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# 2017 SURVEY

# FINAL-YEAR MEDICAL RESIDENTS

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A Survey Examining the Career Preferences, Plans and Expectations of Physicians Completing Their Residency Training. Based on 2017 Data.



**MERRITT HAWKINS**   
an AMN Healthcare company

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Merritt Hawkins / Corporate  
Cypress Waters Blvd. #300  
Dallas, Texas 75019  
(800) 876-0500  
[merrithawkins.com](http://merrithawkins.com)

Merritt Hawkins / Eastern Regional Office  
100 Mansell Ct, E, Ste 500  
Roswell, GA 30076  
(800) 306-1330

For additional information about this survey contact:  
Phillip Miller  
[phil.miller@amnhealthcare.com](mailto:phil.miller@amnhealthcare.com)

# Summary Report

*2017 Survey of Final-Year Medical Residents*

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## OVERVIEW

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Merritt Hawkins is a national healthcare search and consulting firm specializing in the recruitment of physicians in all medical specialties, physician leaders and advanced practice clinicians. Now marking 30 years of service to the healthcare industry, Merritt Hawkins is a company of AMN Healthcare (NYSE: AMN), the nation's largest healthcare staffing organization and the industry innovator of healthcare workforce solutions. As part of its thought leadership efforts, Merritt Hawkins regularly conducts a variety of surveys and studies regarding a wide range of physician related topics. Prior surveys and reports conducted by Merritt Hawkins include its annual *Review of Physician and Advanced Practitioner Recruiting Incentives*, *Survey of Physician Inpatient/Outpatient Revenue*, *Survey of Physician Appointment Wait Times*, and its *Physician Access Index* rating each state on the basis of patient access to physicians.

In addition, Merritt Hawkins is frequently retained to conduct surveys and research reports for third party organizations seeking information regarding physician practice patterns, health facility physician recruiting patterns, physician morale, physician career plans and related topics. Organizations for which Merritt Hawkins has conducted research include **The Physicians**

**Foundation**, a non-profit grant-making organization composed of over 20 state and regional medical societies, **The Indian Health Service**, **Trinity University**, **the American Academy of Physician Assistants**, the **American Association of Surgical Administrators**, the **North Texas Regional Extension Center/Office of the National Coordinator of Health Information Technology**, and the **Association of Managers of Gynecology and Obstetrics**. In addition, Merritt Hawkins has twice provided expert testimony to **Subcommittees of the Congress of the United States**.

This report summarizes results of Merritt Hawkins' *2017 Survey of Final-Year Medical Residents*. Merritt Hawkins has conducted this survey periodically since 1991 to determine the level of demand for graduating medical residents and a variety of other factors pertaining to the career preferences and practice plans of physicians completing their medical training.

Survey information is offered as a tool to help hospitals, health networks, medical groups and other health care organizations to recruit medical residents. It also may assist policy analysts, academics, journalists and others who follow physician workforce trends to assess the changing priorities and



preferences of newly trained physicians entering the medical field.

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## METHODOLOGY

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The *2017 Survey of Final-Year Medical Residents* was conducted by via email. Merritt Hawkins emailed the survey to approximately 22,000 final-year residents and fellows in a wide range of specialties using a randomly selected email list provided by a third party data base vendor. Surveys were emailed to residents on the list in April of 2017. A total of 935 responses were received by June 25, 2017, for a response rate of 5%. Survey results were compiled in July, 2017, and this report was completed and released in September, 2017.

Questions asked in the survey have varied over the years. Comparisons to responses received in the last several years that the survey was conducted are included where relevant.



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## MARGIN OF ERROR ASSESSMENT

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Survey results were submitted to experts in statistical response analysis at the University of Tennessee to develop a margin of error assessment describing the accuracy and reliability of the survey. Following is an excerpt from their report:

### Specific Assessment

**The overall margin of error for the entire survey is ( $\mu \pm 3.22\%$ ), indicating a relatively insignificant sampling error for a survey of this type.** There is roughly a 1 in 31 chance that a random resident not selected to participate in the survey would give responses that fall outside the distribution of the sample frame. However, it should also be noted that the error rate fluctuates somewhat according to individual questions and response items within the questions, and thus the assumption that this error rate is stable across all questions is a bit tenuous. For some items, the MOE is slightly greater than 3.3%, which is still a very respectable rate, but does differ from the overall mean rate. Given the strength of this method, this survey is usable to make high-level or executive summary points, and readers should simply be encouraged to interpret the results with the understanding that on rare occasions, an observation might meaningfully differ from the overall response profile.

