

The Single-Source Physician Recruitment Partnership Model

**An Innovative Approach for Today's
Competitive Physician Candidate Market**

Introduction

This isn't yesterday's physician market. Each year, it grows increasingly difficult to recruit high-demand specialists and certain primary care specialties, let alone recruit any physician into rural or less-popular areas. Compensation packages are stiffly competitive, and physicians, though still as dedicated to their work as in years past, now want to spend more quality time with their families. They want flexible work options, job sharing, early retirement, less stressful call schedules, shorter partnership tracks – and at the same time, they want to be proud of the institution they work for, collegially challenged, uplifted and inspired to practice the best medicine possible.

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The recruitment process today is no longer as simple as canvassing and interviewing when the need arises. Entire departments have been known to leave at one time, costing an institution millions of dollars in hard costs and lost productivity before those positions are refilled. Unhappy spouses, broken interview promises and restless outlooks all contribute to a volatile staffing scenario. Couple these issues with the lifestyle needs of Generations X & Y to yield a complex situation that can no longer be shuffled between departments or to the back of doctors' desks. Recruitment -- like its sister, retention -- must be dealt with aggressively, strategically and creatively if a healthcare organization plans to thrive in an increasingly competitive environment.

Physician group practices, hospitals, and other healthcare organizations that want to recruit at least 10 physicians per year and develop a growth-oriented physician recruitment and retention strategy, should consider two alternatives: 1) create a full-time in-house recruitment department, or 2) outsource the entire function via an exclusive partnership model.

This paper will show how the application of an exclusive recruitment partnership with an experienced search firm can address the complexities and challenges healthcare organizations face in maintaining, replenishing or growing adequate qualified physician staffing levels, and how such a partnership can help them succeed in today's complex and volatile candidate market.

Assessing the problem

Provider organizations can expect it to become more and more difficult to find, hire, and keep qualified physicians. Five key factors influencing this situation include:

- Decreasing supply of qualified physicians due to a constricted candidate supply, increasing numbers of available physician practice opportunities, and changing patterns in physician career choices
- Greater competition among healthcare organizations, particularly hospitals, health systems and group practices
- Increasing healthcare demand – particularly for specialists and key primary care specialties – among the aging population
- Significant geographic disparities, driven by issues such as desirability of location and malpractice environment
- Risks of lost productivity, morale and reputation due to high turnover

Nearly one-third of the approximately 800,000 physicians in the U.S. will retire in ten years amidst an estimated shortage of as many as 200,000 physicians by 2020. According to Richard A. Cooper, M.D., in the November 2004 *Annals of Internal Medicine*, the situation will worsen over the next two decades:

Taken together, the data, forecasts and signals indicate that physician shortages are upon us and are likely to worsen over time. The picture that emerges is uncomplicated and unambiguous. In simple numeric terms, the number of physicians is no longer keeping up with population growth. The ability to fully service the population is further compromised by the increasing complexity of the care that physicians provide and the decreasing time commitment that many physicians are willing to make. These limitations collide with economic trends that predict a growing demand for physician services.²

An additional factor affecting the market is a declining number of medical graduates. Information published online by the *New England Journal of Medicine* says the number of U.S. medical graduates has declined steadily as a percentage per 100,000 population. From 1981 to 1999, the numbers of U.S. medical graduates per 100,000 population dropped 16 percent. They are predicted to drop another 16 percent by 2020 if nothing changes.³

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Despite the shrinking pool of physicians from which to choose, more and more healthcare organizations are striving to expand their market share or, sometimes, to proactively replenish an aging medical staff. This expansion is coming in the form of hospitals recruiting and placing physicians in existing physician practices or in outlying regional service areas. Many medical groups, hospitals and health systems, for example, are accelerating their recruitment of large numbers of physicians, with recruitment plans that may entail hiring as many as 70 to 100 physicians over a 12- to 24-month period. The competition for physicians is stiffening so quickly that, when it comes to retention and recruitment, passivity is a losing strategy.

