HVG's **2023** Physician & APP Compensation and Recruiting Report

10TH ANNUAL
2013 – 2023

HealthValueGroup
Identifying *FMV* in the healthcare space

Each year, HVG reviews market intelligence from a variety of industry news sources, recruiting reports and surveys published by organizations like Merritt Hawkins[1] (MH), The Medicus Firm[2] (TMF), Medscape, Physicians Thrive (PT) and Doximity. We've compiled a summary of findings to reveal the current state of the healthcare provider compensation and recruiting environment in the US.

Executive Summary

Employers in the healthcare industry are facing increased challenges in attracting and retaining top talent. U.S. health care workers are dealing with a number of pressures in their jobs today, including economic strains, a growing physician shortage, and high rates of work-related burnout. In 2023, physicians will also experience a 2% Medicare payment cut after two decades of flat payments. In addition, healthcare professionals' preferences for work locations and specialties are shifting, making it more difficult for healthcare organizations to retain providers.

Physician compensations have been on the rise for several years. However, with a peak inflation rate of 9.1% as of 2022[3], the real income of physicians across the country has decreased on average.

Our annual year-in-review highlights the top specialties in demand, who's hiring, geographic and demographic trends, and provider compensation trends. Since 2020, Family Practice, Internal Medicine, and Advance Practice Providers (APPs)[4] have emerged as highly sought-after specialties. This upward trend in the demand for APPs emphasizes their increasing importance and value in healthcare delivery. The healthcare provider practice settings are also changing. Hospital-employed positions used to be the most common, but now group practice is catching up. These trends reflect the diverse needs of the healthcare industry and the importance of strategic compensation to attract and retain talent in various medical domains.

Highlights

- Demand for APPs is being driven by the growing number of "convenient care" providers, including retail clinics, urgent care centers and telemedicine platforms.
- Surgical specialists continue to be among some of the highest-paid physicians.
- Pediatricians and those who practice family medicine continue to be among the lowest-paid physicians.
- The percentage of physicians willing to accept new Medicare patients reaches a new low – 65%. (Medscape)
- The average starting salary offers for specialists were generally up year-over-year for MH's placements.
- Physician compensation continues to see a steady increase due primarily to supply and demand.

[1]MH is one of the nation's largest and well known physician recruiting and staffing firms.
[2]TMF is a prominent healthcare staffing and recruiting firm with offices in Dallas and Atlanta.
[3]According to the CPI index as June 2022.
[4]Includes Nurse Practitioners (NP), Physician Assistants (PA) and Certified Registered Nurse Anesthetist (CRNA).

The industry is seeing more physicians burning out, retiring, cutting back hours or looking for shift work or virtual care which is contributing to the physician shortage.

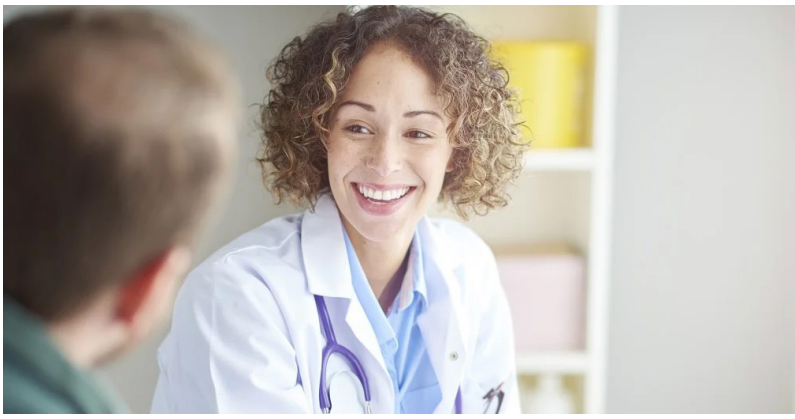
Providers in Demand

According to placements and searches conducted by TMF and MH, the top eight providers in the highest demand and their starting salaries were:

Providers in Highest Demand	
Specialty Type	Starting Salary
1. Nurse Practitioner (NP)	$130,697
2. Family Medicine	$252,641
3. Radiology	$453,375
4. Obstetrics & Gynecology	$361,571
5. Anesthesiology	$450,000
6. Psychiatry	$356,600
7. Hospitalists	$297,121
8. Gastroenterology	$506,000

- Physician Assistants (PA), general surgeons, and cardiologists were among the top ten most placed providers.
- TMF placement of APPs increased more than 250% since 2020, currently accounting for 17.3% of its placements.
- For the third consecutive year, NPs topped MH's list of most requested searches, with family physicians coming in second.
- Continued focus on mental health and post-pandemic stress has kept psychiatrists on the most in-demand list.