### **College of Business Administration, University of Tennessee**

A complete copy of the margin of error assessment is available upon request.

# Key Findings

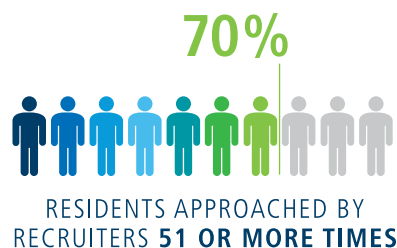
*Merritt Hawkins' 2017 Survey of Final-Year Medical Residents reflects the concerns and expectations of physicians who are about to complete their final year of training and enter the job market.*

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## KEY FINDINGS OF THE SURVEY INCLUDE

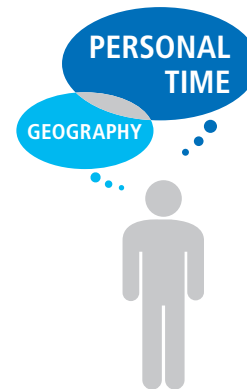
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- Recruitment of medical residents has become more intense over the last several years. 70% percent of residents said they received 51 or more job solicitations from recruiters during their training, up from 63% in 2014, the last time the survey was conducted.

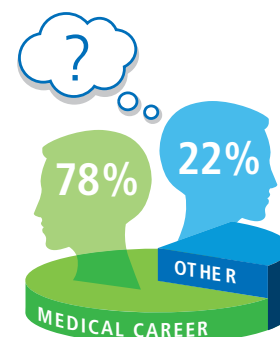


- 50% of residents said they received 100 or more job solicitations during their training, up from 46% in 2014. This is the highest percent of residents who have reported receiving 100 or more job solicitations since Merritt Hawkins began the survey in 1991.
- Primary care residents are in particularly strong demand. 55% of primary care residents indicated they received 100 or more job solicitation during their residency training.

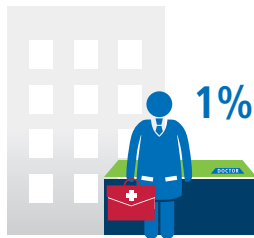
- Residents rated “personal time” as the most important factor in considering a practice opportunity, followed by geographic location of the practice.



- Residents rated “availability of free time” as their biggest concern as they enter their first professional practice.
- Though inundated with job offers, some residents expressed second thoughts about their choice of a career. Twenty-two percent of residents indicated that they would choose a field other than medicine if they had their education to do over again.

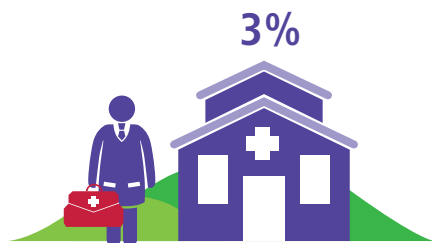


- More residents (41%) indicated they would prefer to be employed by a hospital than any other practice option. Only 1% percent indicated they would prefer a solo setting as their first practice.



**ONLY 1% PREFER SOLO PRACTICE**

- The great majority of residents (92%) would prefer to practice in communities of 50,000 people or more. Only 3% would prefer to practice in communities of 25,000 or less and only 1% would prefer communities of 10,000 or less.



**ONLY 3% PREFER SMALL, RURAL FACILITIES**

- Over one-third of residents (38%) said they are unprepared to handle the business side of medicine. Only 10% of residents said they are very prepared to handle the business side of medicine.

- About half of residents (49%) said they received no formal instruction during their medical training regarding medical business issues such as contracts, compensation arrangements, and reimbursement methods, down from 56% in 2014.

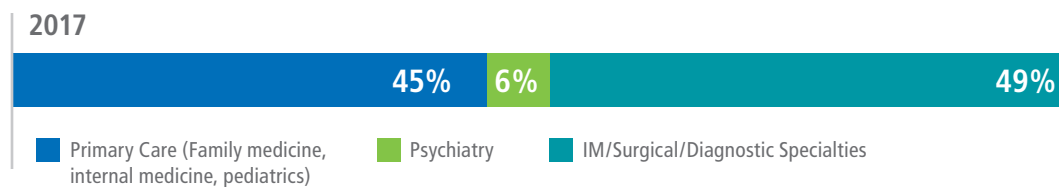
- The majority of residents (78%) expect to make \$176,000 or more in their first practice.
- The great majority of residents (94%) would prefer employment with a salary in their first practice rather than an independent practice income guarantee or loan.
- The majority of residents (72%) begin a serious job search either within one year of completing their training or more than one year before completing their training. 28% percent wait until six months before completing their training to start a serious job search.

