The practice of medicine has undergone a seismic shift in only a few years. The changes are driving large numbers of physicians from the traditional independent practice to health system employment. Often, employment seems like the ideal solution for both the system and the physician, but while it may solve some problems, it more often than not raises a host of others. This article will explore the changes that are taking place and put forth a vision for a more deliberate approach to employed physician success and satisfaction. Rather than de-valuing physicians, this new approach acknowledges that physicians aren’t merely clinical commodities, but rather the driving force behind the success of any healthcare system.
What's Changed?

Physicians have always faced a long, competitive, and arduous training journey, followed by a daunting professional socialization period. Then comes the daily pressures and responsibilities of providing care and leading a team. The expectation is that these challenges are offset by a rewarding career. Today, these pressures are compounded and complicated by changes to the way medicine is practiced, more non-patient care responsibilities, and a changing physician-hospital dynamic. Consider:

- Although physicians have been trained in a model of professional autonomy and a culture of expertise and competition, they are now asked to function as part of multi-disciplinary teams.
- There are continual advancements in diagnostic, treatment, documentation, and record keeping technology.
- There is increasing practice management complexity.
- Uncertainty about the role of the independent medical staff.
- New payment methodologies are emerging that reward outcomes, patient satisfaction, and population medicine.
- There is a projected physician shortage at a time of increasing demand for services.

The Employment Trend

Many health systems have decided that creating a profitable, integrated health system will be easier with an employed physician network. At the same time, more physicians are seeking the relative security and simplicity of employment. In a recent study, fifty-three percent of physicians describe themselves as employees of a hospital or medical group, up from 44% in 2012 and 38% in 2008. (The Physicians Foundation, 2014).

It’s been projected that within a few years, as many as 75% of newly hired physicians will be hospital employees (Merritt Hawkins, 2012).

New Expectations

With payment structures built on outcomes and collaborative, coordinated care models, health systems need and expect more from their employed physicians. Success assumes a new level of collaboration between physicians and hospitals and a new set of physician behavioral skills, including organizational thinking and accountability, communication, adaptability, innovation, teamwork, leadership, business acumen, and emotional intelligence. At the same time, physicians, as expensive employees, face growing productivity pressures, and there is less tolerance or patience for what the hospital deems disruptive behavior. While physicians are adjusting to broad and far reaching changes to their profession, the system is asking more of them than ever.

Challenges

Hospitals quickly learn that executing an employment agreement by itself does little to ensure that a physician's goals are aligned with theirs or that he or she is collaborative, adaptable, and patient-focused. Newly employed physicians are often surprised to discover that their employer has little in the way of a plan for their success. In spite of new employment trends and changing expectations, how we educate, select, integrate, and develop physicians seems stuck in a bygone era. As a result, hospitals are often disappointed with the performance of employed physicians, and physicians struggle to succeed and find career satisfaction.

Physician turnover is at an all time high—disruptive behavior continues to be a problem. We also have a shortage of skilled physician leaders, and physician career satisfaction is declining. Hospital CEOs still rate physician alignment as one of their biggest challenges, and even where the employed network is robust, patient safety, outcomes, and cost metrics often still lag expectations.

Hospital administrators often don’t understand how to manage physicians or a successful practice. They don’t understand, or seek to understand what a physician needs to be successful. Physicians, particularly experienced physicians coming from private practice, struggle with the challenge of balancing a sense of professional autonomy with the idea of employment.
Turnover. Physician turnover has increased to almost 7%. The loss and replacement of a single primary care physician starts at $250,000, with a real cost over $1 million. This doesn’t take into consideration how disruptive the loss of a physician can be. Research reveals some interesting facts about physician turnover:

1. 54% of physicians leave their group within the first five years.

2. A common contributor to turnover is the mismatch between physician expectations and organizational culture or rules.

3. The most often cited reason for leaving a practice? “Practice issues,” not compensation. Physicians often leave due to disappointment over “broken promises” about patient volume and administrative support.