According to TMF, family practice physicians were the most searched-for providers for the third year in a row.



- Primary care, APPs, and IM subspecialties accounted for over 62% of TMF placements in 2022.
- Currently, MH conducts more searches for APPs (NP, PAs & CRNAs) than it does for primary care physicians.
- The majority of physician searches and placements remain for specialists.
- In 2022, the placement of in-practice physicians rose to nearly 70% from 61% in 2020. The placement of in-training physicians declined to 30% in 2022, versus 39% in 2020, according to TMF.

Who's hiring...? In 2022, hospital employed positions accounted for approximately 40% of placements, while group practice placements stood at 32%.

Payroll

- It comes as no surprise that physician compensations have steadily increased in the past few years, as the supply of physicians has declined. It's a classic supply and demand dynamic. However, some specialties experienced a greater increase in compensation than others. However, physician salaries did not keep pace with the high inflation rate, and many physicians actually experienced a decline in real income.

Specialists with Highest Increase in Starting Salary Offers	
Specialist	YoY Increase in Starting Salary
1. Dermatologist	22%
2. Psychiatrist	19%
3. Anesthesiologist	13%
4. Orthopedic Surgeon	12%
5. OB/GYN	11%

- Surprisingly, general surgery and cardiology saw no remarkable increase in salary.

Top 5 Highest Paid Physicians	
Physicians	Compensation
1. Plastic Surgery	$573,000
2. Orthopedics	$559,500
3. Cardiology	$517,000
4. Urology	$501,500
5. Gastroenterology	$477,000

Source: Medscape and Plysicians Thrive

- According to Doximity's 2023 report, adult surgical and procedural specialties are among the highest-compensated specialties. Leading the way are:

1. Neurosurgery	$788,313
2. Thoracic Surgery	$706,775
3. Orthopaedic Surgery	$624,043
4. Plastic Surgery	$571,373
5. Vascular Surgery	$557,632

- Self-employed physicians earn only slightly more than employed physicians.
- The average starting salary for mid-level providers (NPs & PAs) is around $144,000.
- Orthopedic surgeons were offered the highest average starting salary at $633,000 in 2022, according to MH's placements.
- Although pediatricians experienced one of the highest increases in salary offers, they remained the lowest average starting salary of all physicians.
- Primary care providers' starting salaries were generally flat in 2022.
- According to the TMF, Neuro/Psych physicians experienced an average yearly compensation increase of more than $21,000 since 2020, with primary care physicians and APPs following close behind.
- In training providers are demanding around $21,000 more in annual salary since 2021 due to the highly competitive market for providers right out of training.

- Specialties with the largest decline in salaries were:

1. Cardiology	-16%
2. Dermatology	-3%
3. Pediatrics	-3%
4. Non-surgical specialties	-1%
5. Surgical physicians	-1%

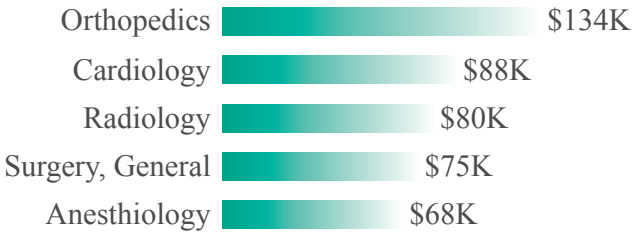
Bonus Pay

- RVU-based bonuses continue to represent the major source of bonuses for physicians.[5]
- 56% of physicians reported receiving a quality-based bonus, which is up from 23% in 2021.
- According to MH, the total compensation plans offered to new-hires included a quality-based bonus which accounted for 14% of the total compensation.

[5]Physicians Thrive 2023 Report

- According to Medscape's 2023 survey, more than 57% of specialties said they receive incentive bonuses. Here are the top 5:

Average Incentive Bonuses, by Specialty:



- 54% of primary care providers reported receiving an average bonus of $33,500.

Recruiting Incentives

- Relocation money for TMF placements averaged $10,745 for its 10 most popular placements.
- Seven out of the top 10 specialties experienced an increase in signing bonuses compared to the prior year, except for Family Medicine, Internal Medicine, and Cardiology.
- The top three specialties with the highest increase in signing bonuses were radiology, hospitalists, and OB/GYN (TMF).
- Hospital based providers had the highest average signing bonus in 2022, at $43,250, which was the largest increase ($14,470) from the previous year.
- In 2022, the majority of new-hire providers received signing bonuses.