Beyond competition for physicians, there will be more patients needing more care. The first wave of Baby Boomers will reach retirement age in 2011. Not only are there more of them, but they may likely have more medical needs than past generations. “With fewer children to care for them and more of their children divorced and living at great distances, Baby Boomers will face a new set of challenges in order to stay healthy longer,” says Richard Suzman, PhD, associate director of the behavioral and social research program at the National Institute on Aging. “People will have to maintain their health for longer periods of their life in order to be able to function effectively.”⁴

Workforce trends such as increased demand for more specialties will continue to drive up top-dollar compensation packages in order to remain competitive. It is no longer effective to assume that the strong reputation of an institution will be enough to lure specialists and other good physicians. Demand drives compensation and specialists know they are in high demand. That knowledge drives compensation higher and higher, and makes recruiting not only expensive, but also frustrating.

In addition to the sheer difficulty of finding and competitively bidding for candidates, organizations today will suffer recruitment problems if they lack a clear vision of what physicians want, and the ability to quickly change strategies to attract and hire them.

Location also plays a part in the difficulty of recruitment. Not only is there a physician shortage, but the available physicians are not distributed evenly across the country. Effectively, this creates an even greater shortage for those areas in which physicians do not readily choose to live. Organizations in rural and less popular metropolitan areas have to work harder to attract an already scarce number of physicians. States with the least number of physicians, such as Idaho with 184 physicians per 100,000 population and Oklahoma with 185 per 100,000 population have a much more challenging situation than states with large ratios like Massachusetts (459 per 100,000 population) or New York, (417 per 100,000 population.)⁵ States deemed malpractice “crisis” states can also suffer as medical graduates often evaluate the prevalence of malpractice litigation when determining where they will practice.

To make matters worse, organizations with unfilled positions or increasing turnover leave their quality of care questionable and their reputations at risk, especially if key services are completely wiped-out. Not only is patient revenue lost, current staff members’ morale and patients’ perceptions are jeopardized by physician turnover and lengthy delays in filling positions. With the urgent strain to fill positions, healthcare organizations often make two critical recruitment errors.

First, a lack of understanding of the current physician market and what today’s physicians want. Too often, an organization will create such narrow candidate parameters (based on how they have historically recruited) that they “miss” appropriate candidates who might be solid long term fits.

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Second, out of desperation to fill a much-needed position, they may err by getting “a warm body” to fill a position, rather than selectively finding the “right fit”, a candidate who aligns with the organization’s culture. In the end, organizations with poor recruiting and retention methods find they are merely reacting to increasingly overwhelming staffing difficulties, not proactively and systematically selecting from a pool of highly desirable physician candidates who fit their culture and their clinical needs.

The Solution

Healthcare organizations that want a fighting chance at winning in today’s marketplace must commit to the best possible physician recruitment and retention strategies. No longer can these two business components be left to chance or fragmented, unpredictable methods. Staff fully dedicated and trained to focus on the task of recruitment is a necessity, and in the end, less expensive to the bottom line than the continued frustration and revenue misses created by unfilled openings.

A partnership with a single-source recruitment vendor can provide an organization with: best practices in current physician market hiring trends, proven recruitment methods, a steady flow of qualified candidates, and a dedicated professional to train and educate the organization’s entire staff on both recruitment and retention. Such a partnership can substantially improve the efficiency and quality of physician hires and help stabilize and centralize recruitment and retention initiatives. This leaves physicians to do what they do best, practice medicine, rather than wading through an inefficient process of screening and interviewing potentially unqualified or uninterested candidates or candidates who are risks of being poor long-term hires for the organization.

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How a single-source recruitment partnership works

Organizations that seek to hire 10 or more physicians per year will find outsourcing an effective recruitment model. One of the primary benefits of partnering with a proven single-source recruitment vendor is immediate access to experienced recruiting professionals and an established national recruitment “engine.” A dedicated, on-site recruitment professional, chosen jointly by the healthcare organization and vendor, brings immediate recruitment expertise and the broad candidate acquisition capabilities of a national search firm into the healthcare organization.