4. Only 27% of physicians report that their employer has a written or formal retention plan. (New England Journal of Medicine Career Center)

Insufficient Training: Most physicians enter the workforce unprepared for all they’ll face outside of the exam room or operating suite. They receive little training on how to function within an organization—to work in teams, lead, communicate with patients, understand how a hospital or practice operates, how our healthcare system operates around them, or how to take charge of their own career.

In other industries, we commit educational resources and structured training and development toward giving highly paid, valuable employees the tools and skills to succeed. Similar efforts for physicians are still in their infancy. Older physicians struggle to adapt to a changing world. Young physicians have unrealistic expectations and a poor understanding of what they need to succeed.

Recruitment Pitfalls: Physician recruiting remains a numbers game. The hospital is looking for physicians to build its network and is often willing to overspend. Recruiters are trying to place as many candidates as possible to improve their “time to fill” metric. The physician candidate is unaware of what he or she needs to succeed and defaults to choosing a job based on salary. Even if he or she negotiates a performance-based bonus structure, there is no way of knowing whether the employer has the infrastructure or plan to help achieve the goals.

The Vision and a New Approach

What will success look like in this new era of physician employment? We need to create a culture where hospital and physician goals intersect. How do we reconcile the health system’s goals of quality, safety, patient experience, cost reductions, and market share with the physician’s goals of quality patient care, career success, and satisfaction? We are asking physicians to figure out what it means to be an employee while maintaining the professional autonomy they value—and at the same time asking them to lead, to innovate, and to collaborate. Are they prepared to succeed? Are we preparing them?

We can take our cue from other industries where talent at the highest levels is systematically chosen and developed. We can do this without sacrificing the special nature of medicine—the sacred pact between doctor and patient and the physician’s role as a patient champion. At its most basic, a new approach begins with three simple steps:

1. Define What Success Looks Like. One thing hasn’t changed. Talent wins. Attract and retain the best physicians and you increase your chances of success. The difference is in how we define talent. Graduates from the best schools, from the most prestigious fellowship programs are still valuable, but in addition, we need to consider other critical skills. What are the specific behavioral competencies that will predict success and define specific performance expectations?

2. Align Goals and Expectations. Evaluate the goals and expectation of physicians and whether they match those of the system. What is the system’s ability to meet these goals? Address any misalignment of expectations so there are no surprises. Decide what operational resources are necessary and available to support each physician. Some hospitals are accomplishing this via a more detailed analysis of operational “fit” and needs, a more predictive physician interview, and use of progressive, physician-specific behavioral skills assessments.

3. Develop Each Physician Resource. You bring a physician into the organization. You’ve done all you can to address realistic expectations and goals. While you don’t have complete alignment, you both understand where there are challenges. You
understand the physician’s behavioral tendencies and they fit your culture. Now what? At this point, most physician groups or hospitals drop the ball. They plug the physician in and hope for the best. Perhaps there is a report card tracking performance metrics. Perhaps there are meetings where performance metrics are discussed. Perhaps a more senior physician teaches newcomers how to navigate organizational challenges. Perhaps the physician develops into the high performing leader you need—or perhaps not.

In most industries, we’d never leave this much to chance. Think of the physician as an executive that you need to develop if you are going to succeed. Consider the following framework of a development program:

- A useful practice report card that tracks meaningful metrics. There should be both individual and organizational metrics to encourage ownership and accountability for organizational success. Engage physicians in defining success.
- On-going evaluation of operational barriers to success—satisfaction with practice growth efforts, ancillary services support, facilities, staff, etc. (and efforts to address them). Nothing frustrates a physician more than to be questioned on performance when no one recognizes or addresses the operational barriers.
- Engage the physician in creating a development and growth plan. What are the short and long term career goals and the step necessary to achieve them?
- Develop specific behavioral skills.

**Conclusion**

System success depends on physician success. Rather than looking at employment as a method to better control the medical staff, it should be a model that meets the needs of both the system and physician. It’s an employment relationship unlike any other. As both sides of this relationship adjust to the changes, the strategies should be driven by the needs of the patients.

Success will require an alignment of goals and incentives between hospital and physician. Physicians need to understand their role in system success and that success needs to be based on meeting the needs of patients and the community. At the same time, systems need to commit to a more deliberate approach to physician selection, development and success.

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