

The Primary Care Provider Shortage

Mid-Atlantic Physician Recruiters Conference

October 2, 2013



Agenda

This presentation will focus on the reform-related changes in the healthcare market and their impacts on the supply of primary care physicians (PCPs).

- I. Health Reform Impacts on PCPs
- II. Primary Care Education Trends
- III. Recruitment Trends
- IV. Case Studies
- V. Critical Success Factors

I. Health Reform Impacts on PCPs

I. Health Reform Impacts on PCPs *Clinical Integration*

Health reform is driving the market to a clinically integrated network of providers centered around primary care that follow common clinical protocols, have aligned measures and incentives based on improved value, and obtain joint payor contracts.

Independent Providers



- Home Health
- SNF
- Pharmacy
- Other



Fragmented Delivery System

Employed Physicians

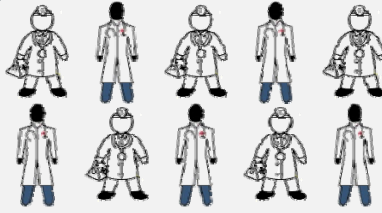


Hospital

Outcomes

- Provider Organization
- Management/Governance
- Clinical Protocols
- Disease Management
- Wellness
- Integrated EHR
- Performance Measurement
- Reporting
- Disease Registry
- Joint Payor Contracting
- Employee Health Plan
- Funds Flow Design
- Aligned Incentives

Independent Providers



Clinically Integrated Network



- Home Health
- SNF
- Pharmacy
- Other

Employed Physicians



Hospital

I. Health Reform Impacts on PCPs

The Value of Primary Care

As healthcare shifts to more network-centric models of care, hospitals and their affiliated physicians will become increasingly reliant on their relationships with PCPs.



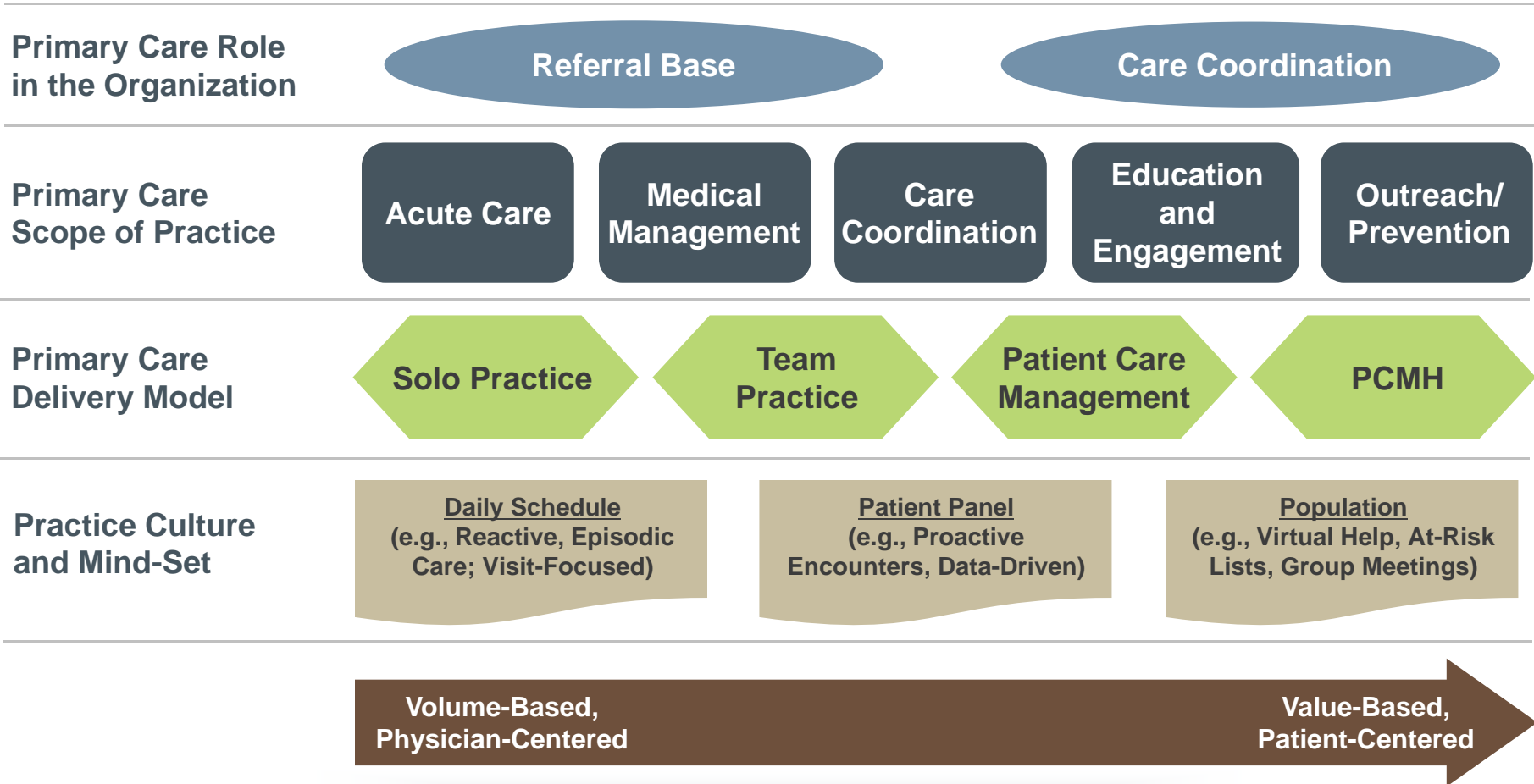
- ***Network Sizing and Development*** – As hospitals and health systems look to develop integrated networks of care, PCPs play an integral role in determining the size and strength of the networks.
- ***Referral Czars of the Network*** – While primary care is not generally a high-margin specialty in itself, PCPs demonstrate their value as gatekeepers to healthcare networks: they capture patients (i.e., covered lives), manage their care (e.g., PCMH), and refer them to specialty and acute care as needed.
- ***Coordinators of Care*** – In the future of population-based health and comprehensive care management, PCPs will play the role of quarterbacks in directing, coordinating, and managing comprehensive care for the patients in their networks.
- ***Advocates for Patient Wellness*** – In addition to coordinating treatment and healthcare, PCPs can direct patients toward holistic wellness and prevention of disease as a means to improve overall population health.

