

Field-Tested Strategies for Physician Recruitment and Contracting

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The aging of the U.S. population presents a challenge to American hospitals and health systems. Not only are patients aging, but their care needs are becoming more complex as well. Compounding the problem is that many physicians are reaching retirement age, and their younger contemporaries (those born on or after 1965) tend to have a different approach to medical practice, valuing a work-life balance.

In 2005, approximately 900,000 physicians were practicing, and of this number 36 percent were at least 55 years old and nearly 170,000 were at least 65 years old (Runy 2008). The Office of Inspector General has cited physician scarcities in various specialties, including obstetrics, family practice, general surgery, neurosurgery, orthopedics, urology, otolaryngology, cardiology, gastroenterology, neurology, and oncology. Cooper (2008, 13) predicted a 20 percent physician shortage within the next two decades, the effect of which may be especially detrimental to rural hospitals. According to a 2007 Merritt Hawkins survey, the average net inpatient and outpatient revenue generated by physicians varied from \$1.43 million (family practice) to \$2.66 million (invasive cardiology).

A healthcare organization's ability to recruit and retain physicians affects its ability to deliver mission-critical care to its community. Limited physician supply and growing demand for their services, coupled with multifaceted process requirements, can make physician recruiting seem like a house of cards, which is painstaking to construct and can be destroyed by a single careless remark or an improperly executed process. In this column, we discuss field-tested strategies for improving physician recruitment and contracting.

RECRUITING STRATEGIES

Get the CEO Involved

Clearly, the CEO must play a role in physician recruiting. He or she must maintain the organization's focus on this effort despite the presence of competing priorities. The CEO should do the following:

- Meet with the recruiting team, including physician champions, at least once every quarter to monitor progress and to offer guidance and resources.
- Participate in developing recruitment and marketing initiatives.
- Interview (even briefly) all promising candidates.

- Support the recruitment team's recommended financial incentives for physicians.
- Hold leaders accountable for physician recruitment and retention by tying their compensation and advancement to organizational performance.
- Request the recruiting team to brief promising candidates before they meet with certain abrasive personalities on the medical staff.

Develop Compelling Marketing Materials and Programs

Standing out in a crowded field is difficult, so the organization's marketing and recruiting teams should pair up to strengthen the recruiting initiative. Compelling marketing materials underscore organizational values and assist in attracting applicants who will fit the culture. Applicable marketing techniques may include the following:

- Encourage physicians and employees to notify the recruiting team of any students from the community who are in pre-med programs, in medical school, or in residency and who are looking to return to their hometown. A similar request may be extended to physician spouses as well.
- Sponsor a guest speaker and invite the community to the event. This approach promotes the organization as a good neighbor and as a great employer. In addition, this activity can build a bridge between the organization and the community while offering continuing education credits to medical students and residents.
- Publicize the benefits of working at the organization (e.g., the location's school system is one of the highest rated in the country, medical research and innovation are top priority, the hospital follows a healthy environment model) rather than merely state its operational features (e.g., Level 2 trauma center, 1,500 employees, \$200 million in revenues).

Provide Appropriate Financial Incentives

Using a community needs assessment that demonstrates a shortage in a specific physician category has allowed organizations to offer the following incentives (please consult with a healthcare attorney first to ensure that these incentives comply with local, state, and federal regulations):

- Reimbursement of travel (incurred because of interviews) and moving expenses
- Assistance with the legal fees associated with obtaining work visas (for foreign physicians)
- Loans (which may be forgiven over a certain amount of time) for repaying medical school debt or starting a practice
- Income guarantees for the first two years of practice in the community
- Compensation for taking emergency department calls (e.g., direct payment, deferred compensation, malpractice premium assistance)

The Executive Compensation Compliance Initiative of the Internal Revenue Service (IRS) requires not-for-profit organizations to meet fair-market guidelines for reasonableness of compensation. IRS rules and other healthcare regulations are complex and change frequently. Thus, the recruitment team should consult an experienced healthcare attorney to develop a fair, robust, and legal compensation and incentive program.

Stay Current with Technological Advances

Web 2.0, the second generation of Internet design that enables sharing and communication among Web users, enables the organization to update its website to allow people to interact with its programs and services. For recruiting purposes, the following are some of the functions that job candidates may find on an organization's website:

- Dedicated recruitment web page, with links to other topics or sites of interests
- Job search feature organized by specialty and location
- Direct contact with the recruiter
- Capability for online application
- Video clips, virtual tours, and maps of the facility and the community
- Audio testimonials from recent recruits and long-term physicians and their spouses

Another technological strategy is to produce a recruitment CD or DVD that is both informational and promotional. Delighted physicians, employees, spouses, and even patients may be asked to appear in this video. Some organizations also use networking sites, such as LinkedIn and Facebook, to reach out to potential candidates.