Following is a breakdown of questions asked in the survey and responses received.

# Questions Asked and Responses Received

(all responses rounded to the nearest full digit)

## 1 What is your medical specialty?



## 2 About how many times during the course of your residency have you been solicited about medical practice job opportunities by recruiters, hospitals, medical groups, or others? Please include all recruiting letters, phone calls, personal conversations, emails or other forms of communication you may have received.

	2017	2014	2011	2008	2006
0 to 10	4%	12%	2%	6%	4%
11 to 25	10%	11%	9%	14%	17%
26 to 50	16%	14%	11%	40%	27%
51 to 100	20%	17%	31%	34%	36%
Over 100	50%	46%	47%	6%	16%

### Recruitment solicitations by specialty

	Primary Care	Psychiatry	IM/Surgical/Diagnostic
0 to 10	3%	5%	7%
11 to 25	8%	2%	11%
26 to 50	12%	16%	19%
51 to 100	21%	30%	18%
Over 100	55%	48%	46%

**3** Which of the following do you consider to be the most useful sources for learning about practice opportunities?

	VERY USEFUL		SOMEWHAT USEFUL		NOT USEFUL	
	2017	2014	2017	2014	2017	2014
Personal networking	66%	67%	30%	30%	4%	3%
Residency program	38%	34%	46%	47%	16%	19%
Online job boards	23%	25%	52%	56%	25%	19%
Physician recruiters	18%	17%	51%	58%	31%	25%
Specialty societies	25%	23%	54%	58%	21%	19%
Medical journals	8%	11%	44%	48%	48%	41%

**4** At what point in your residency did you begin to seriously examine practice opportunities -- actually obtaining information, arranging interviews, etc?

	2017	2014	2011	2008	2006
Six Months Before Completion	27%	32%	28%	1%	27%
One Year Before Completion	45%	45%	51%	17%	40%
Over One Year Before Completion	28%	23%	21%	82%	33%

**5** What is important to you as you consider practice opportunities?

	VERY IMPORTANT		SOMEWHAT IMPORTANT		NOT IMPORTANT	
	2017	2014	2017	2014	2017	2014
Geographic location	75%	69%	23%	30%	2%	1%
Adequate call/coverage/personal time	78%	60%	21%	39%	1%	2%
Lifestyle	74%	61%	25%	37%	1%	2%
Good financial package	69%	58%	30%	41%	1%	1%
Proximity to family	51%	48%	38%	39%	11%	13%
Good medical facilities/equipment	55%	48%	42%	48%	3%	4%
Specialty support	39%	32%	52%	58%	9%	10%
Low malpractice area	16%	18%	57%	57%	27%	25%
Educational loan forgiveness	22%	19%	43%	43%	35%	38%



## 6 Which of the following practice settings would you be most open to? (indicate one only)

	2017	2014	2011	2008	2006*
Hospital Employee	41%	36%	32%	22%	52%
Partnership	8%	20%	28%	24%	71%
Single Specialty Group Employee	18%	11%	10%	23%	91%
Multi-Specialty Group Employee	16%	14%	10%	16%	60%
Outpatient Clinic	N/A	8%	6%	8%	17%
Locum Tenens	2%	2%	1%	0%	9%
Solo	1%	2%	1%	1%	8%
Association	N/A	2%	>1%	4%	9%
HMO	2%	1%	>1%	1%	6%
Urgent Care Center	1%	N/A	N/A	N/A	N/A
Community Health Center (CHC)	5%	N/A	N/A	N/A	N/A
Unsure	5%	2%	9%	1%	5%
Other (Student Health, Corporate, etc.)	2%	2%	N/A	>1%	1%

\*In 2006, residents surveyed had the option of choosing multiple responses. In all other years, they were asked to give one response.