PCPs are taking on a more prominent role within hospitals' strategies, and the ability to recruit and retain PCPs is a key focus area for many health systems.

I. Health Reform Impacts on PCPs

Primary Care Practice Focus

The focus of primary care is shifting to proactive, patient-focused care.

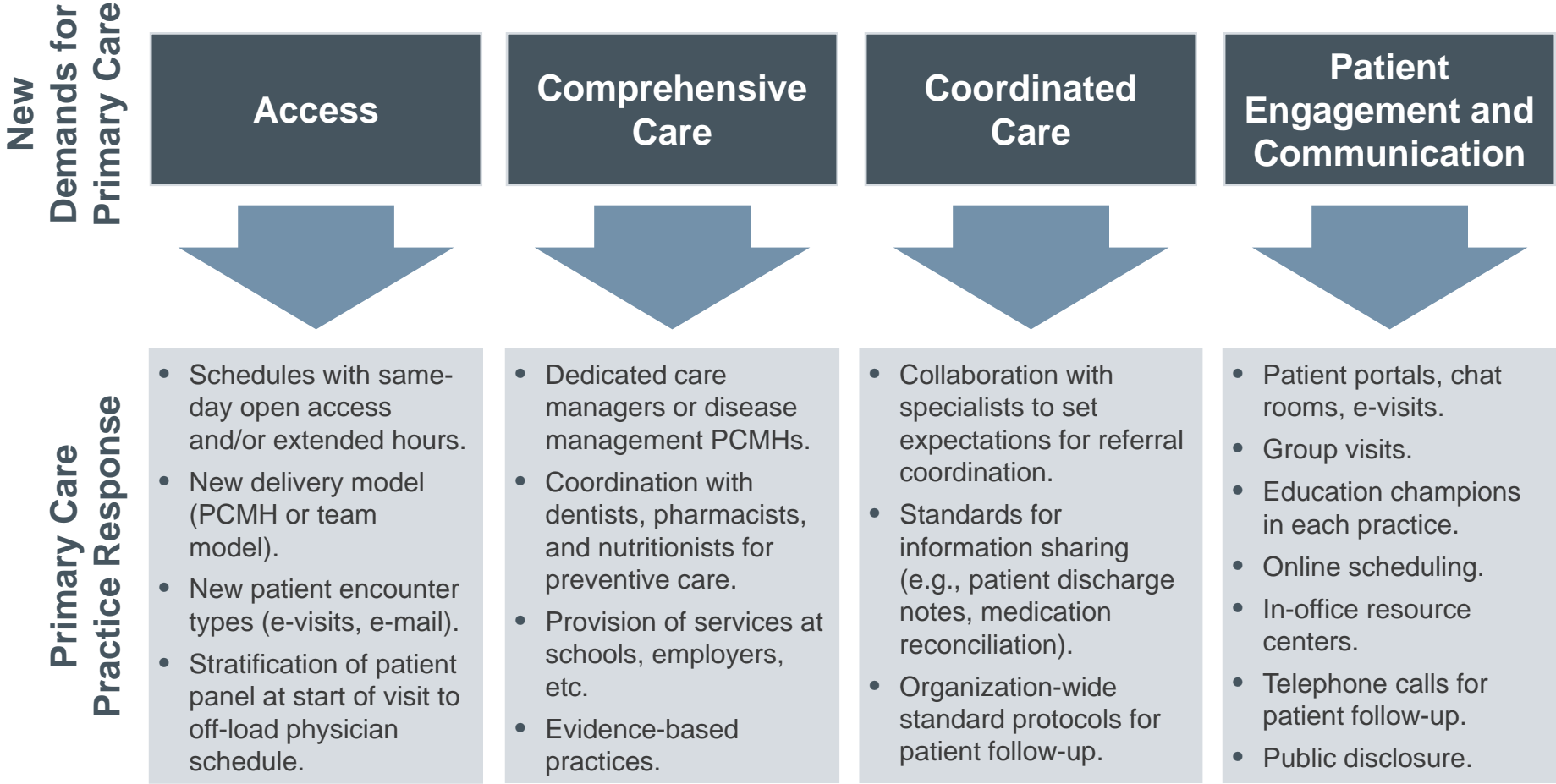


A changing focus for PCPs will affect the requirements and expectations of PCPs in a health system.

I. Health Reform Impacts on PCPs

Primary Care Practice Focus (continued)

New demands from patients, the government, and health systems are forcing organizations to redesign the way that care is delivered in primary care practices.