Here are a few websites that provide job listings for physicians and search opportunities for recruiters:

- practicelink.com
- physicianwork.com
- docjobs.com
- aspr.org
- nejmjobs.org
- Job boards of various physician professional associations, by specialty, such as www.aafp.org, www4.aaos.org, www.acc.org, and www.acr.org

Make the Interview Process Memorable

The interview process is the organization's chance to exceed expectations and differentiate itself from the competition. For this reason, the interview process must be planned well in advance, ensuring that the experience is favorable before, during, and after the process. Following are details to keep in mind when establishing the interview process:

- *Form a core group of interviewers.* The number of interviewers will vary depending on the number of recruits and physician interest. The group should include a mixture of specialists and generalists, and at least one member should have similar background and training as the candidate being interviewed. Also, the group should include a physician who can influence a candidate to take the position. If possible, mitigate the effect of an interviewer who is not enthusiastic about his or her association with the organization by bracketing this person with enthusiastic interviewers and letting the candidate know about this person's attitude beforehand.
- *Script the interview process.* Each interviewer must be trained to ask and answer questions and to fairly assess the candidates. Each interviewer should be assigned a focus topic, such as clinical competence and education, interpersonal skills and practice style, and knowledge of and experience in the healthcare business.
- *Structure the interview.* Interview questions should be developed in advance, and these questions must be asked of all candidates, with minor adjustments for differing specialties. Interviewers must have the newest copy of an applicant's resume, credentials, references, and other related paperwork. Also, the sequence of which interviewer should go first, middle, or last has to be plotted. For example, beginning and ending the process with the CEO, COO, or CMO sends the message that the applicant's service is valued.
- *Plan the logistics of the visit.* When the candidate comes from out of town, the organization should extend its hospitality by making arrangements for the visit, which leaves a great first impression. Expenses for travel, hotel, restaurants, and car rental should be billed directly to the organization to bypass a lengthy reimbursement process. An invited realtor should speak about the history, services, and benefits of living in the community and surrounding areas rather than try to sell the candidate on a house. A gift basket sent to the candidate's hotel room provides a welcoming gesture, enhancing the first impression.
- *Offer a spouse or family activity, if applicable, while the candidate attends the interviews.* Lunch with other physician spouses and/or a community tour can provide useful information and networking opportunities. The group in charge of this task may be composed of public relations staff, physicians, spouses (both male and female), and managers who are reliable and enjoy reaching out to others.

Carefully Execute the Job Offer

Timeliness and precision in executing the offer are essential. The following are some details that deserve attention and careful execution:

- *Verbal agreement.* The organization should make the job offer verbally at first. After the candidate has given a verbal commitment, the organization should proceed with the written contract.

- *Extra incentive.* Extending an offer that has a little more incentive (e.g., extra benefits, money, rewards) than the candidate expected creates a positive surprise that makes the candidate feel valued and hence motivated to join the organization.
- *Date of expiration.* The contract or offer letter should include an expiration date of one to two weeks.
- *Consultation with a healthcare attorney.* All aspects of the offer must comply with applicable laws and regulations, requiring the organization's counsel to be involved in contract development. See Figure 1 for a general physician employment contract checklist.

Overarching Strategies

Recruiting physicians involves homework, including the following:

- Screening candidates. The recruiting team must do a thorough review of the applicant's education, experience, references, and credentials.
 - a. *Resume:* Are the gaps (if any) in work history explainable? Does the education or training path make sense?
 - b. *Experience:* The Internet is a good tool for vetting applicants. Docboard.org, facis.com, and amb.org are some places to find more information about the candidate's work experience.
 - c. *References:* The recruiting team should assign a physician member of the group to call physician references because doctors tend to be more open and forthright when speaking with fellow doctors.
 - d. *Credentials:* A member of the recruiting team should be well versed on credentialing and board certification/recertification requirements. Also, medical and other degrees should be verified, and work visa status of foreign candidates must be checked for validity.
- Communicating with other stakeholders (e.g., CEO, medical staff, vice presidents) monthly. This communication updates the organization regarding the details of the recruitment efforts, such as the number of ads placed, the number of applications received, the issues that came up during interviews, and the progress of the interviewing process.
- Sending acknowledgments to interested candidates within 48 hours of receipt of their resumes.

CONTRACTING

Ideally, a contract spells out all significant agreements between the organization and the candidate to showcase transparency and to build trust. Figure 1 is a checklist that recruiters may use as a general guideline for developing a written physician contract. This checklist should be modified to fit the organization's unique needs and current local, state, and federal regulations.

