



EXECUTIVE SUMMARY

Provider Perspectives: Physician Employment, Engagement & Productivity

What do physicians believe about the future of employment? What are the key factors that drive productivity and engage physicians?

A research study, conducted by **Modern Medicine** and **McKesson**, reveals the views and perceptions of 125 physicians participating in an online study in February and March 2011 about employment, physician engagement and productivity drivers.

The responses that follow provide directional insight as physicians, hospitals and healthcare leaders in general strive to build a clinically strong and financially viable alliance.

Key Areas of Focus

- Test the perception that more physicians are open to employment
- Provide directional preference on the type of organization
- Assess perceptions about productivity in an employed vs. independent model
- Determine level of involvement desired within an employed group model
- Identify key drivers that can impact physician productivity

Who Would Find the Results of Most Interest?

- Hospital Executives
- Health Leaders who Employ Physicians
- Physicians in employed and independent practice

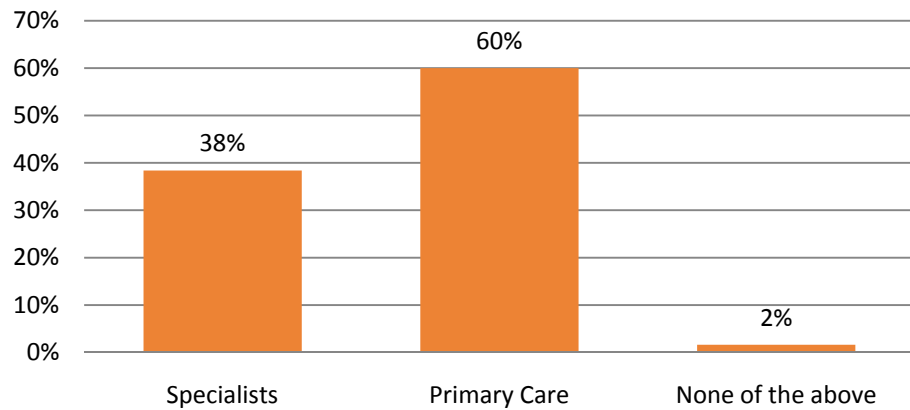
Respondent Profile

General Characteristics

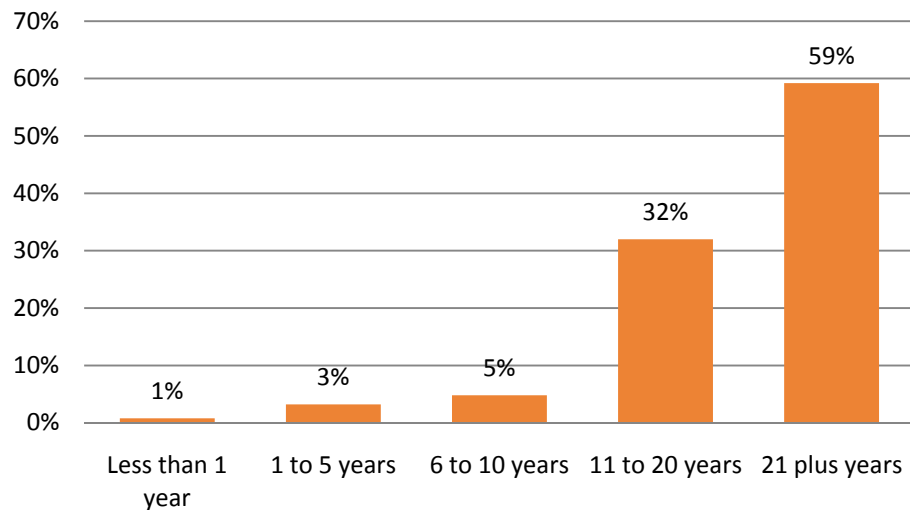
Physicians who responded are in primary (60%) and specialty (38%) care. A large majority (91%) of physicians who participating in the survey have been in practice for more than 10 years.