## 7 Based on population, in what size community would you most like to practice?

	2017	2014	2011	2008	2006
10,000 or less	1%	1%	>1%	3%	0%
10,001 – 25,000	2%	2%	4%	1%	<1%
25,001 – 50,000	5%	4%	2%	13%	4%
50,001 – 100,000	9%	10%	10%	19%	15%
100,001 – 250,000	15%	16%	15%	23%	30%
250,001 – 500,000	20%	20%	21%	20%	26%
500,001 – 1 million	24%	23%	20%	15%	18%
Over 1 million	24%	24%	28%	6%	7%

**8** Which of the following types of compensation would you prefer at the start of your first professional practice?

	2017	2014	2011	2008	2006
Salary w/Production Bonus	66%	73%	78%	78%	91%
Salary	28%	19%	16%	18%	39%
Income Guarantee	6%	8%	6%	2%	33%
Bank Loan	<1%	<1%	N/A	0%	<1%

*\*In 2006, residents surveyed had the option of selecting multiple responses*

**9** What level of compensation do you anticipate achieving in your first professional practice?

	2017	2014	2011	2008	2006
Less than \$50,000	<1%	<1%	<1%	N/A	N/A
\$50,000-\$75,000	1%	1%	1%	N/A	N/A
\$76,000-\$100,000	2%	2%	1%	N/A	N/A
\$101,000-\$125,000	4%	3%	5%	N/A	N/A
\$126,000-\$150,000	7%	7%	8%	N/A	N/A
\$151,000-\$175,000	7%	9%	13%	N/A	N/A
\$176,000-\$200,000	15%	16%	15%	N/A	N/A
\$201,000-\$225,000	15%	14%	15%	N/A	N/A
\$226,000-\$250,000	10%	10%	9%	N/A	N/A
\$251,000-\$275,000	9%	10%	23%	N/A	N/A
\$276,000-\$300,000	7%	7%	N/A	N/A	N/A
\$301,000-\$325,000	6%	7%	N/A	N/A	N/A
\$326,000 or more	17%	14%	N/A	N/A	N/A

Level of expected compensation by specialty:

	Primary Care	Psychiatry	IM/Surgical/Diagnostic
Less than \$50,000	0%	0%	0%
\$50,000-\$75,000	2%	0%	1%
\$76,000-\$100,000	3%	2%	1%
\$101,000-\$125,000	6%	2%	3%
\$126,000-\$150,000	14%	0%	3%
\$151,000-\$175,000	10%	7%	5%
\$176,000-\$200,000	19%	21%	10%
\$201,000-\$225,000	18%	16%	11%
\$226,000-\$250,000	11%	21%	8%
\$251,000-\$275,000	7%	21%	9%
\$276,000-\$300,000	3%	9%	11%
\$301,000-\$325,000	3%	0%	9%
\$326,000 or more	2%	0%	29%

**10** What do you owe in student loans?

	2017	2014	2011	2008	2006
\$0	24%	25%	25%	10%	33%
\$50,000 or less	10%	9%	10%	17%	14%
\$50,001-\$100,000	7%	9%	13%	19%	23%
\$100,001-\$150,000	7%	8%	11%	29%	21%
\$150,001-\$200,000	11%	14%	22%	19%	7%
\$200,001 or more	41%	35%	19%	6%	2%

**11** Are you concerned about educational loan repayment/forgiveness?

	2017	2014	2011	2008	2006
It is a major concern	37%	38%	28%	35%	12%
It is somewhat of a concern	23%	20%	26%	24%	37%
It is a minor concern	11%	10%	11%	19%	14%
It is not a concern	29%	32%	35%	22%	37%

**12** How would payment of your educational loans influence your decision to accept a practice opportunity offer?

	2017	2014	2011	2008	2006
Little to no effect	33%	34%	39%	25%	47%
Some effect	36%	37%	41%	35%	37%
Great effect	31%	29%	20%	40%	16%

**13** How prepared are you to handle the “business side” of your medical career, including employment contracts, compensation arrangements, and other facets of employment?

	2017	2014	2011	2008	2006
Very prepared	10%	10%	9%	16%	53%
Somewhat prepared	52%	51%	43%	66%	31%
Unprepared	38%	39%	48%	18%	16%

**14** During the course of your medical training did you receive any formal instruction regarding “employment” issues such as contracts, compensation arrangements, interviewing techniques, reimbursement methods, etc?

