

How to adapt physician compensation models for flexibility and retention

As the physician shortage in the United States continues to grow, healthcare organizations face increased pressure to develop innovative approaches to physician recruitment and retention. Changing compensation models to align with physicians' desires for flexibility and work-life balance can help organizations attract and retain top talent, ultimately improving patient care and financial performance.

Current models fail to address physician preferences

Traditional physician compensation models, often based on patient volumes or straight salary, fail to address the changing preferences of physicians across generations. With burnout rates remaining high and younger physicians prioritizing work-life balance, organizations need to adapt to remain competitive in the recruitment landscape.

Flexible compensation models will attract talent

Implementing flexible compensation models that accommodate physicians' needs for work-life balance can significantly improve recruitment and retention efforts. Options include performance-based incentives, value-based care models, production or productivity-based compensation, and capitation or productivity plus capitation. Tailoring benefit packages to the needs of current staff and future recruits is also crucial.

Successful examples of flexible compensation models include allowing physicians to complete administrative tasks from home, work in telehealth-only settings, or work reduced hours.

Recommendations for updating physician compensation

- Gather accurate and up-to-date workforce data to understand physician preferences and needs.
- Engage physicians and physician leadership as partners in developing and implementing new models.
- Prioritize clear communication and a phased rollout to simplify implementation and facilitate data collection.
- Recognize that while costs may be high initially, reduced turnover can lead to significant long-term savings.

Healthcare organizations that embrace innovative strategies to attract, retain, and support top physician talent will experience both higher physician retention and improved recruitment efforts.

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