

# Physician Workforce Trends in Pediatric Hospitals



Pediatric hospitals continue to face **physician workforce recruitment and retention challenges** due to unprecedented labor shortages, pay compression, burnout, retirements and increased competition for physician leadership talent.

As a result, many organizations are using their **limited compensation budgets to focus more strategically** on hard-to-recruit specialties, high-performing physicians, and areas requiring a greater degree of alignment with organizational imperatives.

These imperatives are influenced by an **evolving competitive landscape**, changes in **reimbursement**, **new modes of providing patient care** in support of greater access, **financial pressures** and more.

Pediatric hospitals are also focused on addressing specialties **impacted most by the pandemic**, such as **critical care medicine** and **behavioral health**. SullivanCotter expects to see these specialties emerge with greater than average compensation increases in future survey reports.



## Physician Workforce Trends

**Top pediatric hospitals and academic medical centers appear to be using some portion of physician compensation budgets to address:**

### Retention risks and competition for talent

- Compensation being driven by supply and demand
- Higher-performing physicians commanding a premium

### Pay compression and achieving parity

- Higher increases in total cash compensation observed for lower academic rank
- Reduced overall pay variation within specialties
- Accelerated pay compression due to a rise in inflation

### Transition from volume to value

- More than half of physician incentive plans include quality incentives, although they account for a smaller portion of compensation

### Expanded patient access

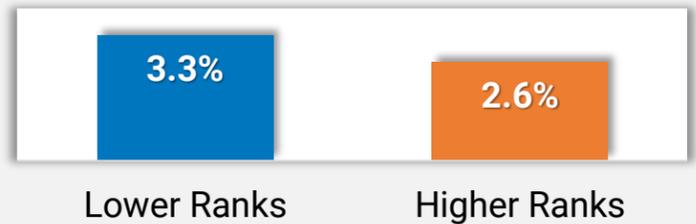
- New care models and expanded modes of providing patient care
- Expansion of community footprint, virtual medicine and behavioral health services
- Greater alignment between primary care and specialty care services

## Increases in Total Cash Compensation (TCC)

**Pediatric specialties with higher than standard (2%-3%) year-over-year increases:**

Pediatric Specialty	Average Change 2018 to 2020
Emergency Medicine, Sports Medicine (Medical)	7%
Adolescent Medicine, Cardiothoracic Surgery, General Surgery, Genetics	5%
Hematology and Oncology, Pathology, Physical Medicine and Rehabilitation	4%

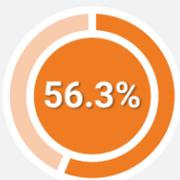
**5 Year Average Change in Pediatric TCC Increase Per Year**



**Average annual increases for lower rank faculty have outpaced higher ranks by nearly 1%**

Note: Lower ranks include Instructors and Assistant Professors; higher ranks include Associate Professors and Professors

## Quality Incentives



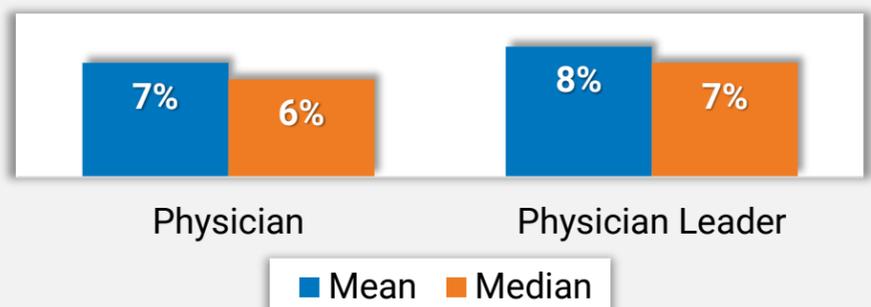
of pediatric organizations have **quality incentives** in their compensation plans

Median percentage of **TCC attributable to quality** for pediatric specialties



The percentage of TCC related to quality is highest for chiefs

**Annual Value-Based Incentive Payment as a Percentage of TCC Pediatric Specialties**



## Physician Compensation Considerations

- Continue to **assess retention risks** for high-performers, physicians in critical roles and hard to recruit specialties
- Identify and retain key **physician leadership talent**
- **Review and address physician compensation toward the lower end of the market** (25<sup>th</sup> percentile) and conduct pay equity studies to ensure alignment with diversity, equity and inclusion initiatives
- Determine need to **evaluate and develop flexible compensation programs** that include **value-based incentives**

Source: SullivanCotter 2021 Physician Compensation and Productivity Survey

**Learn More:**  
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