	2017	2014	2011	2008	2006
Yes, some formal training	51%	44%	46%	56%	26%
No, no formal training	49%	56%	54%	44%	74%

## 15 What causes you the most concern as you enter your first professional practice?

	VERY CONCERNING		SOMEWHAT CONCERNING		NOT CONCERNING	
	2017	2014	2017	2014	2017	2014
Availability of free time	48%	41%	42%	48%	10%	11%
Dealing with payers (Medicare, etc.)	28%	32%	54%	58%	18%	10%
Earning a good income	40%	39%	45%	49%	15%	12%
Malpractice	24%	29%	55%	55%	21%	16%
Health Reform	23%	30%	55%	57%	22%	13%
Educational debt	41%	40%	30%	29%	29%	31%
Ability to find a practice	14%	23%	36%	41%	50%	38%
Insufficient practice management knowledge	23%	24%	60%	62%	17%	14%
Insufficient medical knowledge	8%	8%	43%	34%	49%	58%
Dealing with patients	5%	3%	28%	23%	67%	74%

## 16 If you were to begin your education again, would you study medicine or would you select another field?

	2017	2014	2011	2008	2006
Medicine	78%	75%	71%	82%	92%
Another Field	22%	25%	29%	18%	8%

Would study medicine again by specialty:

	Primary Care	Psychiatry	IM/Surgical/Diagnostic
Medicine	79%	80%	79%
Another Field	21%	20%	21%

# Trends and Observations

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## ON THE THRESHOLD

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After completing multiple years of college and medical school, final-year medical residents are on the threshold of their careers, about to join the ranks of fully trained, practicing physicians.

What sort of practice environment awaits them?

Answering this question is the key to interpreting the results of Merritt Hawkins' *2017 Survey of Final-Year Medical Residents*, which was conducted during a period of extraordinary challenges and change in healthcare.



Medical residents who completed their final year of training in 2017 were presented with a Dickensian dichotomy. As the survey demonstrates, it is “the best of times” for newly trained physicians seeking practice opportunities, with job offers more abundant now than at any time in the last two and a half decades. It is the “worst of times,” however, for

those seeking market stability and clarity regarding where their profession and the health system in general are heading.

Residents responding to the 2017 survey did so as Congress was considering legislation to repeal and replace the Affordable Care Act (ACA). As of the completion of this report, the debate over health care reform continues and uncertainty about the future of the health system looms over hospitals, physicians and all other stakeholders in the \$3 trillion healthcare industry.

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## EVOLVING PHYSICIAN PAYMENT MODELS

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Amid these uncertainties, an issue critical to physicians – how they are reimbursed by Medicare and other payers – continues to be unclear and evolving. The final ruling detailing the Medicare and CHIP Reauthorization Act (MACRA), released in October, 2016, will dramatically change the ground rules of physician compensation. MACRA's Quality Payment Program (QPP) will further move physician payments away from volume-based metrics such as number of patients seen, revenue collected, or Relative Value Units (RVUs) generated and towards value-based metrics such as patient satisfaction scores, adherence to treatment protocols, and others. Bi-partisan support for MACRA, and a range of evolving payment models, including bundled payments, global payments to Accountable Care Organizations (ACOs), readmission penalties, and others, ensure that physicians will experience continued volatility in the vital matter of how they are paid.

Payment reforms are, in turn, impacting how physicians practice. A study in the March, 2016 issue of *Health Affairs* indicates that physician practices spend an average of 785 hours a year documenting quality measures at a cost of \$15.4 billion. Primary care physicians personally spend 3.9 hours per week documenting such measures, documentation which is required for physicians to be paid under emerging reimbursement models. This is on top of documentation and paperwork required for billing, collecting, and other compliance related activities. According to the biennial survey of physicians that Merritt Hawkins conducts on behalf of The Physicians Foundation ([www.physiciansfoundation.org](http://www.physiciansfoundation.org)), physicians now spend 21% of their total work hours on non-clinical paperwork (see *A Survey of America's Physicians, Practice Plans and Perspectives*. The Physicians Foundation/Merritt Hawkins. September, 2016).



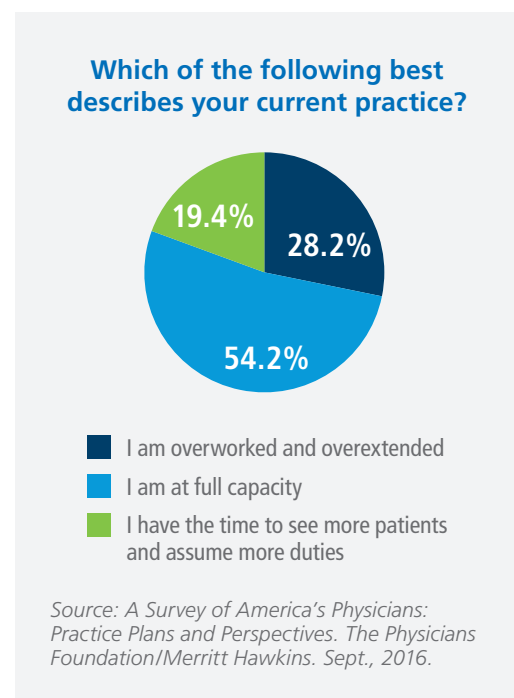
### FROM INDEPENDENT TO EMPLOYED

Payment reforms also are influencing physician practice organization. Emerging payment models, which are documentation and data-driven, encourage formation of large, integrated organizations such as ACOs, hospital systems, and major medical

