

The Significance of a **Physician Needs Assessment**

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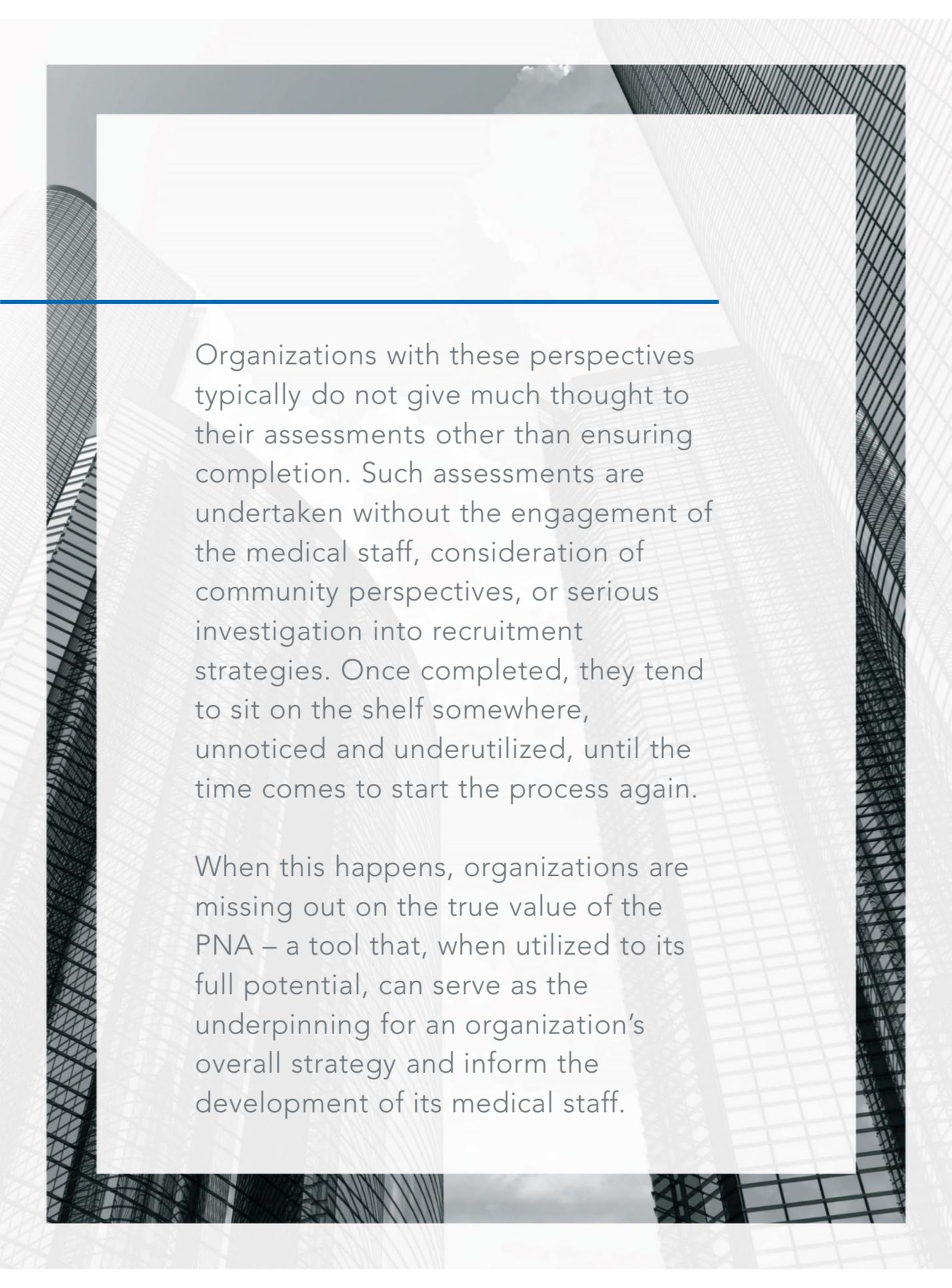
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Do We Need a Physician Needs Assessment (PNA)?