Demographic Background

Medical Specialization



Length of Practice

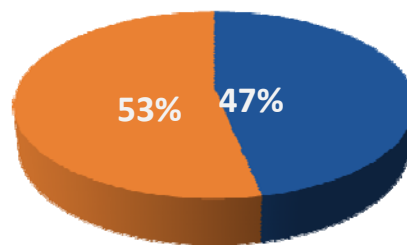


Respondent Profile

General Characteristics

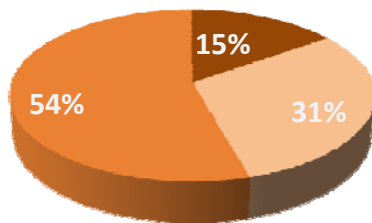
The split of physicians who are salaried or an owner or shareholder of a medical practice is about equal. Independent practices (53%) represent the majority of physicians who indicate they are currently an owner or have shareholder status. Sixty-two percent of physicians in a salaried position are either in a group practice of <=10 physicians or in a hospital-owned or faculty practice.

Current Status



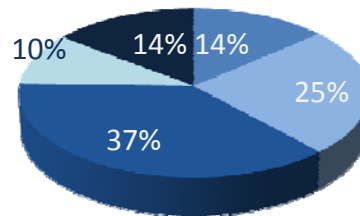
- Salaried Employee
- Owner or Shareholder

Owner or Shareholder Status



- Group Practice > 10
- Group Practice <= 10
- Solo Practice

Salaried Employee Status



- Group Practice > 10
- Group Practice <= 10
- Hospital-owned or Faculty Practice
- Military and Government
- Retired/Semi-retired/Non-clinical

Top Line Findings

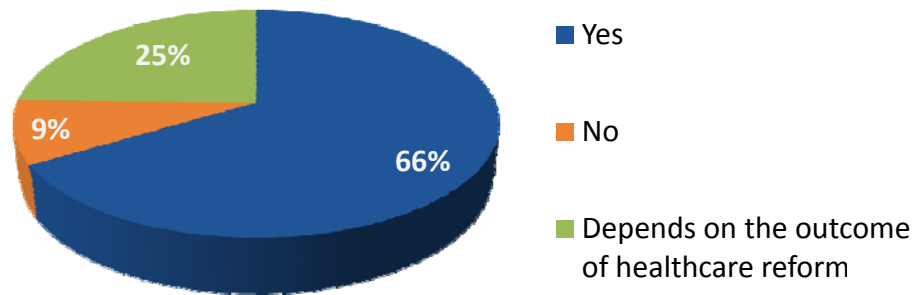
Physician
Opinions
Open to Future
Employment
Options

Employment and Organizational Type

With the rise in physician employment, many industry experts have posed the question whether the employment of physicians is sustainable for the future or just an episodic repeat of the '90s when hospitals were employing physicians in response to managed care, growing competition and other pressures such as market share growth. **Based on the responses below, at least for the next two to three years, physicians believe employment will continue to be a preferred choice.**

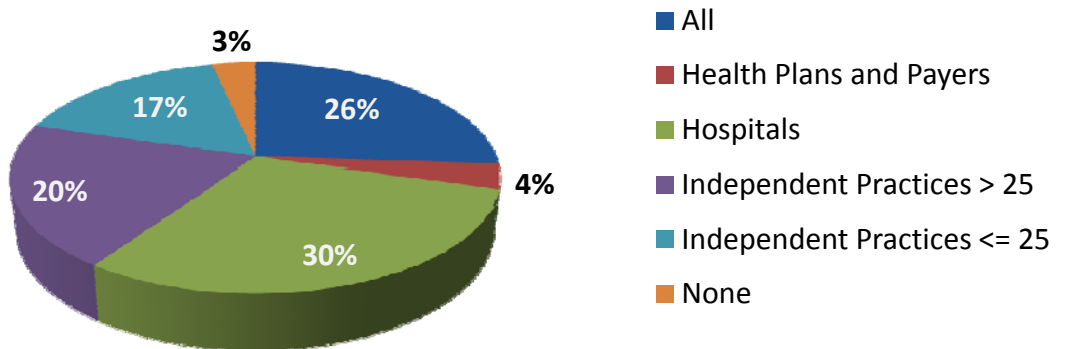
Employment

Do you think more physicians will choose employment over independent practice in the next two to three years?



Organization

What type of organizations would physicians more likely consider an employment offer from?



Hospitals at 30% are the preferred choice for consideration. However, larger independent groups (20%) are a top contender while 26% of physicians are keeping their options open in general.