The vendor’s on-site recruitment professional becomes fully integrated into the healthcare organization as a dedicated member of the recruitment team, participating in leadership meetings as needed, adding input to hiring and retention strategies, fully collaborating to help achieve the organization’s key initiatives. Because of this complete integration, the on-site professional is fully equipped to evaluate each candidate based on the organization’s needs, mission, philosophy and culture. Usually, the candidate is unaware that the on-site recruiter is not employed by the organization because the integration is seamless and effective.

Under the guidance of the recruitment firm, the organization’s learning curve related to recruitment and retention is relatively short, improving the organization’s ability to achieve excellent physician recruitment and retention outcomes.

Partnership with an established single-source recruiting firm brings uniformity to an organization's recruitment efforts. Best practice recruitment and retention methods from organizations across the entire country can be garnered, taught and implemented, along with the establishment of recruitment and retention accountabilities. In short, there will be a plan, and a method of carrying it out. The outsourced "in-house" recruitment professional forms a nucleus within the organization, accountable for the organization's physician recruitment and retention success.

Benefits of the single-source recruitment partnership model

A sound recruitment model can build the following into an organization:

- Increases the likelihood of meeting the organization's physician staffing goals
- Establishes a centralized process for efficient, cost-effective recruiting
- Creates a steady stream of quality candidates
- Enhances an organization's image through consistent messaging to external and internal stakeholders
- Builds organization-wide collaboration toward recruitment goals
- Improves results, including cost savings and physician satisfaction with the recruitment process
- Highlights and reinforces retention

Benefits for an organization include both tangible and intangible results. Here are some of the many benefits cited by organizations that are using a single-source recruitment partnership model to build their success:

Powerful recruitment engine backing each on-site recruitment professional

Organizations that partner with a single-source recruitment firm gain the experience and backing of an entire recruitment firm, bringing that experience in-house to guide and lead the organization's recruitment efforts.

Efficient recruitment efforts led by a single point of contact

Recruitment is no longer scattered throughout the organization and subject to an array of strategies that may or may not be working.

Establishment of best interviewing and hiring practices

A full-time, on-site recruitment professional can effectively evaluate candidates; conduct reference checks; interview; coordinate candidate and spouse travel; provide interview preparation and itineraries; and help to transition new hires. This person also serves as an informal spokesperson for the organization, reinforcing organizational goals throughout the numerous daily interactions that occur with candidates, new hires and existing physicians. Several of the organizations using the recruitment partnership model say having thoroughly prepared and prescreened candidates with completed paperwork has changed the nature and quality of interviews. The interviews scheduled are efficient, organized and worth the interview team's time, removing any negative connotation to recruitment.

A steady supply of good candidates

The recruitment partnership model can use all the resources available to find qualified candidates, even in specialties with shortages, or in geographic locations that are less desirable for candidates. An experienced recruitment partner maintains an extensive database of candidate prospects, matching each candidate against the organization's current and projected recruitment needs.

Screening for quality and future leaders

Under a recruitment partnership model, recruitment is lifted above the level of reacting to the immediate need of filling empty positions, and shifted to a level of proactively recruiting the best physicians with retention and future leadership potential in mind. Because the recruitment professional is on-site, the need is seen before a formal search is even activated.

Consistent professional representation to physician candidate market establishes an organization as an “Employer of Choice” and improves physician satisfaction

When focus is placed on the recruitment process, more time can be given to details that add up to building a local, regional and national reputation. Candidates can be presented with a consistent message that reflects the best possible view of an organization, leading to greater candidate interest in interviewing, as well as more candidate referrals to the organization. A dedicated recruitment and communications effort can positively impact the external reputation of the organization, as well as the impressions of existing physicians and candidates alike.

Recruitment training and daily consultation

A single-source recruitment firm and on-site recruitment professional are also able to focus on training, coaching and providing consultations to an organization's leadership and interview teams. A highly experienced company, with experience in recruitment outsourcing can improve an organization's recruiting capabilities, leader by leader, physician by physician. Slowly (or in some cases, very quickly), an organization can stand on its own capabilities, with an effective recruiting engine and process in place. The recruitment firm can bring an organization out of isolation about the regional and national state of recruiting, sharing best practices with the organization about hiring trends and other factors that influence the candidate's selection and retention, making the organization more competitive at acquiring and hiring physicians.