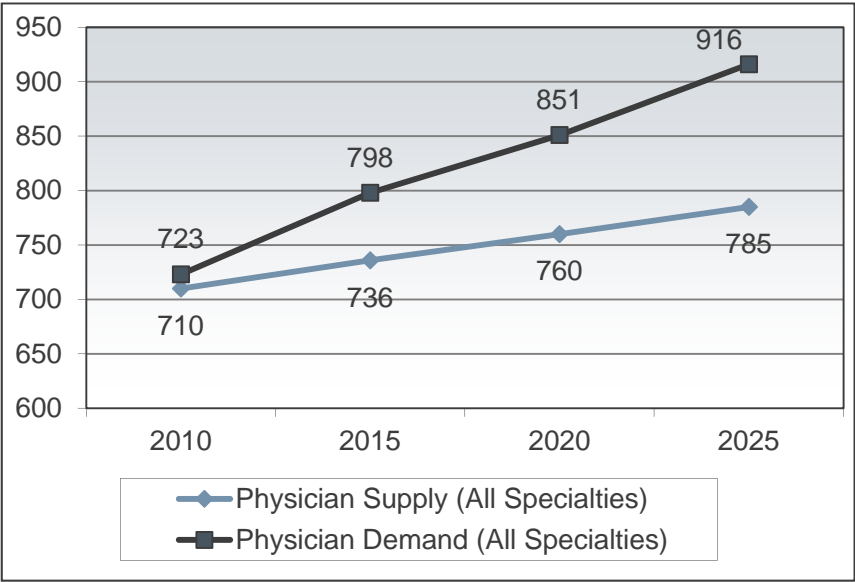


I. Health Reform Impacts on PCPs

Projected Primary Care Shortage

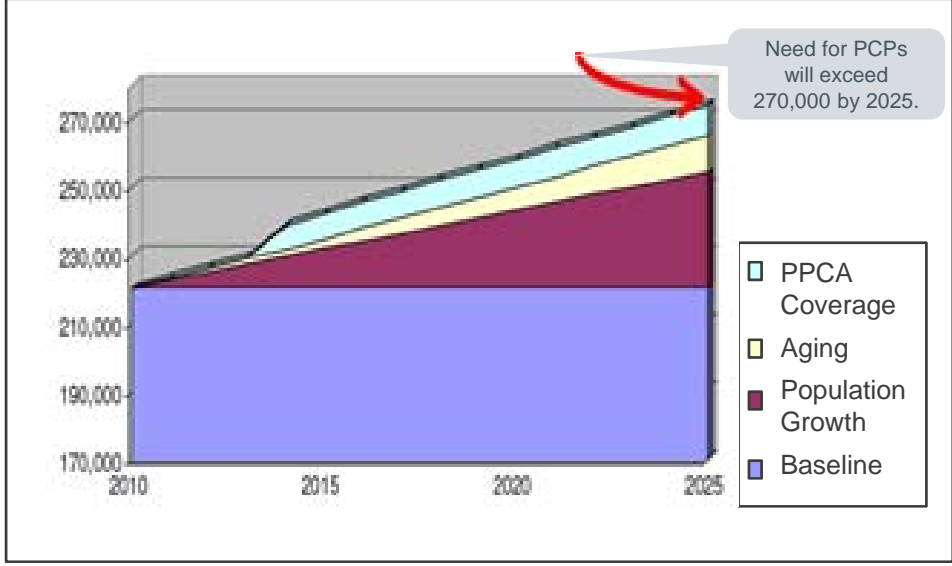
The expected physician shortage will continue to stress our PCP workforce.

Projected Physician Supply and Demand – Active Physician FTEs (Thousands)



Source: AAMC Center for Workforce Studies, June 2010 Analysis.

Growing Need for PCPs, 2010–2025



Source: Evidence About Your Value (and the Return on Investment), the Robert Graham Center: Policy Studies in Family Medicine and Primary Care, 2011.

Many organizations are addressing this shortage not only with increased recruitment of PCPs, but also with the use of midlevel providers to fill in gaps in supply.

I. Health Reform Impacts on PCPs

Primary Care Provider Definition

Midlevel providers are being used to fill the PCP gap. Therefore, their availability needs to be included in the assessment of the supply of primary care providers.

- Primary care specialties include:
 - Family/general practice.
 - General, office-based internal medicine.
 - Pediatrics.
 - Internal medicine/pediatrics.
- APCs/midlevel providers are typically included in a review of available supply.
- The following approximations are recommended by ECG to compare an APC FTE status to a physician FTE status for recruitment and staffing purposes:
 - Family/general practice APC: 0.66 FTEs.
 - Internal medicine APC: 0.63 FTEs.
 - Pediatric APC: 0.72 FTEs.

While utilizing midlevel providers will not solve the PCP shortage, it can provide a stopgap for many organizations.

II. Primary Care Education Trends



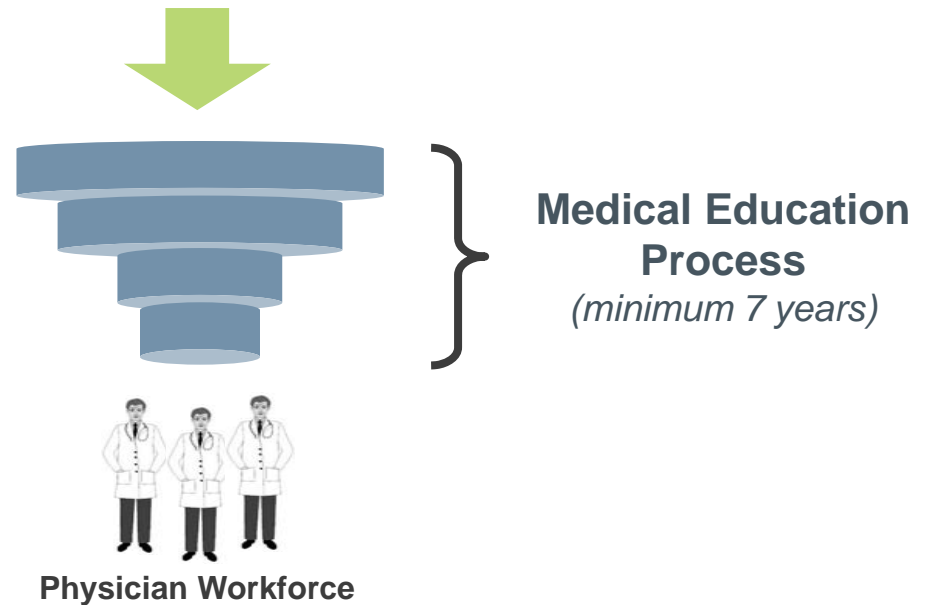
II. Primary Care Education Trends *Physician Workforce Issues*

Despite the national increase in the number of medical students, the increase in residency training slots has not kept pace, exacerbating the current PCP shortage.

Family medicine programs will be affected by several workforce-related issues:

- Shortage of primary care specialists/lack of workforce pipeline.
- Fluctuating interest in a career in family medicine/primary care.
- Disparities in compensation for PCPs.