groups, all of which typically employ physicians. As a result, the independent physician practice model is fading while the employed physician model continues to gather momentum. In 2012, 48.5% of physicians identified as independent, according to The Physicians Foundation/Merritt Hawkins' survey. By 2016, that number had declined to 33%.

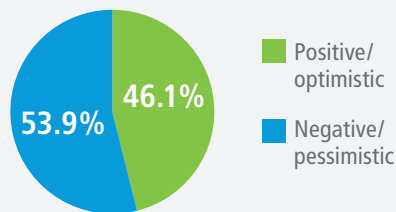
### THE PHYSICIAN SHORTAGE

Contributing to a climate of uncertainty and challenge is the continuing physician shortage. The physician workforce is under increasing strain as a limited number of physicians attempt to accommodate newly insured patients, a growing elderly population, and a growing overall population. According to the Physicians Foundation/Merritt Hawkins survey, over 80% of physicians indicate they are either at capacity or are overextended (see chart below).

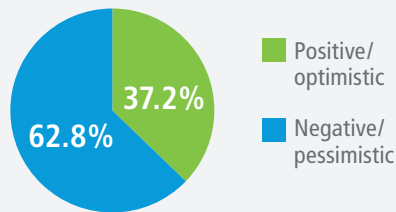


For these and other reasons, many practicing physicians express concerns about and dissatisfaction with the medical profession, as the survey responses below indicate.

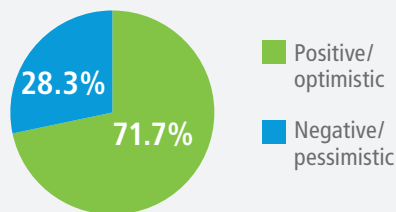
### Which Best Describes Your Feelings about the Current State of the Medical Profession?



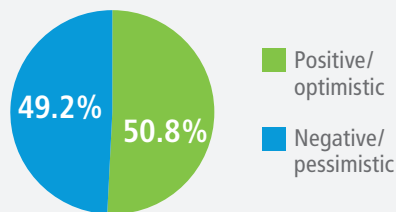
### Which Best Describes Your Feelings About the Future of the Medical Profession?



### If you Had Your Career to do Over, Would You Choose Medicine?



### Would You Recommend Medicine As a Career to Young People?



Source: A Survey of America's Physicians: Practice Patterns and Perspectives. The Physicians Foundation/Merritt Hawkins. Sept., 2016.

Medical residents train with and are mentored by practicing physicians, and there is no doubt that they are exposed to and absorb some of the doubt and discouragement many practicing physicians feel about the state of the medical profession.

Medical residents completing their last year of training therefore find themselves about to enter medical practice in a period characterized by both unusual turmoil, uncertainty, and change in the medical profession and by unusual opportunity. Practice conditions may be challenging, but practice opportunities are abundant.

Responses to the survey reflect the attitudes, concerns and expectations of newly trained physicians about to launch their professional careers at a historically fluid and challenging time. An analysis of survey responses follows.

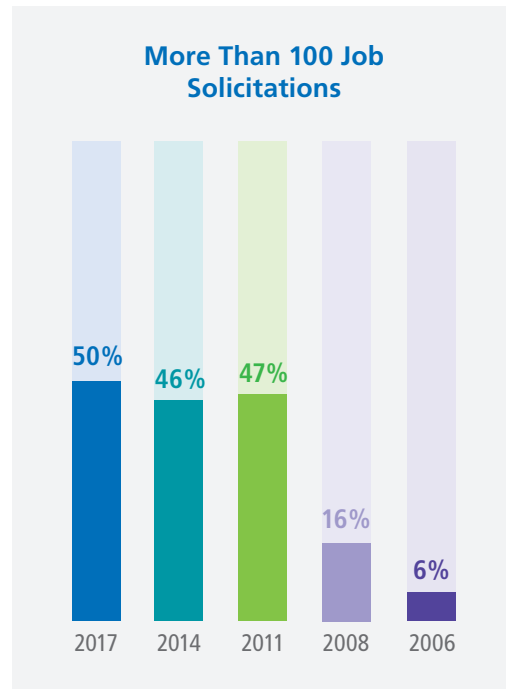
## HOW MANY JOB SOLICITATIONS?