Cost savings

The cost savings of a recruitment partnership model are reported by participants to be both direct and indirect. Money is saved by improving interview-to-hire ratios, thus lowering travel and interview expenses. Less time is wasted by the interview team in interviewing undesirable candidates or candidates who pose retention risks. Desirable candidates are more effectively acquired and consistently assessed through extensive screening. Interview visits include the spouse and tours of the location. There is a prompt offering of a contract and quick, uniform follow-up. Money is also saved through quicker recruitment to fill vacancies and through a reduction in physician time spent on day to day recruitment tasks.

Improved focus on retention as part of recruitment

Healthcare organizations known for best practices in recruitment often begin putting processes in place for retention. These include staying in touch with the new hire before the start date, revising orientation programs to better meet today's new physician hires and creating significant communication opportunities within the new hire's first 120 days and at periodic intervals afterward to ensure job satisfaction, and ultimately, retention. The very best retention method is making the "right" hire the first time.

CHECKLIST FOR SUCCESS

Critical Success Factors of a Single-Source Recruitment Partnership

In order for the partnership to succeed, the following elements should be present:

- The organization's senior leadership is involved in making recruitment a priority.
- The organization has a medical leadership and recruitment champion.
- Interview teams are trained.
- A centralized and consistent candidate approval process is in place.
- There is a readiness and willingness to hire – quickly and efficiently.
- Candidates are offered competitive compensation packages.
- Candidates are given contracts immediately at, or near, the time of verbal offers.
- There is a steady supply of qualified candidates.
- Broad candidate parameters are in place to assure diverse profiles and a wide spectrum of future leadership.
- There is a standardized process for follow-up to ensure a new hire's satisfaction.
- The organization has strong focus on retention and a formalized retention program in place.

Conclusion

Healthcare organizations that want to compete effectively today need innovative ways to recruit the best physicians and healthcare executives. Because demand is escalating and supply is shrinking, the “buyer’s market” is the new physician recruitment reality. The single-source recruitment partnership model, complete with the dedicated effort of a qualified on-site recruitment professional, focuses organizations on quality recruitment and retention. This re-energized focus will make organizations more competitive and poised for growth.

¹Richard Cooper et al, Health Affairs, January 2002.

²Richard A. Cooper, M.D., “Weighing the Evidence for Expanding Physician Supply,” Annals of Internal Medicine, November 2004, vol. 141, issue 9, pgs. 705-714.

³Nelson A. Tilden, New England Journal of Medicine Career Center for Employers, “The Coming Shortage of Physicians in the United States,” Jan.-Feb. 2001.

⁴Jennifer Warner, WebMD Medical News, “Boomer Health Care Dilemma”, CBSNews.com, Sept. 29, 2004.

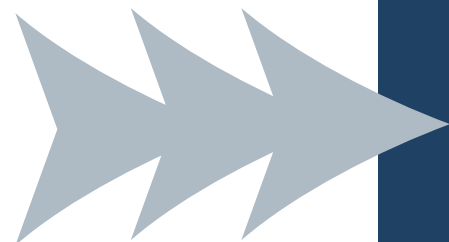
⁵Physician Characteristics and Distribution in the United States, 2004 American Medical Association Physician Master file.

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The single-source physician recruitment partnership model works for organizations that need to accelerate the development of their medical staffs in order to meet their aggressive goals for quality and growth. They realize that a “best practices” out-sourced approach to recruitment frees them to focus on their core business of caring for patients. Customized, single-source recruitment partnerships have been implemented at organizations such as a multi-specialty clinic in New England and a fully integrated healthcare systems in Texas and the Eastern United States.

Here is what the hiring executives and hired physicians have said about the results that the single-source partnership model has helped them achieve.



