

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

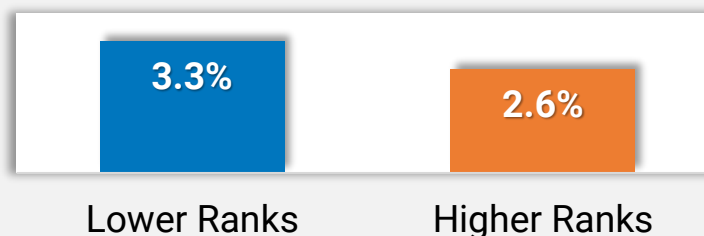
- New care models and expanded modes of providing patient care
- Expansion of community footprint, virtual medicine and behavioral health services
- Greater alignment between primary care and specialty care services

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%

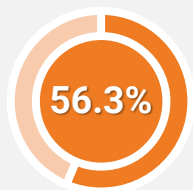
5 Year Average Change in Pediatric TCC Increase Per Year



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

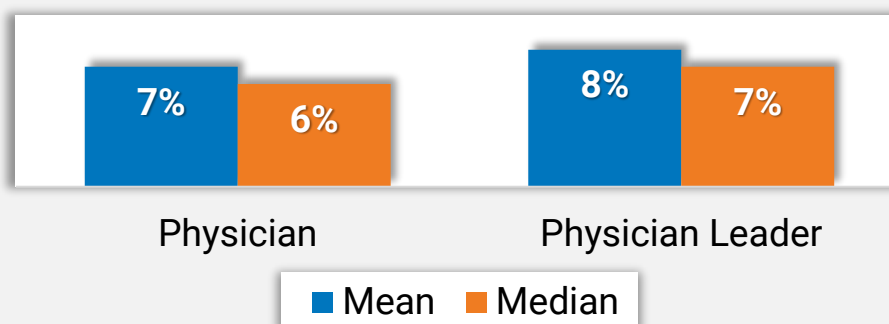
Median percentage of **TCC attributable to quality** for pediatric specialties



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** (25th 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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