Increased Number of
Medical Students



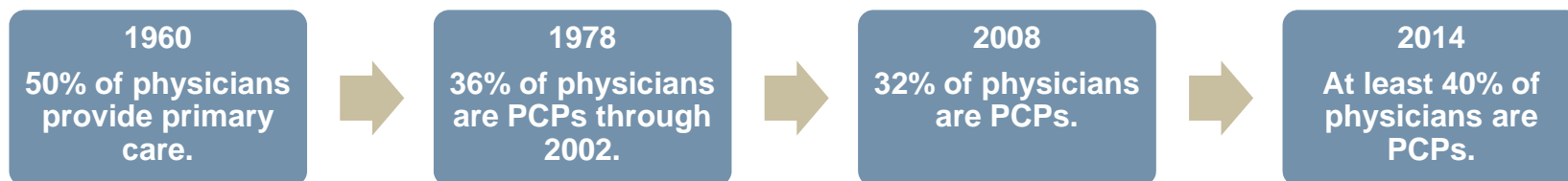
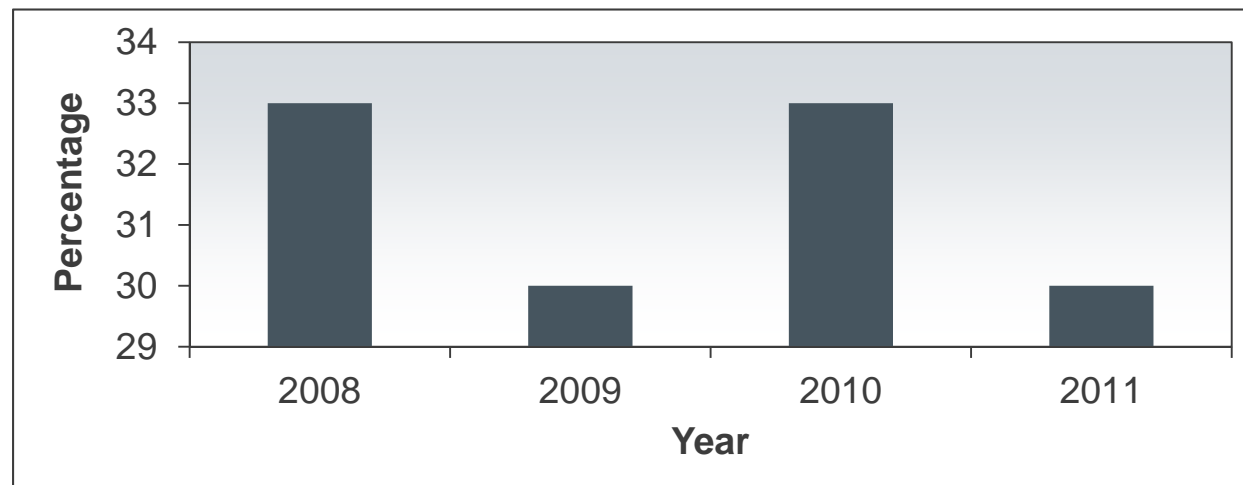
Succession planning and physician workforce pipeline development will be integral to meeting the demand for increased PCPs.

II. Primary Care Education Trends

Interest in a General Medicine Career

The percentage of physicians interested in a general medicine career has fluctuated between 30% and 34% since 2008, while the percentage of physicians practicing as a PCP has decreased since the 1950s.

Fluctuation in Interest in a General Medicine Career



NOTE: Generalist careers include family medicine, general internal medicine, and general pediatrics.

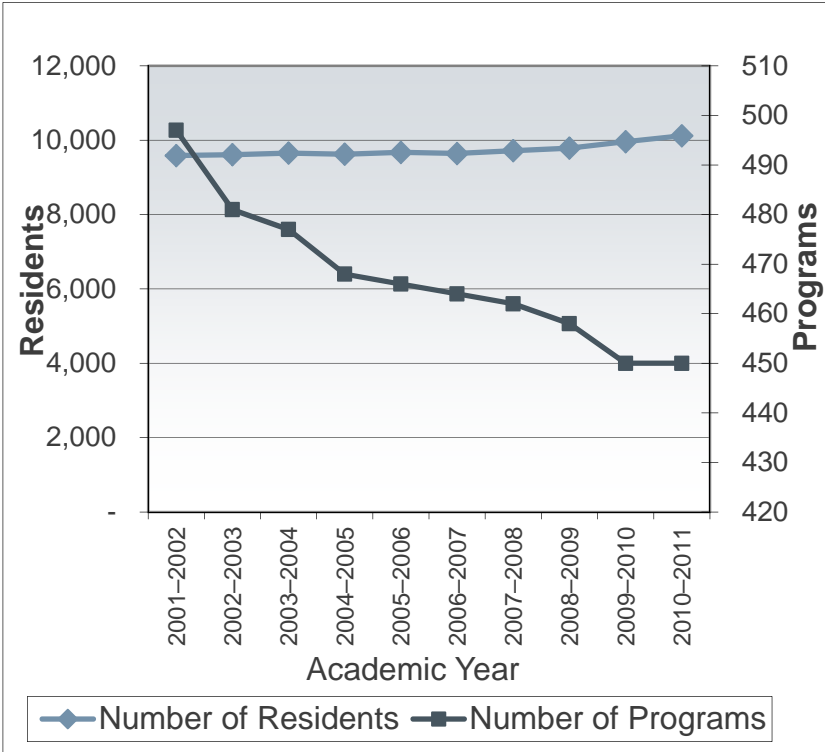
Sources: AAMC Graduation Questionnaire, 2011; COGME 20th Report: Advancing Primary Care, January 2011; Primary Care in an Era of Health Care Reform, Health Strategies & Solutions, 2012.