Organizations often ask, “Do we need a physician needs assessment (PNA)?” The rationale behind this question may go something like this:

- Most of our doctors are employees, so we do not need to document anything for employment.
- We already know our needs – another assessment would not tell us anything new.
- Isn't a PNA just an exercise in compliance, a box to check?

The background of the page features a low-angle, black and white photograph of several tall skyscrapers. The buildings are partially obscured by a large, white, rounded rectangular text box. A solid blue horizontal line is positioned above the text box, extending from the left edge of the page. The overall aesthetic is professional and modern.

Organizations with these perspectives typically do not give much thought to their assessments other than ensuring completion. Such assessments are undertaken without the engagement of the medical staff, consideration of community perspectives, or serious investigation into recruitment strategies. Once completed, they tend to sit on the shelf somewhere, unnoticed and underutilized, until the time comes to start the process again.

When this happens, organizations are missing out on the true value of the PNA – a tool that, when utilized to its full potential, can serve as the underpinning for an organization's overall strategy and inform the development of its medical staff.

Why is a PNA important? Why should organizations invest in a thorough PNA and consider its application to their recruitment strategies?

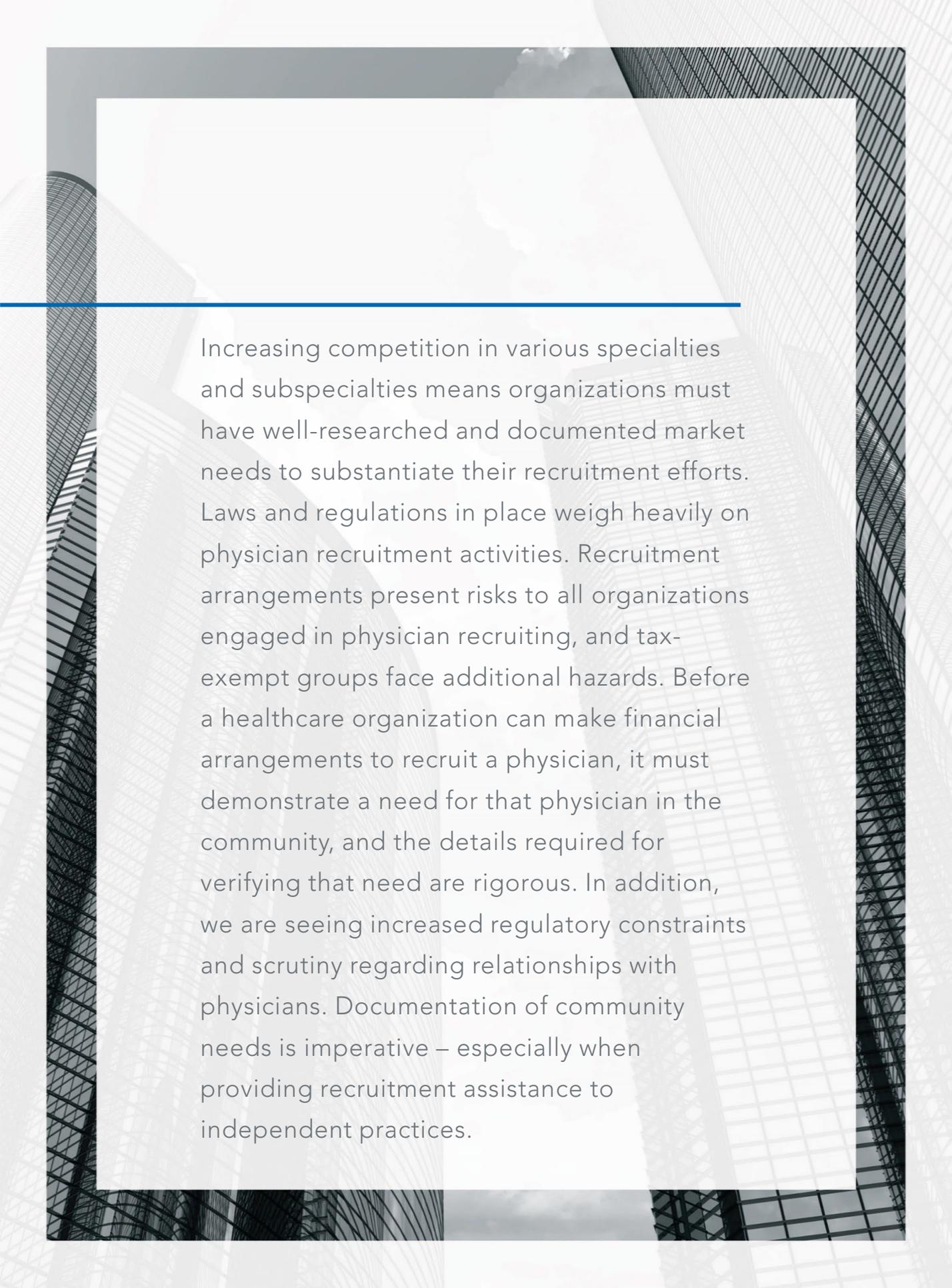
Why Conduct a PNA?