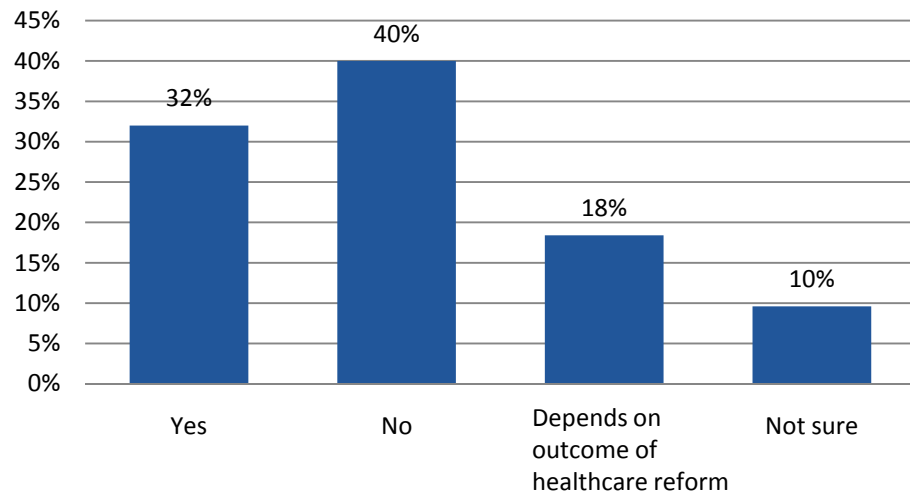
Discovery

Almost Two-Thirds of Physicians Are Open Or Undecided About Employment

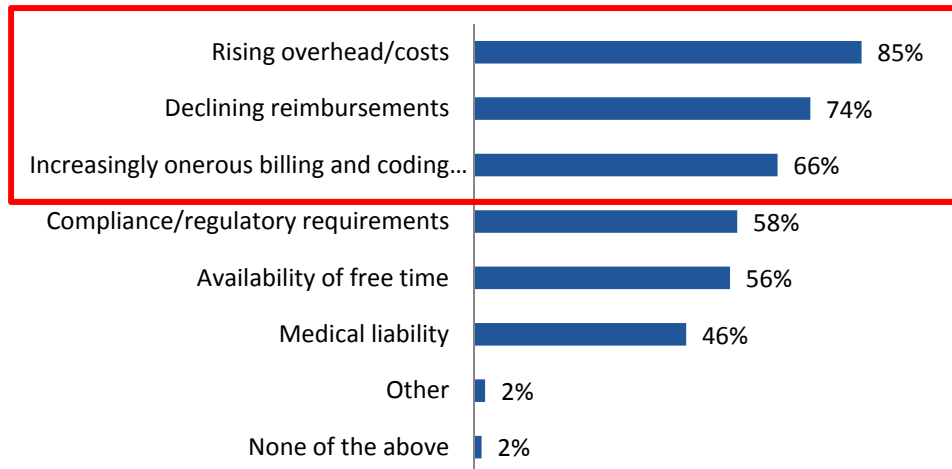
Physician Considerations/Key Drivers

Forty percent of physicians who are currently in a practice where they are also an owner or shareholder are not interested in employment in the next 12 to 24 months. The majority of these physicians are in solo practices. However, almost two-thirds of physicians answering this question are open or undecided about employment across solo and larger group sizes.

Q1. If you work in a practice in which you are also an owner or shareholder, would you consider employment in the next 12-24 months?



Q2. Why do you think physicians would consider employment rather than working in an independent practice? (Multiple choice)



Financial pressures continue to drive physicians into considering employment outside of the traditional independent medical practice. Rising overhead, declining reimbursements and increasingly onerous billing and coding requirements are the top three ranked drivers. Looking into the future, ICD-10 changes and anticipated continuance of reimbursement declines, among other influencing factors, will most likely spur on the employment trend.