II. Primary Care Education Trends

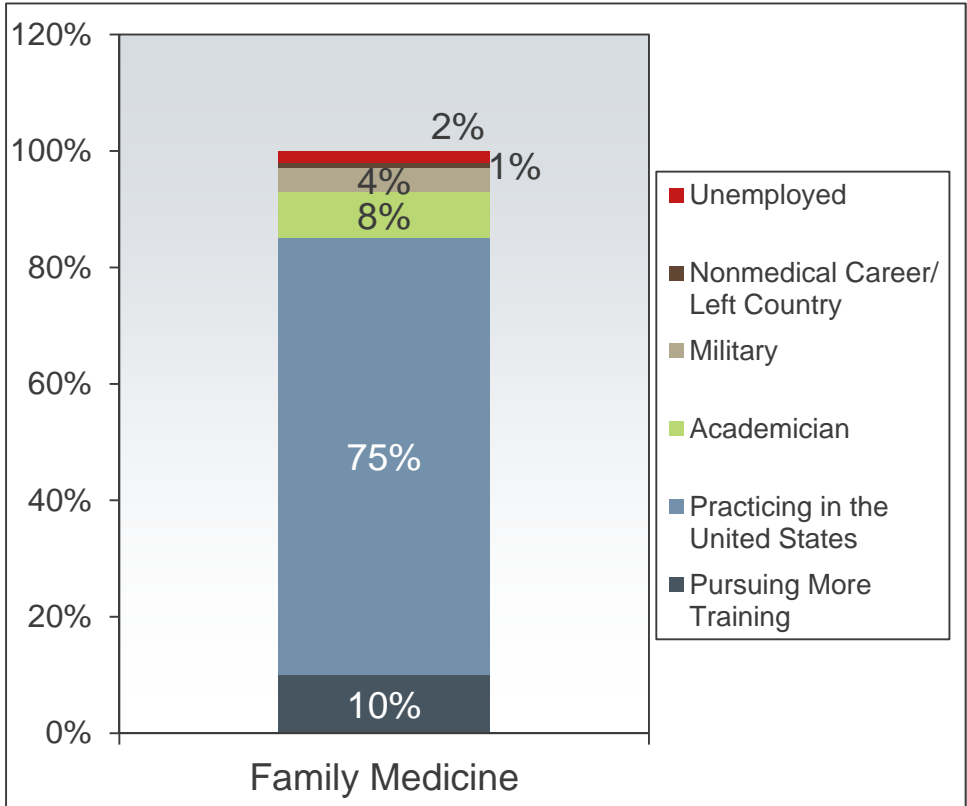
Decline in Number of Programs

While the number of family medicine residency programs is decreasing, graduating residents are staying in the United States to practice.

Number of Allopathic Family Medicine Programs and Residents



Resident Employment Status Upon Graduation

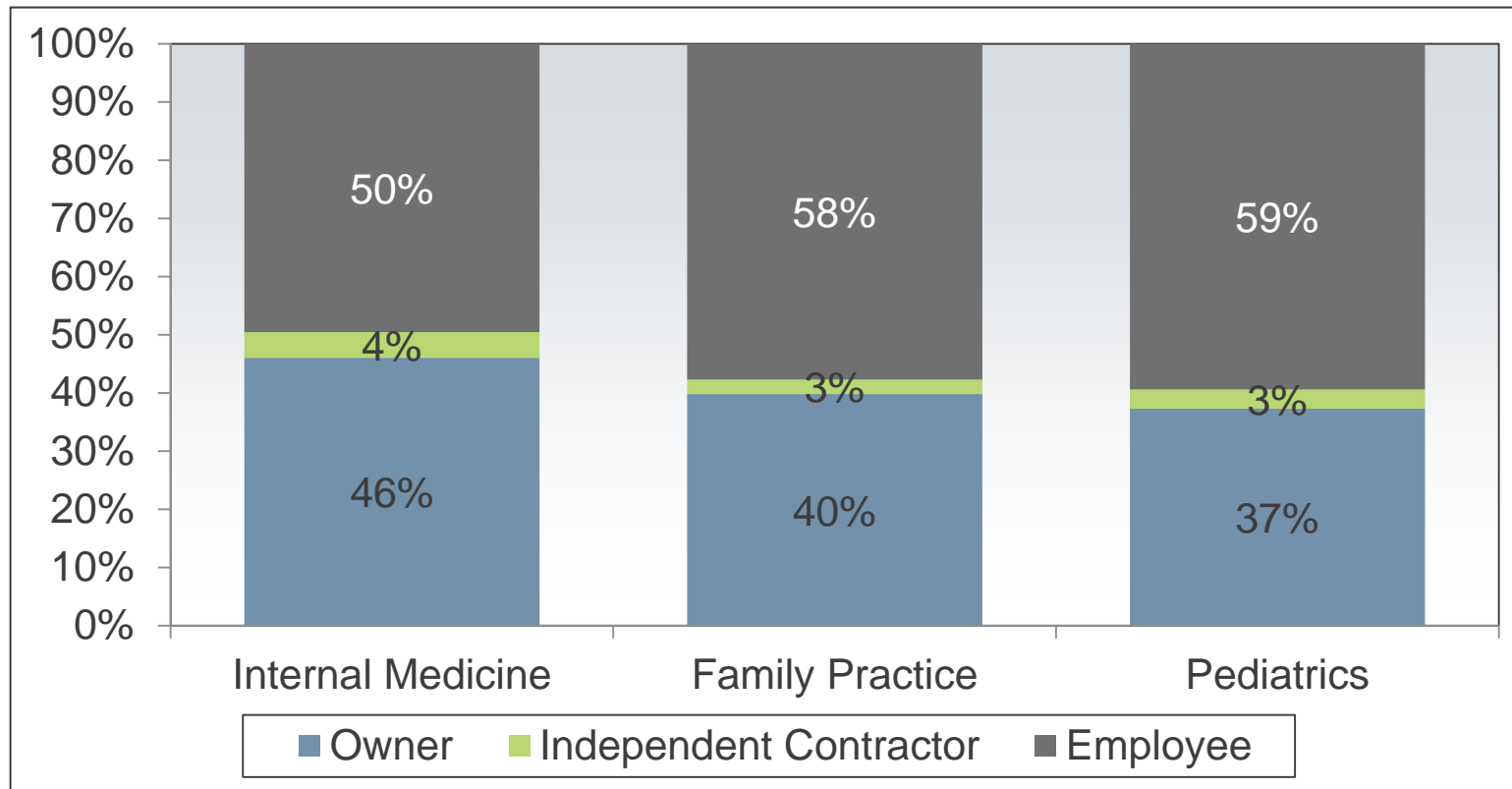


Internal medicine residency programs have experienced similar trends, with a decrease in the number of programs but an increase in the overall number of residents.

II. Primary Care Education Trends *Evolving Practice Models – Employment*

CONFIDENTIAL
DISCUSSION DRAFT
10-2-13

A recent AMA study evaluated physician practices across the country specifically related to their employment status.