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FIGURE 1
Physician Employment Contract Checklist

1. Term: fixed or evergreen (automatically renews every year)
 2. Physician's duties
 - a. Clinical responsibilities
 - b. Maintenance of patient medical and billing records
 - c. Knowledge of computerized systems that support patient care and billing functions
 - d. Citizenship (e.g., attendance at department and organizational meetings, participation on relevant task forces and committees, maintenance of a non-hostile work environment)
 - e. Moonlighting or other outside activities (e.g., teaching, speaking, consulting)
 3. Standard of care (typically based on locality and specialty)
 4. Work schedule (e.g., inpatient, outpatient, call schedule)
 5. Representations
 - a. Licensure
 - b. Board certification or eligibility
 - c. Privileging or compliance with hospital medical staff bylaws
 6. Compensation (depends on market rate)
 - a. Base compensation
 - b. Production-based incentive
 - c. Performance bonus for meeting quality, safety, and patient satisfaction goals
 - d. Income guarantee for initial two years
 - e. Forgivable loan with an obligation to repay if the recruited physician does not remain in the position for the duration specified in the contract
 7. Benefits (e.g., vacation, health insurance, disability insurance, retirement plan)
 8. Malpractice insurance
 - a. Insurability at standard rates
 - b. Claims made (and tail coverage) versus occurrence
 9. Expense reimbursement (depends on market rate)
 - a. Continuing medical education, journal subscriptions, computer software
 - b. Automobile mileage (if working at multiple sites), telephone or mobile devices
 10. Office facilities, equipment, staff, and services to be provided by employer
 11. Payer credentialing
 12. Termination
 - a. For cause
 - b. Without cause (may be limited to probationary period)
 - c. Notice requirements
 - i. Opportunity to cure default (e.g., health related, medical records)
 - ii. Self-executing terminations (e.g., death, loss of license)
 - d. Post-termination obligations
 - i. Records
 - ii. Billing and payment
 13. Indemnification
 14. Confidentiality
 15. Restrictive covenants (may or may not be enforceable under local law)
 16. Dispute resolution (e.g., mediation/arbitration through American Health Lawyers Association Alternative Dispute Resolution Service)
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Documentation

To comply with federal Stark and anti-kickback laws and state rules, the employment contract as well as all other recruitment-related plans, activities, and agreements must be supported by documentation. Written documentation is particularly critical when a hospital or health system, rather than a medical practice, is recruiting. It is in the best interest of the organization to ensure that its service area has a sufficient number of qualified physicians who can refer and admit patients to its inpatient and outpatient services. At the same time, however, the organization's ability to offer recruitment incentives is hampered by significant restrictions in the form of the anti-kickback statute, the Stark law, and some state regulations. Agreement on the following areas should include documentation:

1. Community's need for recruited physician's specialty
2. Physician's relocation to practice
3. Reasonableness of recruitment bonus per current fair-market value analysis
4. Leases on space and equipment

Entering into a forgivable loan agreement with the medical practice that recruited the physician rather than with the physician directly is preferable for healthcare organizations. This way, if the recruited physician leaves the practice, the organization can be reimbursed for its expenses by the practice. The forgivable loan is intended to cover the recruited physician's salary, benefits, and overhead expenses before his or her practice has had a chance to be fully self-supporting. The organization disburses the loan over time. If a medical practice is put in the position of having to repay the loan because the recruited physician left, the total it will pay is likely less than the original loan amount (because the physician had not yet drawn down the full amount). The medical practice repays the loan from its general revenues. This practice management agreement must be documented as well.

LESSONS LEARNED

- The aging of healthcare providers is contributing to workforce shortages.
- The CEO must participate in the recruitment process, regardless of competing priorities.
- Well-designed, carefully distributed (e.g., through jobs websites) marketing materials communicate the organization's values and attract applicants who fit the organization's culture.
- Income guarantees and forgivable loans are incentives that can help organizations recruit physicians into communities that have documented shortages.
- The recruiting team must communicate regularly with all stakeholders, providing updates and sharing information or problems in the process.

- The interview process is the organization's chance to exceed the expectations of the candidate. Thus, it should leave a positive first impression on the candidate and his or her significant other.
- Careful planning and execution of all the details of the job offer help to ensure the success of the recruitment process.
- All recruitment agreements must be documented in writing.

CONCLUSION

The aging of both the U.S. population and the healthcare workforce makes physician recruitment a critical task for healthcare organizations. Putting proactive recruitment solutions into place frees up the organization to focus on providing care to its community. In the next column, we address physician retention. As always, we encourage you to share with us your comments, questions, and ideas.

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