The bottom line is that healthcare organizations must understand their demand for physician services to meet a community's needs effectively. Without a thorough understanding that considers specialty-specific community needs and identifies the optimal number and type of physicians, an organization's best efforts to serve the community come down to guesswork. Healthcare organizations must identify the ideal mix of physicians to operate effectively and optimize clinical performance in their rapidly evolving markets.

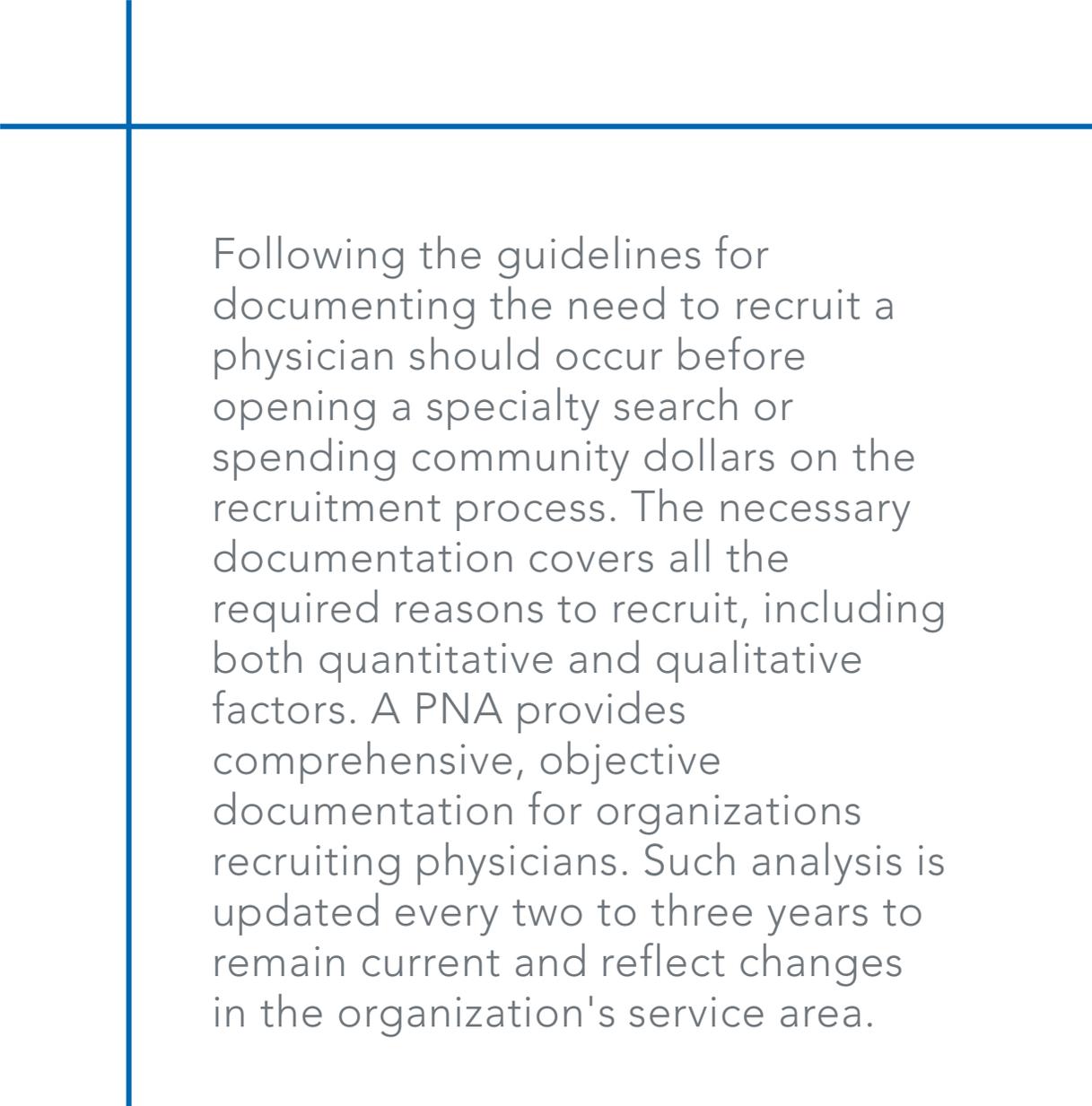
Furthermore, it is widely understood that medical staffs are not adequately replenishing themselves nationally. The Association of American Medical Colleges (AAMC) projects that, by the year 2034, physician shortages will range from 37,800 to 124,000.¹ This statistic speaks to the need for continual evaluation of the community's needs, strategic development of existing staff, and careful planning to replenish physicians lost to retirement.