Source: AMA 2012 Physician Practice Benchmark Survey.

More than half of PCPs are employed, but many PCPs are independent and prefer that practice model.

II. Primary Care Education Trends *Evolving Practice Models – Rural Practices*

Rural practices present unique challenges for hospitals' and health systems' recruitment efforts.



Source: AAFP, "Shrinking Scope of Practice Raises Questions About Future of Family Medicine," March 2012, and AAP, "Pediatrics 101," May 2011.

- *Family Medicine* – Less than 20% of AAFP members practiced in rural areas in 2012, down from 32% in 1994.
- *Pediatrics* – Between 1981 and 1996, the number of pediatricians in rural areas increased by 20% while the number in urban areas increased by 80%.
- Recruitment challenges include lack of access to CME, minimal coverage for vacation or academic travel, and a high percentage of Medicaid patients contributing to low reimbursement.

Health systems must consider these trends as they plan their PCP strategies and recruitment.

III. Recruitment Trends



III. Recruitment Trends

ECG Survey Results

PCPs continue to be the most sought-after physicians and are among the most difficult to recruit.

Top Five Recruited Specialties

Specialty	Percentage of Organizations Recruiting	Percentage of Organizations Reporting More Than 1 Year to Fill
Family Practice Without OB	70%	46%
Internal Medicine – Office-Based	70%	31%
Neurology	33%	30%
Internal Medicine – Hospitalist	30%	60%
Gastroenterology	23%	33%

Source: ECG National Provider Compensation, Production, and Benefits Survey, year 2012 based on 2011 data.

70% of surveyed organizations reported they were currently recruiting for PCP positions, and approximately one-third to one-half of organizations reported these positions were taking 1 year or more to fill.

III. Recruitment Trends

ECG Survey Results (continued)

Family practitioners earn the highest maximum starting salary among PCPs.

Starting Salary Offers for Top Recruited Specialties

Specialty	Maximum Starting Salary Offer	Average Signing Bonus
Family Practice Without OB	\$347,242	\$20,109
Internal Medicine – Office-Based	\$219,960	\$12,556
Neurology	N/A	N/A
Internal Medicine – Hospitalist	\$275,000	\$16,364
Gastroenterology	\$478,753	\$23,333

Source: ECG National Provider Compensation, Production, and Benefits Survey, year 2012 based on 2011 data.

Recruitment Offerings

Offerings	Percentage of Organizations Offering Benefit	Average Value Offered	Average Length of Service Requirement (Years)
Signing Bonus	97.6%	\$17,753	1.8
Relocation Assistance	97.6%	\$11,400	1.5
Home Loan Assistance	0.0%	N/A	N/A
Housing Allowance	15.4%	\$8,400	1.0
Malpractice Nose/Tail Coverage	67.5%	\$19,484	2.5
Education Loan Forgiveness	36.6%	\$46,433	3.4

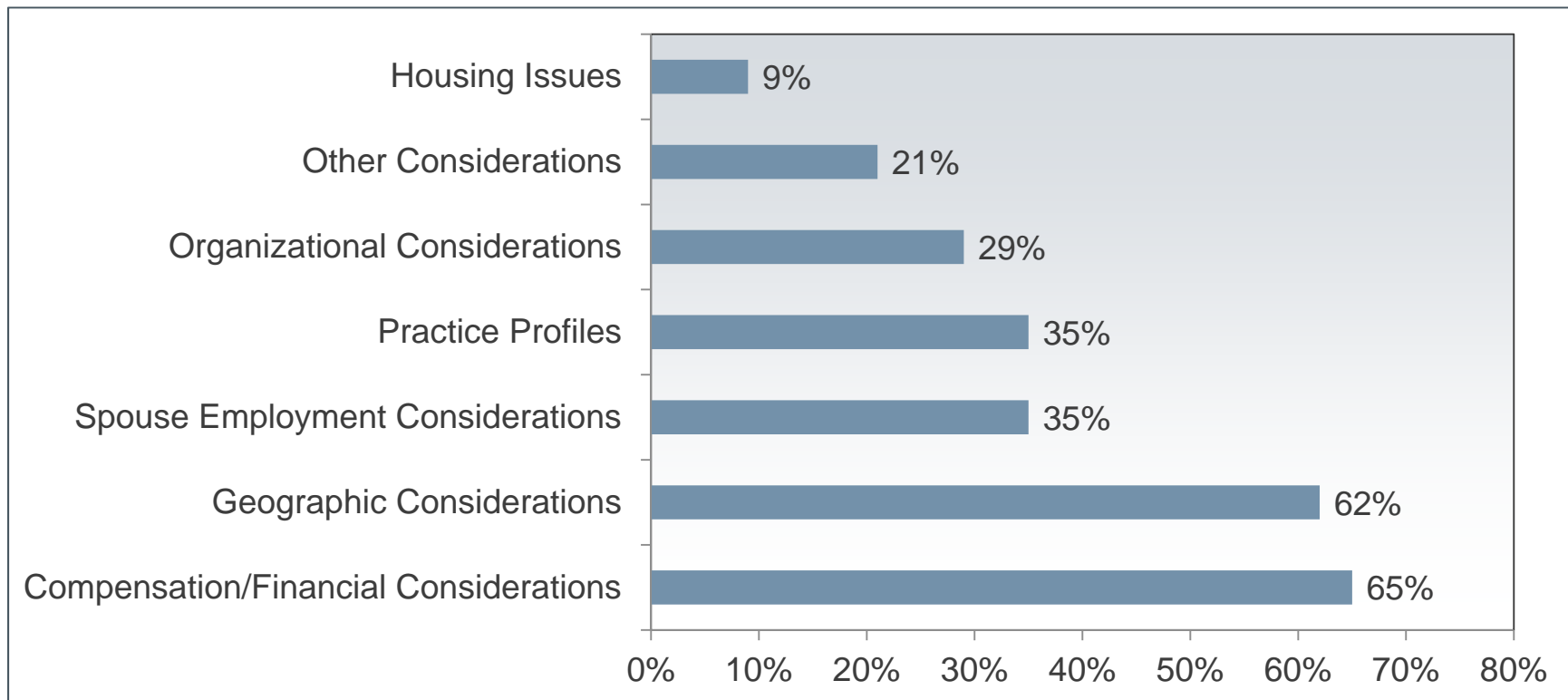
A variety of recruitment offerings were reported by organizations, with nearly all organizations providing signing bonuses and relocation assistance to recruited physicians.