Given the physician shortage, and the fact that the great majority of graduating medical residents and fellows are in need of a job, final-year medical residents are the aggressive targets of physician recruiters, thousands of whom are employed by hospitals, medical groups and recruiting firms nationwide.

Merritt Hawkins' *2017 Survey of Final-Year Medical Residents* quantifies the level of this recruiting activity. The survey asked residents to estimate the number of times they were contacted by recruiters during the course of their training regarding job opportunities. The great majority (96%) said they had been contacted at least 10 times. Eighty-six percent said they had been contacted 26 or more times, while 70% said they had been



contacted 51 or more times. Fifty-percent said they had been contacted over 100 times by recruiters during the course of their training, the highest number since Merritt Hawkins began conducting the survey in 1991 (see chart below).



Primary care physicians, including those in family medicine, internal medicine and pediatrics, have a particularly high number of job solicitations directed their way. The 2017 survey indicates that 76% of primary care physicians received 51 or more job solicitations during their training, compared to 70% for all physicians, while 55% received 100 more, compared to 50% for all physicians.

Primary care physicians are in high demand due to their role as leaders of interdisciplinary clinical teams and because they are the indispensable managers of care and resources in emerging quality driven delivery models such as ACOs.

Physician supply and demand trends are analyzed in more detail in Merritt Hawkins' *2017 Review of Physician and Advanced Practitioner Recruiting Incentives*, a report quantifying which types of physicians are the mostly highly recruited, average salaries offered to doctors, and related data. The 2017 Review indicates that family medicine has been Merritt Hawkins' most requested type of physician search for 11 consecutive years.

The 2017 Review also ranks psychiatry as the firm's second most requested search for two consecutive years, a ranking driven by the growing need for mental health services and a severe shortage of psychiatrists.

Not surprisingly, psychiatry residents also receive a relatively large number of job solicitations. The *2017 Survey of Final-Year Medical Residents* indicates that 78% of psychiatry residents received 51 job solicitations during their training, while 48% received 100 or more.

This is not to suggest that specialist residents are not in high demand. The survey indicates that 64% of residents in internal medicine, surgical, or diagnostic residencies received 51 or more job solicitations during the course of their training, while 46% received 100 or more.

Though primary care physicians generally receive more job solicitations than do specialists, both types of physicians are the subject of intense recruiting activity. An old adage in physician recruitment – *there is no such thing as an unemployed physician* - is for the most part more true than ever.

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## WHAT DO RESIDENTS LOOK FOR IN A PRACTICE?

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Residents were asked to rate those factors they look for when assessing practice opportunities, with one being the most important factor and three the least important. Clearly reflecting the priorities of today's medical residents, 78% indicated "adequate call/personal time" is their most important consideration when evaluating a practice opportunity, making personal time the highest rated factor.

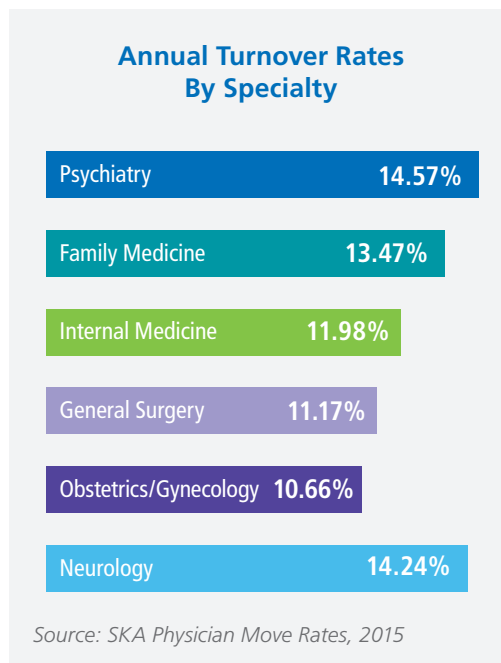
This confirms a common perception about younger physicians today, which is that they are seeking a controllable lifestyle that allows for a balance between their practice and their personal life. "Lifestyle" was rated a most important factor by 74% of residents, further confirming the perception that newly trained physicians are motivated to find practices that offer work/life balance.