Access to market-specific physician supply and demand data via an updated PNA can eliminate the guesswork and help an organization confidently move forward. A PNA enables an organization to:

- Define both current and projected community needs across medical specialties
- Determine whether the current physician makeup is meeting those needs
- Create a recruitment strategy to alter the mix or supply of physicians in response to those findings



Increasing competition in various specialties and subspecialties means organizations must have well-researched and documented market needs to substantiate their recruitment efforts. Laws and regulations in place weigh heavily on physician recruitment activities. Recruitment arrangements present risks to all organizations engaged in physician recruiting, and tax-exempt groups face additional hazards. Before a healthcare organization can make financial arrangements to recruit a physician, it must demonstrate a need for that physician in the community, and the details required for verifying that need are rigorous. In addition, we are seeing increased regulatory constraints and scrutiny regarding relationships with physicians. Documentation of community needs is imperative – especially when providing recruitment assistance to independent practices.



Following the guidelines for documenting the need to recruit a physician should occur before opening a specialty search or spending community dollars on the recruitment process. The necessary documentation covers all the required reasons to recruit, including both quantitative and qualitative factors. A PNA provides comprehensive, objective documentation for organizations recruiting physicians. Such analysis is updated every two to three years to remain current and reflect changes in the organization's service area.

Beyond aiding in compliance, conducting a PNA can help facilitate recruitment by demonstrating service area market potential. Because recruiting costs are substantial, organizations must invest their resources in specialties and services for which there is a documented community need.

Similarly, when considering opportunities, potential recruits appreciate quantitative evidence documenting the need for their services and the likelihood of market growth. The results from a PNA can substantiate market potential for both healthcare organizations and the physicians they plan to recruit.

Conversely, conducting a PNA can also promote buy-in from existing medical staff. During the assessment process, physicians are often queried by surveys or personal interviews and encouraged to offer their insights about recruitment needs. When they recognize their recommendations are being taken into respectful consideration, they are less likely to resist recruitment initiatives they may otherwise view as a threat.

Insights obtained through a PNA can also be used to inform physician compensation strategies and arrangements. There are many economic levers in today's healthcare workforce – higher base salaries, income guarantees, sign-on bonuses, student loan repayment, residency stipends, etc. These are investments a healthcare organization must be able to justify. Additionally, compensation must be consistent with fair market value (FMV) to comply with government regulations. Failure to abide by those regulations can result in civil or criminal penalties. A needs assessment bolsters the evaluation of FMV and commercial reasonableness in contractual relationships with physicians, allowing an organization to move forward with compensation arrangements confidently.

There is a growing movement toward value-based medicine and population health management in today's market. Increasingly, we are seeing a shift in focus that emphasizes patient outcomes and holistic care models over episodic care. Considering this shift, healthcare organizations have an even greater burden to understand the needs of their patient populations and align their physician recruitment strategies accordingly. Conducting a PNA can help an organization identify strengths and weaknesses in its physician base. Is the current mix of physicians adequate to support a care model based on population health management? If not, assessment results can inform recruitment strategies to alter the mix of physicians to better support such a model.