Built “best practices” recruitment engine

“We find that we can achieve the greatest efficiencies in our business when we focus on our core strengths. The single-source physician partnership model that we use to attract high caliber physicians has helped us develop a coordinated recruitment plan and educate physicians as to how to recruit. The number of candidates is increasing, the quality of physicians is improving and the interview to hire ratio has been cut. Less time is spent screening candidates and we are more productive.”

“Before we engaged in the single-source recruitment partnership model, our internal program was in chaos. We had a great need for structure and an organized strategy. We were looking for a high level of integrity that we came to find in our partnership with our recruiting firm.”

Enhanced reputation as “employer of choice”

“Through exit interviews we’ve found that recruiting the spouse is probably the most important key to recruiting a candidate. Our recruitment specialist shows a candidate’s spouse our town, real estate, and is on a first name basis with the principals of all the schools, both public and private. Mortgage bankers and realtors are all very aware of our growth and the impact our growth is having on our community, and this has all helped to build our reputation. I attribute this to the work done through our recruitment specialist. She has brought attention to us and to the new doctors we’ve hired. This is a positive intangible benefit we never dreamed we’d be getting out of this recruitment partnership.”

“The effect of the recruitment partnership model on our culture is that our doctors are beginning to see that they have something to be proud of here. They see that we are attracting very highly qualified people. Our staff sees that we are not just recruiting good doctors, but good doctors to fit our practice.”

Increased pipeline of qualified, first-rate candidates

“We lost an entire department at one time, which could have made us vulnerable because of the situation we were in. But our recruitment partnership model changed all that. We went from having no department, to having five new amazingly qualified doctors. At some point, we have to say we are going to hold off and don’t need another. But each candidate that is presented is just as good, or better, than the last one. It is a really nice situation to be in; to have so many good physicians to choose from.”

“We have established a reputation in the physician community as delivering top quality care, but we find that to continue as an innovative leader in healthcare delivery, we must do more. We have a clear objective to not only continue to enhance quality, but to become the gold standard for service excellence in health care delivery. We partner with our recruitment firm to help us achieve this objective by improving our recruitment and retention of the right physicians. As we grow and refine our service culture, physician credentials and technical competence are only part of the criteria. Our recruitment firm helps us source physician leaders who help us drive our service culture. We believe the benefits to us and to our patients as a result of this partnership are immeasurable.”

Ensured a positive physician-candidate experience

“I was very pleased with my recruitment experience. Of all the 30 or so recruiters I’ve dealt with, this was my best experience by far. Everyone was so pleasant and professional. What impressed me the most was the efficiency and the promptness. I spoke with the on-site recruiter on a Monday morning. By Monday afternoon, a member of the medical staff had already called me. The next morning, the interview was scheduled. There was, and continues to be, excellent follow-up. And if that’s how I was treated during the recruitment process, it speaks volumes for how efficient the organization must be.”

We want new recruits to have a chance to put their feet under the table and get involved in decision-making from the start.

Saved direct and indirect cost of filling vacancies

“When you include estimates of indirect value, such as a shorter recruiting cycle, higher caliber of physician recruits, greater physician retention and revenue and membership growth as a result of selecting talented physicians, then our physician recruitment partnership model has resulted in financial gain for our company.”

“When all of the physicians in one of our departments left a year ago to create their own business venture, we lost an annual \$4 million off the bottom line on a total of \$15 to \$20 million. With our recruitment partnership we had the first candidate placed within the shortest amount of time in our history.”

Increased retention

“Our physician turnover has gone from 13.5 percent in fiscal year 2003 to eight percent in fiscal year 2004, to 5.0 percent in fiscal year 2005, so there’s clearly a tangible financial piece to our reduced turnover. Last year we spent a lot of time on retention strategies and combined those with our recruitment firm’s recruitment strategies. So, we are not just recruiting physicians that stay, but they are being encouraged to stay by members of our departments.”

“People say, ‘what’s the worst that can happen if you hire a physician who doesn’t like your culture? He or she will just leave.’ But that’s not what happens. Before they leave, they drive other physicians in your organization out.”

“Bringing in the right physicians through our single-source recruitment partnership has increased the morale of our organization and helped us retain our physicians who are happy to be associated with other talented physicians.”