

5 Compensation Considerations for Entry-Level Physicians



Newly-minted physicians are in high demand. As demand among patients and healthcare organizations continues to outstrip the supply of entry-level physicians, the competition will surely only increase.

With all this competition, how can you improve your ability to recruit the physicians you need and want?



Identify your competitors and differentiate your organization accordingly.

Depending on specialty, a new physician will likely be approached with recruitment offers by private practices, hospital-owned physician groups, urgent care centers, and/or large specialty staffing companies. It is important to differentiate yourself to new physicians in terms of organizational culture, workload, compensation, benefits, and professional opportunities.



Make your compensation packages flexible so you can accommodate each physician's recruiting priorities.

A new physician may, for example, be worried about student debt and be attracted to a compensation package with loan repayment/forgiveness over a 1-3 year period, even if the overall value of the package is the same as one without that provision. Other helpful tools include flexible work arrangements and the ability to reward exceptional physician performance.



Set compensation guarantees at reasonable levels to avoid the "cliff."

Consider a productivity-driven compensation package for internists set at \$50.00 per WRVU with a one-year guarantee of at least \$250,000. If the physician hasn't built a practice to 5,000 WRVUs by the end of Year 1, they will see a large drop in income in Year 2. New physicians are often more focused on the guarantee figure than the underlying factors, and may not see the drop coming. Setting temporary guarantees at reasonable levels, supporting recruits in building their practices, and giving them lots of data on compensation-related performance can prevent dissatisfaction.



Understand the factors that affect compensation within a given specialty.

Certain specialties have greater differentials in compensation related to experience than others. According to MGMA, the median emergency medicine practitioner with 3-7 years in practice makes roughly 4.4% more than his counterpart with 1-2 years in practice while the median neurosurgeon with 3-7 years in practice makes roughly 22.5% more than his counterpart with 1-2 years in practice. Additionally, certain specialties (e.g., gastroenterologists) may be better suited to productivity incentives while others (e.g., urgent care) tend to be paid using a shift-based rate.



Focus on retention.

Physician turnover has become a larger issue as more new physicians choose hospital employment over private practice and demand for new physicians outstrips supply. Healthcare organizations can structure their compensation packages to incentivize longevity using mechanisms such as base pay that increases with tenure or annual retention bonuses. These tend to be much less expensive than the cost of recruiting a replacement.