Elements of a PNA

Let's review the elements of a PNA and how an assessment generally works.

A PNA considers quantitative and qualitative factors to provide a global view of physician supply and a breakdown of specialty-specific coverage and needs. To start, we define the organization's service area and study that area's demographics. This phase aims to identify factors and characteristics that might affect the healthcare resources needed in that community. To that end, there are several questions we might consider, some of which are listed below:

- Is the population growing?
- What age group is growing the fastest?
- Which geographic areas are growing the fastest?

Next, we analyze physician demographics, compiling a quantitative database of the supply of physicians in the designated service area. The resulting roster details each physician's name, degree, specialty and/or subspecialty, age, address, medical staff status, and employment status. It also includes a consideration of full-time equivalent (FTE) allocation. Which physicians work full time, and which do not? Which physicians split their time between multiple practice locations?

To broaden our understanding, we can look at the provider composition in each market and ask questions related to employment and

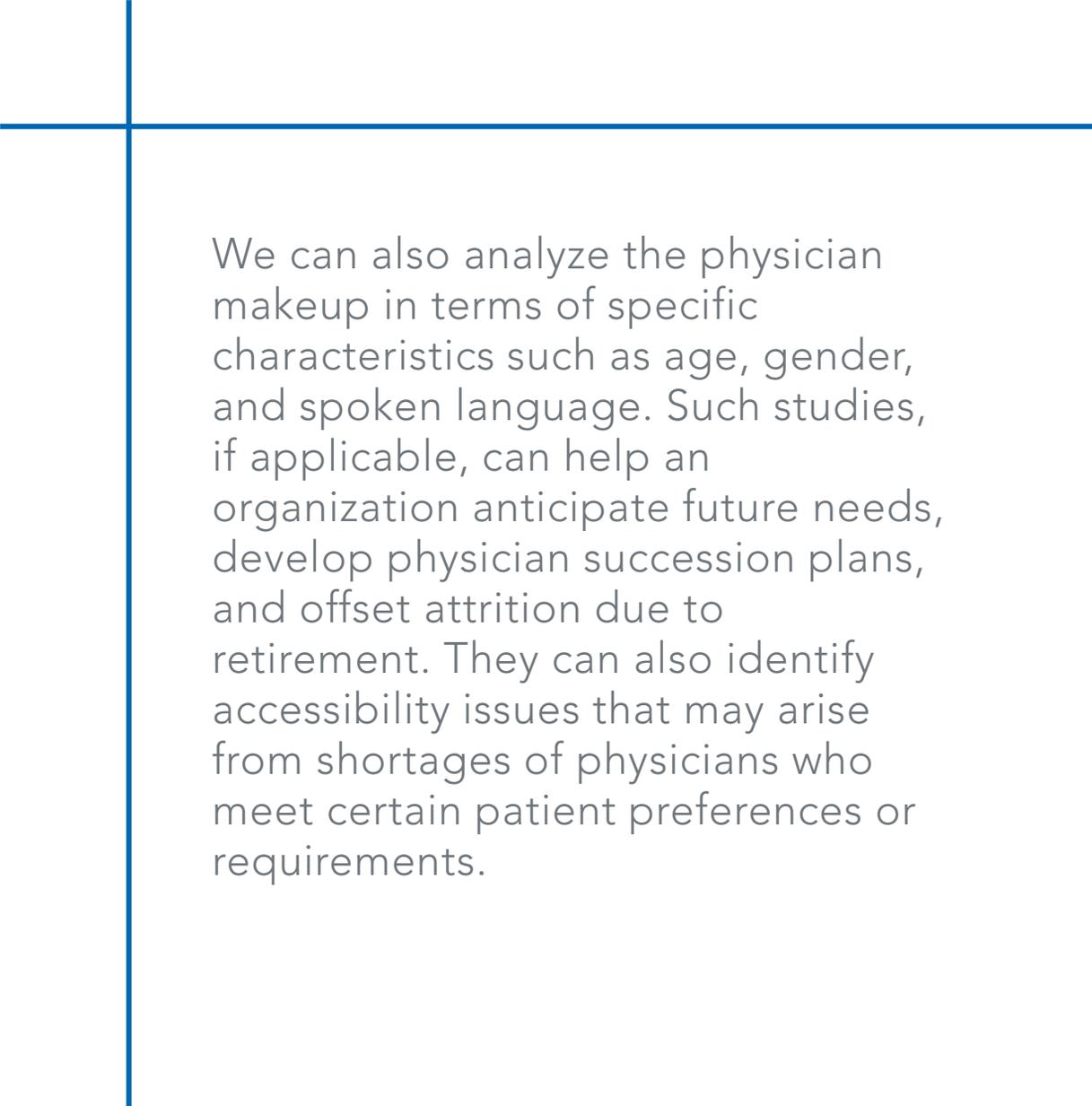
alignment: How many physicians are employed, independent, venture capital, in a closed network, etc.? Who is aligned with the healthcare organization, and to what degree?