III. Recruitment Trends

ECG Survey Results (continued)

Compensation and geographic considerations were reported as the most frequent reasons for declining offers.

Reasons for Declining Offers

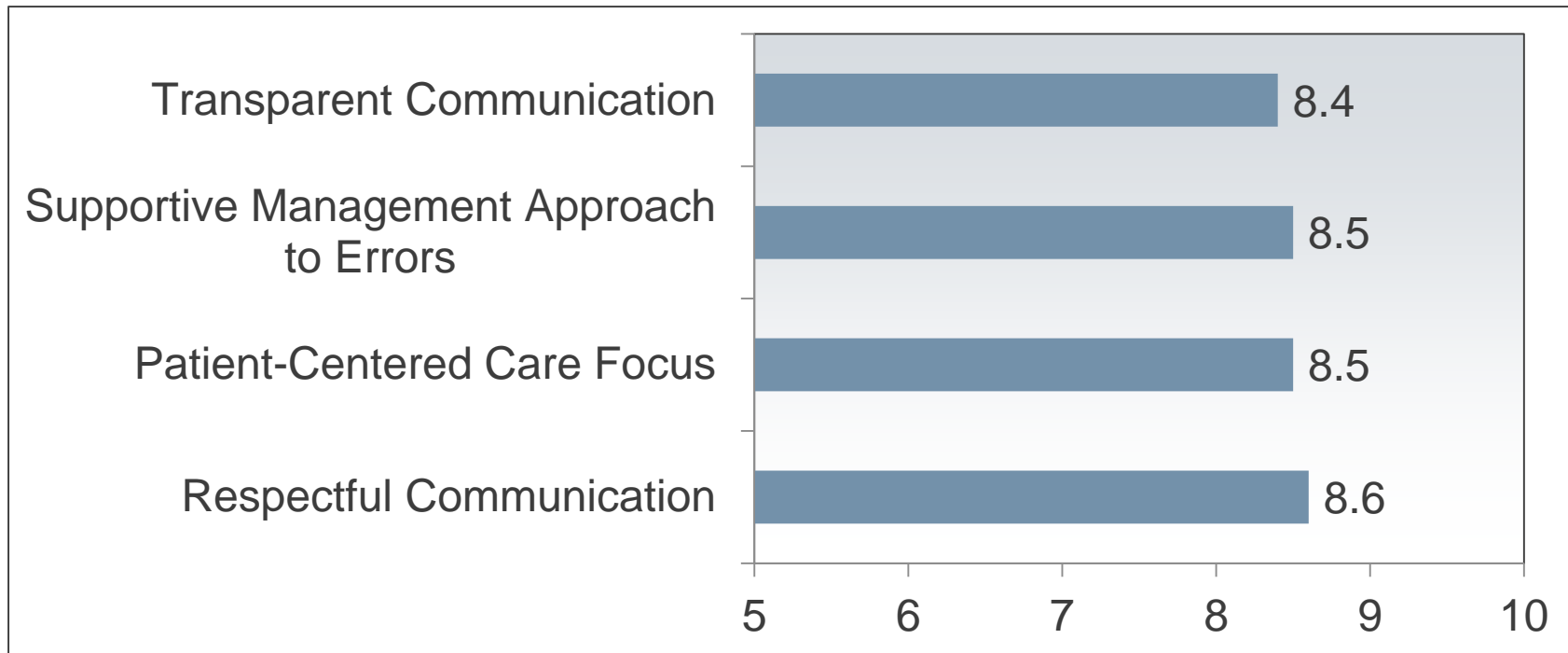


Source: ECG National Provider Compensation, Production, and Benefits Survey, year 2012 based on 2011 data.

III. Recruitment Trends

Culture and Physician Satisfaction

While compensation and benefits are a critical component to recruitment, a recent survey evaluated the importance of organizational culture to physician satisfaction, including its impact on evaluating job opportunities.



Source: Robert Stark, M.D., and Dan Whitlock, M.D., "Culture is Crucial to Physician Satisfaction," *Hospital and Health Network Daily*, August 1, 2013.

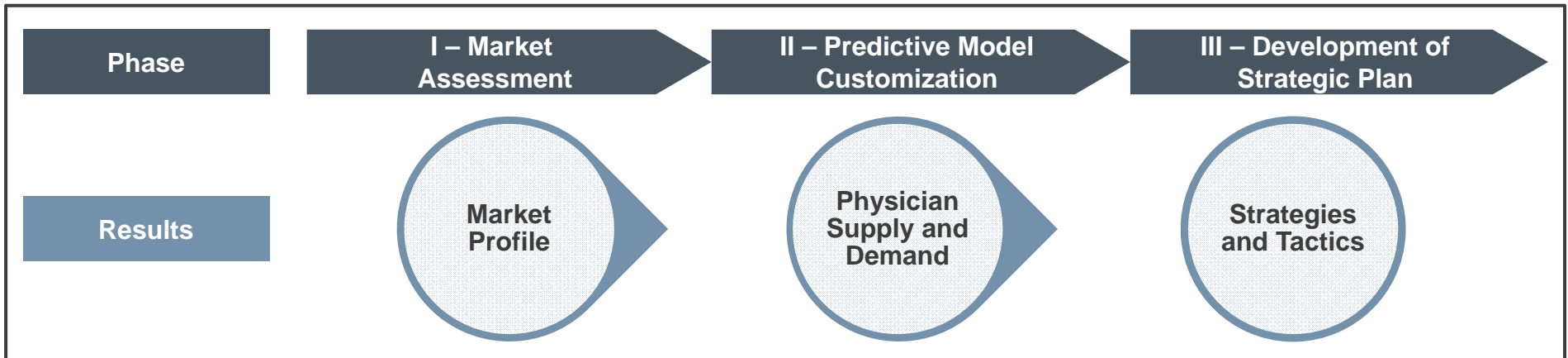
Physicians evaluate job opportunities as a complete package, including consideration of intangible factors such as cultural fit.

