are common in the majority of Merritt Hawkins' physician search engagements. Relocation allowances were offered in 78% of the recruiting engagements Merritt Hawkins conducted in the 2022 *Review* period, up from 74% the previous year. Relocation allowances generally are not offered to candidates who will be practicing telemedicine and therefore not relocating, or to those who are recruited within their current place of residence.

The average relocation allowance offered to physicians as tracked by the 2021 *Review* was $10,718, up slightly from $10,634 the previous year. The average relocation allowance offered to NPs and PAs was $8,542, up from $8,363 the previous year.

Virtually all of the incentive packages tracked by the 2022 *Review* (92%) offered a continuing medical education (CME) allowance. The average CME allowance for physicians tracked in the 2022 *Review* was $3,691, virtually the same number as the previous year ($3,695). The average CME allowance for NPs and PAs was $2,537, down from $2,956 the previous year.

Medical Education Loan Repayment

Eighteen percent of Merritt Hawkins' search engagements tracked in the 2022 *Review* featured medical education loan repayment, down from 21% the previous year. Educational loan repayment entails payment by the recruiting hospital or other facility of the physician's medical school loans in exchange for a commitment to stay in the community for a given period of time. This can be an effective incentive since average medical school debt now exceeds $190,000, according to the Association of American Medical Colleges (AAMC).

The average amount of loan forgiveness offered to physicians was $101,572, down slightly from $104,630 the previous year. The average amount of loan forgiveness offered to NPs and PAs was $55,950, down significantly from $80,000 the previous year. Over the last five years educational loan forgiveness amounts offered to NPs and PAs have consistently increased before decreasing this year. There is no apparent reason for this decline given the increased demand for NPs in particular, and it may be a one-year aberration.

In 8% of contracts featuring educational loan forgiveness, the term of forgiveness was one-year, while 15% featured two-year terms and 77% featured three-year terms.

Recruiting Trends and Recommendations

In light of the physician and advanced practitioner supply, demand and recruiting incentive trends referenced above, following are some general recommendations for recruiting physicians and advanced practitioners in today's market.

Virtual Interviews

Perhaps the most significant change we have seen in the physician and advanced practitioner recruiting process since the inception of the COIVD-19 pandemic has been a move to virtual interviews

Offering virtual interviews, virtual tours, etc. can set employers apart and keep their recruiting efforts going during a COVID spike, or simply be more appealing to candidates than settings which only offer the traditional in-person interview model. A number of our clients have moved to a 100% virtual interviewing process and have found it to be effective. Employers that remain flexible and adapt to a virtual interview process based on the candidate's comfort level tend to enhance their recruiting success.

Leveraging Digital Content

Some employers are increasing their digital content to market their facilities and communities, using professionally created videos that highlight various departments, including testimonials from physicians, hospital tours, campus maps, community life, etc. This allows for broader reach into the candidate market and helps transition recruiting toward a more virtual process where candidates can assess a practice and community without a personal visit.

COVID-19 Protocols

Vaccine requirements and COVID-19 protocols are other recruiting factors that did not exist pre-pandemic. These are now in some cases the reasons why candidates are looking for other opportunities, or their key motivator in making a move. Employers should disclose their vaccination policy upfront in the recruiting process to save time.

New Entrants to the Physician Recruiting Market

As was referenced above, new entrants to the physician recruiting market such as urgent care centers and retail outlets are offering candidates flexible schedules, work from home options, and telemedicine – all of which have an increased appeal post-COVID. Traditional employers such as hospitals and medical groups should be aware of this trend and provide as much practice flexibility in terms of schedules, subspecialty work, and duties as possible in response.

A Focus on Physician Well-Being/Retention

An additional factor garnering much more emphasis post-COVID-19 is physician well-being and retention. This includes offering as safe an environment as possible and providing other support beyond cheer-leading efforts, including enhanced compensation, additional staffing through locum tenens, the use of NPs and PAs, telemedicine, artificial intelligence, and flexible schedules. Physician "employers of choice" should be able to demonstrate concrete ways in which they have sought to enhance the medical practice environment in response to the pandemic. For additional information on this topic see the Merritt Hawkins' white paper *Ten Keys to Enhancing Physician/Hospital Relations and Reducing Physician Burnout and Turnover*.

Basic Recruiting Tenets Remain

Many of the basic tenets of physician search have not changed. It is important to be nimble and expeditious in the search process, extending the offer letter/employment contract in a timely manner. Offer competitive compensation that is clear, easy to understand and based on a consistent and fair appraisal of the physician's expertise and effort. Consider creative incentives such as resident stipends, typically offered to physicians in their last year of training, and housing stipends in areas where real estate costs are becoming prohibitive. Be open on candidate parameters, focusing on a candidate's education, training, work ethic and bedside manner, rather than age, gender, ethnicity, or country of origin.

COVID-19 initially suppressed demand for physicians, but demand has returned, and virtually all of the factors that have been driving the physician shortage for years remain in place. Physician recruiting remains highly competitive, and those employers who are the most efficient in their recruiting process and the most accommodating to candidates have the best chance for success.

For more information about AMN Healthcare's thought leadership resources contact:

AMN Healthcare
8840 Cypress Waters Blvd., Suite 300
Coppell, Texas 75019
866-871-8519

www.AMNHealthcare.com