We analyze physician demographics, compiling a quantitative database of the supply of physicians in the designated service area.



Through this process, we can determine the size and make of the physician community, visualize areas of strength, and identify specialties and services that may benefit from strategic action (recruitment and/or investment of time and resources).



We can also analyze the physician makeup in terms of specific characteristics such as age, gender, and spoken language. Such studies, if applicable, can help an organization anticipate future needs, develop physician succession plans, and offset attrition due to retirement. They can also identify accessibility issues that may arise from shortages of physicians who meet certain patient preferences or requirements.

There are many other factors to consider when studying the nuances of physician supply that can impact an organization's recruitment strategies. These factors, which can be analyzed on a project-specific basis, include:

- The prevalence of concierge or member-based practices
- The types of primary care models deployed using advanced practice providers (APPs)
- The existence of graduate medical education (GME) programs
- The application of telehealth physicians
- The level of dependence on locum tenens

Assessing physician supply can be a daunting task. It should be noted that this information cannot simply be bought or acquired from a vendor. Much of the data compiled in a PNA is based on primary research and investigation, which can be very time consuming.



After analyzing the service area's physician makeup, we investigate community needs, identify areas in which those needs are not being fully met, and, if applicable, develop appropriate physician recruitment strategies.

When considering community needs, it is important to remember that quantitative data does not stand alone. Many population-based ratios can be considered to quantify need; however, these ratios do not account for all the factors that drive the need for physicians. They are directional, a starting point for discussion and planning. Consideration of qualitative factors is also necessary to round out our understanding of a community's needs. Though qualitative factors can confirm the quantitative data's indications, they can also challenge the direction of the data point.