IV. Case Studies

IV. Case Studies

Developing a PCP Strategy

ECG has worked with multiple organizations to assist in the development of a PCP strategy to grow its PCP base.



Key Questions to Address

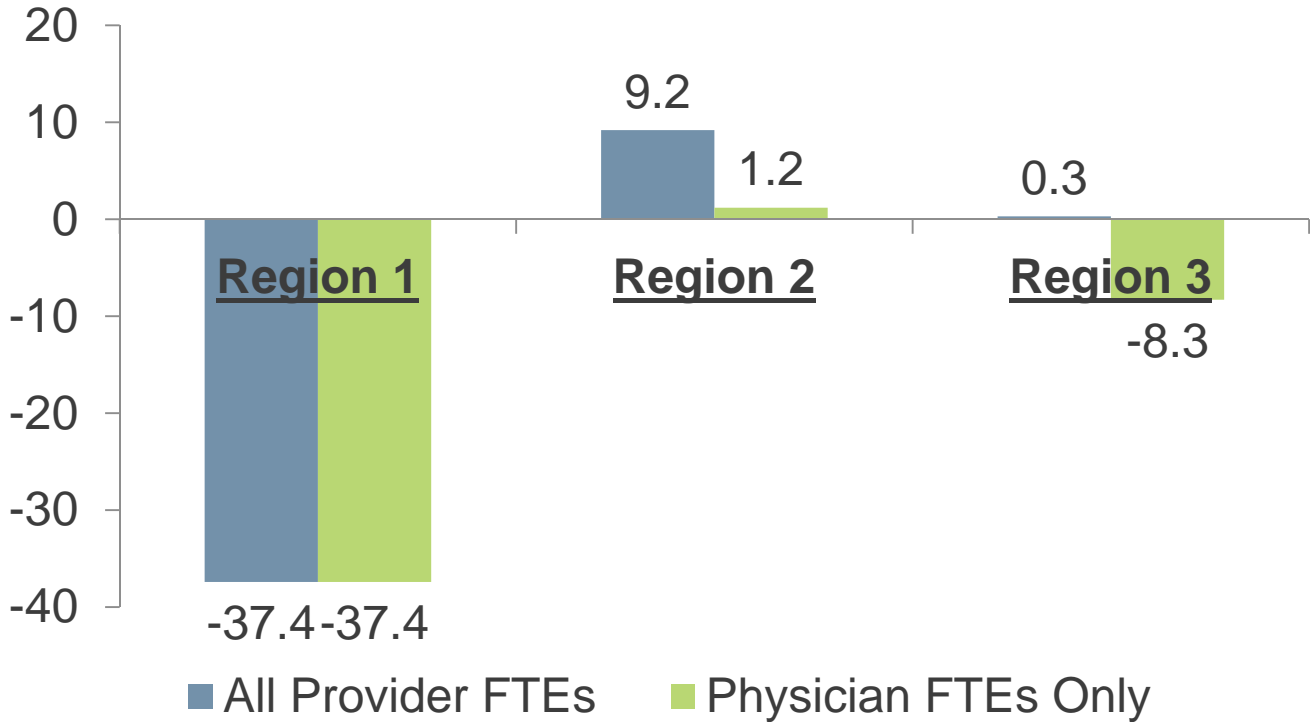
- What is the current size and scope of the primary care base in the hospital's service area?
 - What primary care access issues exist?
 - What is the current level of alignment and engagement with primary care providers?
- Is there a surplus or deficit of PCPs in the hospital's primary and/or extended service areas?
 - How will the surplus or deficit likely change over the next 5 to 6 years?
 - How will health/payment reform impact the size and scope of the required primary care base?
- What complement of PCPs, APCs, urgent care centers, retail providers, and other primary care capabilities is needed to ensure the hospital's future success?
 - In which geographies are additional loyal PCPs needed?
 - How many aligned PCPs does the hospital need to support its aligned specialists?

IV. Case Studies

Case Study #1 – Addressing Geography-Based PCP Needs

ECG worked with a Midwest hospital to develop a strategy to establish it as a premier provider organization through a strong PCP base.

PCP Surplus/(Deficit) by Submarket



An assessment of the service area by key region revealed that while the hospital has an overall deficit in PCPs, it is concentrated in certain geographic areas.

IV. Case Studies

Case Study #2 – Evaluating the Loyal PCP Base

ECG assisted a medical center in the South with developing a PCP strategy that would strengthen its overall market position.

Physician Group	Total PCPs	Aligned With Our Client	Aligned With Key Competitor
Employed by Our Client	39	39	-
Employed by Large Physician Group	41	12	29
Employed by Key Competitor	6	-	6
Independent Physicians	20	2	18
Current Total	106	53 (50%)	53 (50%)
Proposed Strategy			
Fill 2018 Supply Deficit	+ 9	+ 9	-
Replace Non-Client Physicians Age 60 and Older	-	+11	-11
Projected Total	115	73 (64%)	42 (36%)

Analysis shows that approximately half of the existing PCPs are loyal to our client and the other half are loyal to a key competitor. If our client replaces the existing PCPs slated to retire and eliminates the current PCP deficit, it would control more than 60% of the region's PCPs.

V. Critical Success Factors

V. Critical Success Factors

Developing a robust primary care base will require the hospital to:

- Develop and maintain a detailed primary care provider supply list, including anticipated changes over the next 5 to 10 years and the associated recruitment needs.
 - Understand where the primary care base needs to be maintained and secured.
 - Identify opportunities to enhance and expand the primary care base.
- Ensure effective use and deployment of midlevel providers and other care team members.
- Explore and add alternative primary care capabilities, such as walk-in/extended hours, urgent care, retail clinics, and virtual care.
- Actively seek to enhance PCP engagement in order to create real alignment (and ensure retention).

Questions & Answers

Ms. Gita B. Budd
gbudd@ecgmc.com

Ms. Emily D. Lopez
elopez@ecgmc.com

ECG Management Consultants, Inc.
703-522-8450