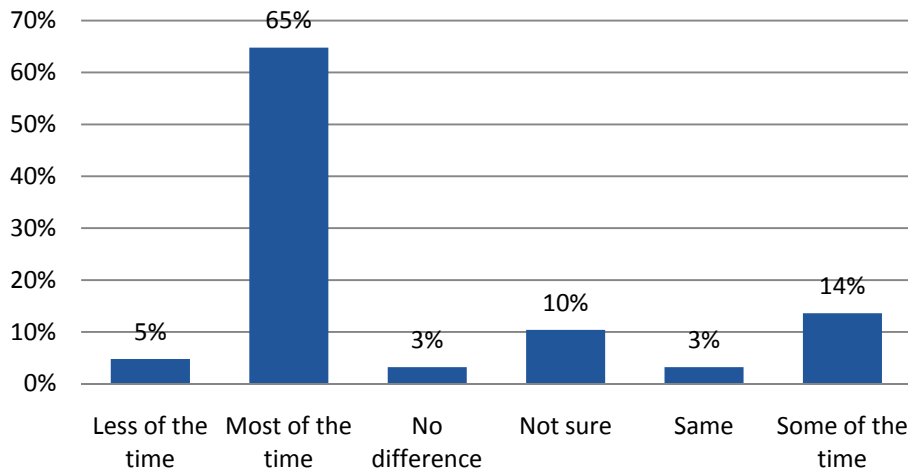
Discovery

Physician Perception is Doctors More Productive in Private Practice

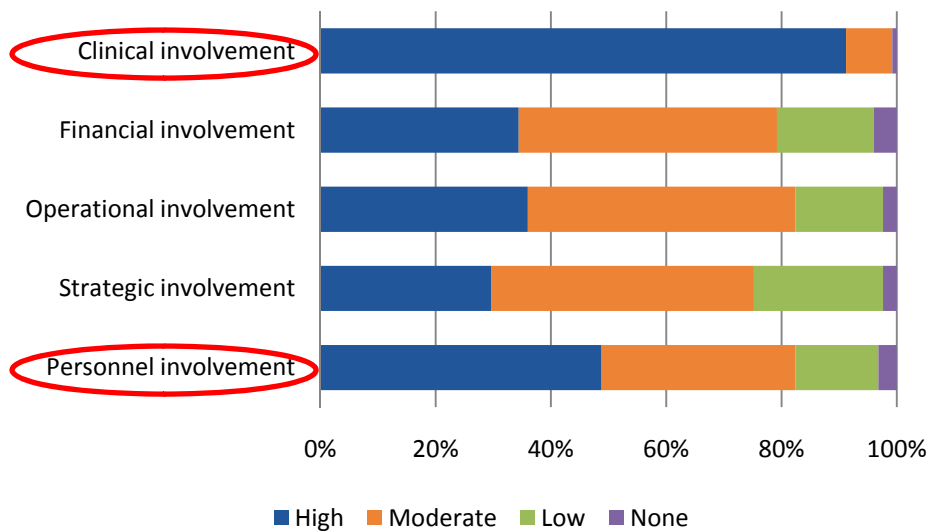
Productivity and Level of Involvement

Majority of physicians believe that physicians in private practice are more productive than those in an employed role and most physicians want to spend their time taking care of patients rather than dealing with operational issues of the organization.

Q3. Considering productivity as a function of patient care, do you think in general physicians in private practice tend to be more productive than physicians in an employed model?



Q4. If a physician is employed, what level of involvement would you consider most desirable in each of the areas below?



Discovery

Key Drivers:

Clinical Autonomy,

Income, &

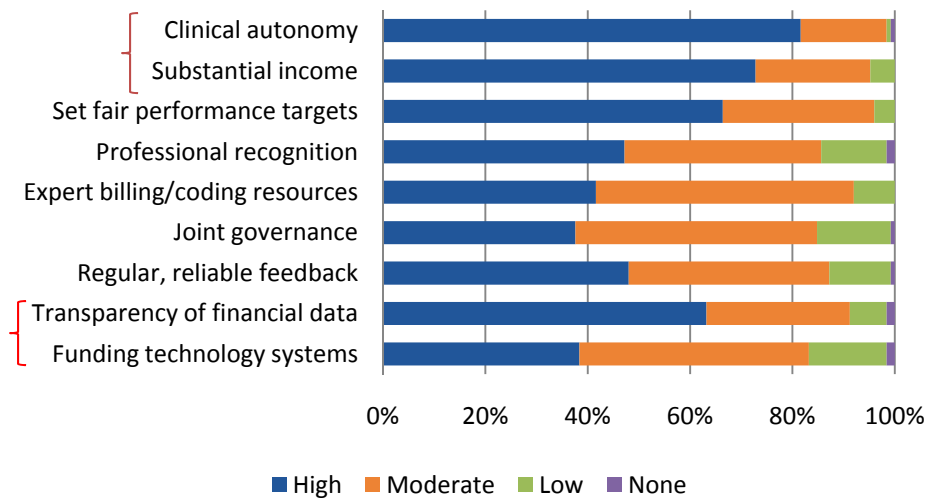
Financial

Transparency

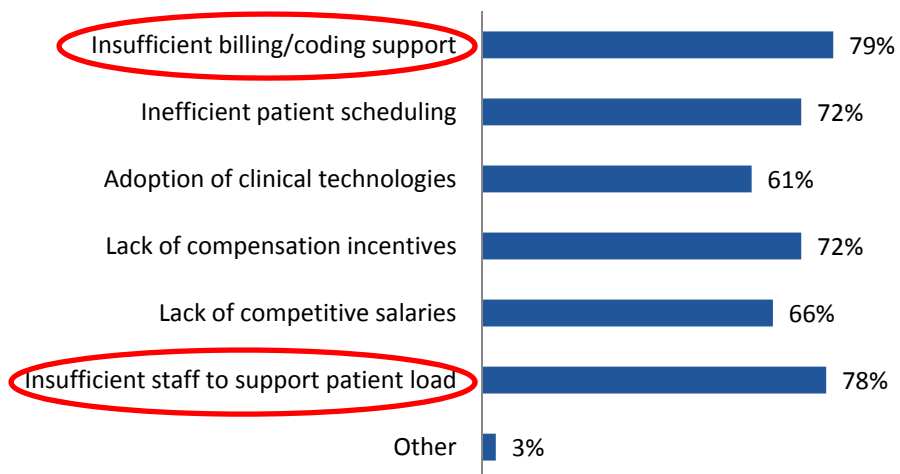
Physician Considerations/Key Drivers

The majority of physicians (80%) want clinical autonomy to practice medicine the way they determine is the best care plan for their patients. The next most important to physicians who were asked to rate the factors that drove the highest levels of physician involvement with an employer is: substantial income, setting fair performance targets and transparency of financial data.

Q5. How important are each of the following factors in driving high levels of physician involvement with their employer?



Q6. Considering productivity as a function of patient care, what are some key factors that can impact physician productivity in both employed and independent practice settings? (Multiple choice)



Insufficient billing and coding support (79%) ranked the highest as a key factor that could impact physician productivity the most followed closely by insufficient staff to support patient load (78%).

Synopsis

Summary Highlights

The study indicates that physicians are open to employment options now and in the near future. The main factors driving this behavior are indicative of the pressures of managing a medical practice. Concern over lower reimbursements, rising overhead and growing complexities related to the billing process is creating an attractive picture of employment for physicians outside of the traditional independent medical practice. The hope that employment offers is perceived income stability, the ability to focus on the care of patients and a better life balance.

Hospitals Employing Physicians

The study indicates financial transparency, income stability, provider based billing and coding support; and sufficient clinical resources are all important factors to keeping physicians involved and productive. As such, healthcare leaders need to carefully evaluate their own organization in order to determine if they have the expertise and resources needed to provide a financially stable environment and secure physician retention.

Physicians Remaining in Independent Practice

While the findings show that a portion of physicians are open to employment, the study also shows that others will remain faced with the challenges of managing an independent medical practice. In order to sustain revenues and managing costs, physicians will need to consider solutions that address the billing and financial challenges so that they can continue to concentrate on delivery quality patient care.

Pulse Survey

Modern Medicine and McKesson will continue to assess the attitudes and perceptions among physicians on employment and other topics in future pulse surveys. To receive future results, please email: consultinginfo@mckesson.com.

Methodology: The online survey, conducted by Modern Medicine and sponsored by McKesson Practice Consulting Solutions, was held within the United States between February 15 and March 1, 2011. The survey sample size of 125 physicians who completed all the questions is comprised of blind individual responses.

With pure probability samples, with 100 percent response rates, it is possible to calculate the probability that the sampling error (but not other sources of error) is not greater than some number. However that does not take other sources of error into account. Sampling error for sub samples is higher and varies. This online survey is not based on a probability sample and therefore no theoretical sampling error can be calculated.

Note: Percentages may not add up to exactly 100% due to rounding.

McKesson

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