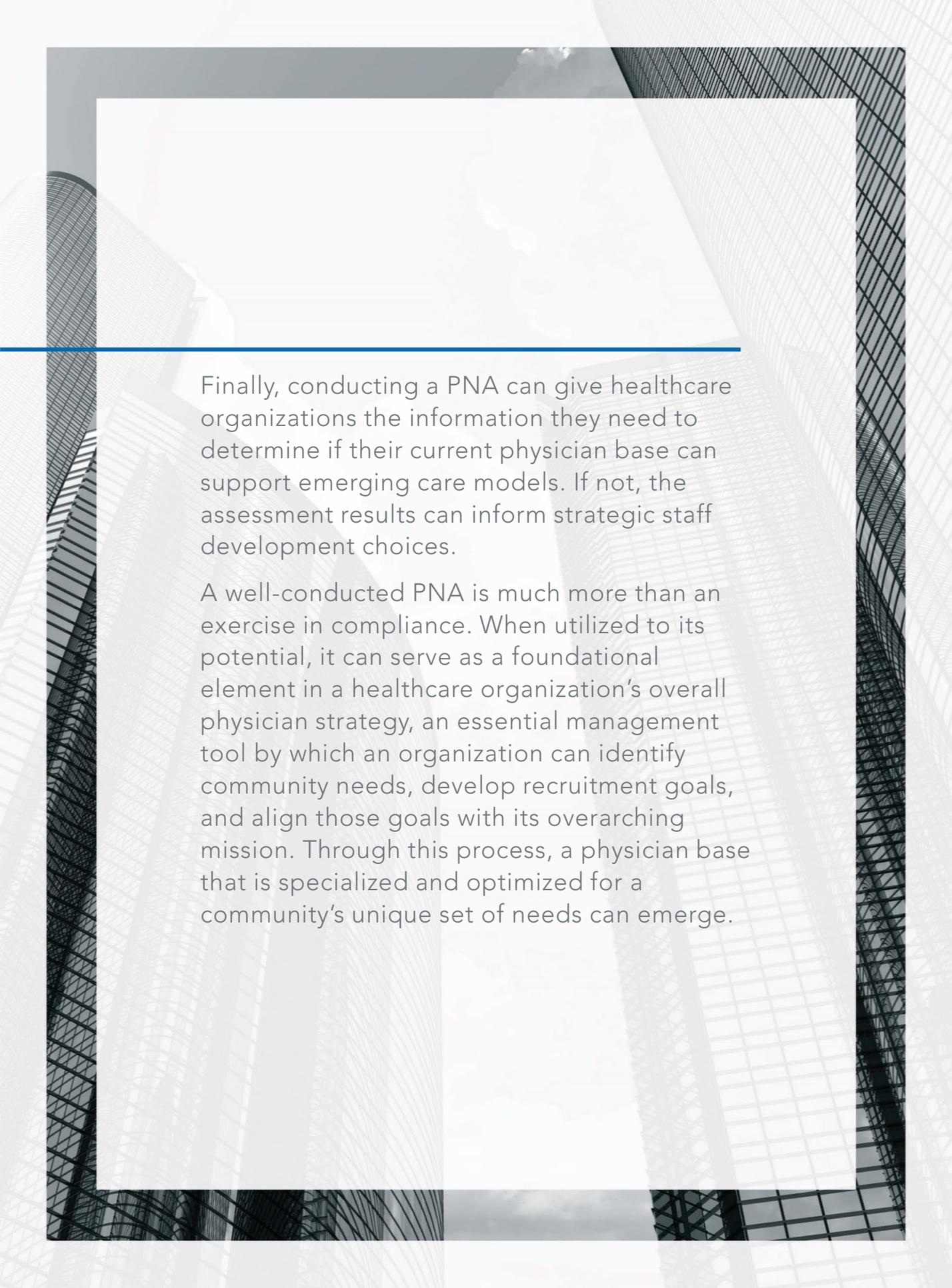
Qualitative factors we may investigate include:

- Accessibility for new patients
- Accessibility based on payer class
- Accessibility for consults
- Practice scope within specialties
- Referral patterns that exist in the community
- Patient outmigration for certain conditions and services
- Perceptions of strength and weakness by specialty among physicians
- Physician recommendations about recruitment needs
- Community input

This information can be attained in various ways that organizations should consider. As previously discussed, the medical staff can be surveyed, and personal interviews can be conducted with existing physicians. Querying the medical community in these ways can return valuable insider information, such as access concerns for referrals, concerns about referrals to specific physicians, and perceived recruitment needs. It can also be valuable to seek out input from the community itself. Focus groups involving different constituencies can provide insight into the perception of certain specialties, patient preferences, perceived healthcare needs in the community, and reasons for outmigration.

After gaining a thorough understanding of the current physician makeup and current and projected community needs, we can identify areas of physician surplus and deficit across the various medical specialties. Subsequently, those surpluses and deficits can be ranked to determine recruitment priorities and build a strategy to optimize an organization's physician base.

Pulling It All Together



Finally, conducting a PNA can give healthcare organizations the information they need to determine if their current physician base can support emerging care models. If not, the assessment results can inform strategic staff development choices.

A well-conducted PNA is much more than an exercise in compliance. When utilized to its potential, it can serve as a foundational element in a healthcare organization's overall physician strategy, an essential management tool by which an organization can identify community needs, develop recruitment goals, and align those goals with its overarching mission. Through this process, a physician base that is specialized and optimized for a community's unique set of needs can emerge.

Endnotes

1. IHS Markit Ltd (2021). The complexities of physician supply and demand: Projections from 2019 to 2034. AAMC. <https://www.aamc.org/media/54681/download>

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