Average signing bonus for physicians was $37,000

Average signing bonus for mid-levels was $11,000
(MH and TMF)

- MH saw a 42.5% increase in the highest signing bonus to $570,000.
- The signing bonuses for NPs and PAs actually declined slightly in 2022, while 2021 signing bonuses increased 24.4%.
- On average, 70% of new offers included re-location expenses.

Relocation allowance for physicians averaged close to $12,000 and $8,000 for APPs.

- The average education loan forgiveness was $70,700 for APPs and $98,665 for physicians.
- The majority of education loan forgiveness was at 3 or more years.

Geographic Placement & Earning Trends

- According to TMF, the Western region of the US has shown a 71.4% increase in placements. Meanwhile, the South and Midwest are still the two leading regions for annual provider placements.
- Since the Covid-19 pandemic, there has been a significant surge in healthcare provider placements in major metropolitan areas, which rose from 12.4% of total placements in 2020 to 28.2% in 2022.
- Over 50% of TMF placements and over 70% of MH placements in 2022 were in metro areas with a population over 100K.

In 2022, 52.1% of MH family practice placements occurred in small towns or rural areas.

- The percentage of healthcare job placements for MH in major cities was only 12.4% in 2020 but rose to over 28% in 2022.

According to Medscape, the top earning states for physicians include:

Highest Avg. Comp.	
1. Wisconsin	$397K
2. Indiana	$372K
3. Georgia	$363K
4. Connecticut	$362K
5. Missouri	$361K

Lowest Avg. Comp.	
1. Maryland	$306K
2. Colorado	$327K
3. Virginia	$330K
4. Massachusetts	$331K
5. Arizona	$334K

Some metro areas pay physicians better than others. Metro areas that pay the highest and lowest physician salaries:

Highest Average Compensation	
1. Charlotte, NC	$430,890
2. St. Louis, MO	$426,370
3. Oklahoma City, OK	$425,096
4. San Jose, CA	$418,600
3. Minneapolis, MN	$411,677

Lowest Average Compensation	
1. Washington, DC	$342,139
2. Baltimore, MD	$346,260
3. Boston, MA	$347,553
4. San Antonio, TX	$347,692
5. Raleigh, NC	$351,732

Source: Doximity 2023 Physician Compensation Report

Gender Disparities

The gender pay gap for physicians decreased from 28% in 2021 to 26% in 2022.

- In 2022, female physicians earned nearly $110,000 (or 20%) less than male physicians, on average.
- The pay gap between genders in primary care is shrinking, according to Medscape. In the past few years the pay differential was 25% in favor of male PCPs. In 2022, the pay gap shrunk to 19%.
- Male specialists earn 27% more than female specialists (Medscape).
- For what it's worth, more than 50% of OB/GYNs, pediatricians and PCPs are female.

- If you're a female physician, you might consider relocating to one of the following cities where female physicians earn the highest annual compensation, according to PT:

Minneapolis, MN	$347,426
Sacramento, CA	$341,107
Tampa, FL	$339,505
Buffalo, NY	$335,247
Charlotte, NC	$331,556
Dallas, TX	$331,215

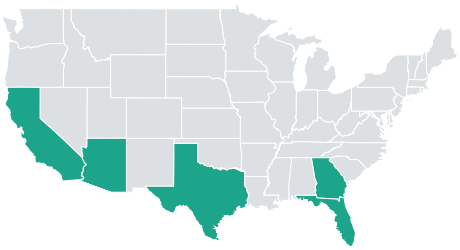
Specialties with largest Gender Pay Gaps	
Specialty	Difference
Oral/Maxillofacial Surgery	-22.8%
Allergy & Immunology	-21.1%
Otolaryngology	-20.1%
Pediatric Nephrology	-20.0%
Thoracic Surgery	-19.5%

Physician Shortages

A study by Human Resources for Health says that the top five states expected to have the largest physician shortage by 2030 are:

- California
- Florida
- Texas
- Arizona
- Georgia

(Medscape)



- According to The Associate of American Medical Colleges, the U.S. could see a shortage of 54,100 to 139,000 physicians by 2033.
- The shortage of physicians is expected to span both primary and specialty-care fields, with primary care being the largest area of concern.

The physician shortage can be characterized as a looming public-health crisis.

What's causing the physician shortage?

- Aging population – elderly people need more healthcare.
- Retirements: more than 40% of current physicians will be over age 65 between now and 2034.
- Burnout, stress, and lasting effects of COVID-19.
- Telehealth and convenient care are influencing hiring trends and work conditions.

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