



Maintain your viability as the physician workforce dwindles

Change and uncertainty are the new norms for healthcare providers, due to today's economic climate and pervasive governmental regulations. Filling gaps left by physicians who leave medicine or change schedules is a major challenge for practice managers. Staffing instability can have a dramatic effect on groups with little or no warning, and some physician specialty vacancies can take more than a year to fill. Add licensure and credentialing and it might take up to three years to fully replace a physician.

To protect your practice from staffing fluctuations, create a succession plan.

Industry statistics provide an incentive. The American Medical Association shows that 47 percent of practicing physicians are over the age of 50, research shows that 49 percent of physicians age 50 to 65 are planning to retire or significantly reduce their hours in the next three years and 80 percent of those physicians are not involved in succession planning.¹

A succession plan, which should contain a comprehensive staff development plan that is reviewed annually, can protect your group in this uncertain environment. Physicians should be involved in its creation and review.

Anticipate upcoming retirements and resulting changes in service coverage. As physicians retire, plan to train staff physicians in those subspecialties.

When assessing how the loss of a physician will impact a group, factor hospital affiliations, community duties, educational programs, association memberships and marketing into the equation in addition to a physician's patient duties.

As physicians reach the age of 55, start evaluating how their retirement will

impact the practice. Consult Stark laws to ensure compliance. The law allows groups and hospitals to assist with succession planning recruitment when they can document "reasonable belief" that there will be a loss of community coverage within the next three years.

We see hospitals begin this process with physicians as early as age 50 and sometimes as late as age 60, and recommend 55 as a starting point because we see practice style changes around this age, such as no longer taking emergency room calls, not accepting new patients or removing high malpractice risk procedures. These changes are often a way for physicians to control the financial impact of unreimbursed procedures, lower-reimbursing payer groups or higher malpractice premiums.

It may take more than one physician to replace a busy retiring physician, who usually has high weekly patient volumes and longer workweeks compared with the four to four-and-a-half-day weeks that have recently become commonplace. Older physicians are also more likely to split a practice between outpatient and inpatient medicine while physicians who completed their training in the last decade regularly use hospitalists.

Asking the right questions

To create a viable succession plan, know the answers to these questions:

- How much competition is there for your medical specialty?
- Can the existing medical staff absorb the workload from a retiring doctor?
- How will the retiring physician's call schedule be handled?

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- How long will a typical retirement transition take?

You can use locum tenens physicians (temporary physicians who can assist a practice anywhere from a single day to a long period of time on a contractual basis) to cover vacancies if a physician plans to continue practicing but wants to drop hospital calls or specific payers. In addition, if your group is closely affiliated with a hospital there may be in-house coverage, and you can use nurse practitioners or physician assistants to bridge coverage gaps.

The Internal Revenue Service and Stark regulations allow hospitals to assist group practices with anticipated community departures or reductions within a 36-month time window. In most cases, hospitals will work with groups that

manage their physician succession. Ask your local hospital if its medical staff development plan includes a budget for physician recruiting. Some packages include net income guarantees, relocation assistance and pay recruitment costs.

To ensure minimal disruption to your group and prevent service interruptions, establish a policy for retirement notice given by physicians.

The ideal timeframe is 24 to 36 months' notice, which allows time for recruitment and ensures a smooth succession. The reality, however, is that most physicians are making decisions quickly, and normally give a few weeks' or a few months' notice. 

Notes:

1. Merritt Hawkins & Associates Survey of Physicians, merrithawkins.com/pdf/mha2007olderdocsurvey.pdf.