Today, practice hours, call schedules and vacation times often are the key factors in physician contract discussions, supplanting salaries or bonuses as the primary points over which residents and hospitals, medical groups, or other employers tend to negotiate.

Geographic location was rated as a most important factor by 75% of residents, a higher rating than any other consideration except personal time. This reinforces another common perception about residents, which is that many residents have a specific location in mind for their first practice – often a location 50 miles from where they trained, where they grew up, or where their spouse or significant other grew up.

This preference may override more practical considerations, such as community need for their services, income potential, and general practice compatibility. Like many young professionals, some residents view their prospective careers from the vantage point of what they want, rather than what they may need (i.e., a beachside community versus a viable practice with an adequate patient base, compatible associates, etc.).

Retention therefore becomes an issue for residents who may embrace a practice opportunity in the geographic location of their choice, only to later discover it does not meet their personal or professional needs. In an era where more physicians are employed and fewer are private practice owners, turnover is becoming a larger issue. The chart below indicates annual turnover/relocation rates for various specialties:



Turnover rates for physicians in their first or second year of practice often can be considerably higher than the numbers cited on the previous page.

One of the first priorities for recruiters working with residents, therefore, is to broaden their geographic parameters so that they consider practices with which they are compatible, even if those practices are not located in geographic areas they initially may prefer. For this reason, Merritt Hawkins has created an ebook for the purpose of educating newly trained physicians regarding the business aspects of medicine and practice opportunity selection.

Other factors, such as “proximity to family,” “specialty support,” “medical facilities/equipment,” and “malpractice rates” are considered important to somewhat important by many residents, but do not rate as highly as lifestyle or income considerations. These less important factors include “a good financial package” which was rated a most important factor by 69% of residents, trailing personal time, geography, and lifestyle, among practice opportunity considerations.

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## WHAT TYPES OF SETTINGS DO THEY PREFER?

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Residents were asked which type of practice setting they would be most open to as they enter the job market. Only 1% indicated they would be most open to a solo practice, underscoring the fact that very few residents are interested in the traditional medical career path in which doctors came out of training and “hung out a shingle,” owning their own practices.

In an indicator of shifting practice preferences, more residents (41%) said they would be most open to becoming a hospital-employee than any other option.

Given recent changes in how physicians are reimbursed referenced above, and the effect of these changes on physician practice responsibilities and organization, many in-practice physicians are migrating away from independent practice and toward hospital employment, and residents appear to be embracing this option. Employment offers a safe harbor from many of the burdens of independent practice ownership as well as the strength in numbers, expertise and organization required to compete and thrive in value-based reimbursement models. It also offers a more set schedule with regular vacations and extensive call coverage than is typically offered by independent practice.



Employment with either a single-specialty or multi-specialty group also may offer some of these advantages. Employment with a group is the preferred practice setting of 34% of residents, second to hospital employment. Today, many medical groups are owned by hospitals or are themselves large enough to act like hospital systems, employing thousands of physicians and operating numerous facilities. Both hospital systems

and large medical groups now represent the “corporatization” of medicine in which physicians, like other types of professionals, are employees of large, multi-faceted enterprises rather than independent contractors.



Partnership, an arrangement in which a physician seeking a practice joins an established doctor in an ownership capacity, was the favored practice setting of 8% of residents. This suggests that some residents retain an entrepreneurial bent, as partnerships usually are independent practices where physicians are not salaried but are compensated based on the volume of work they bring in. It should be noted, however, that the number of residents preferring partnership as a first practice setting dropped from 20% the last year the survey was conducted (2014) and from 28% the year before that (2011).

Five percent of residents in the 2017 survey indicated they would prefer a Federally Qualified Health Center (FQHC) as their first practice setting. This is the first year the survey has offered FQHCs as a distinct practice setting option. Now operating over 9,000 sites of service, these federally subsidized, primary care, mental health and dental clinics offer services to traditionally underserved patients and accept all patients

regardless of ability to pay. That five percent of residents would prefer FQHCs as a practice setting indicates that some newly trained doctors seek settings with a strong mission to serve all patients. It is unclear, however, how many residents are familiar with the FQHC model, which they may not encounter during their training as FQHCs are not hospital-based.

Only one percent of residents expressed a preference for an urgent care center as their first practice setting. These “convenient care” locations are rapidly proliferating and offer the set schedules and the free time that many residents seek. However, most residents are unlikely to have any direct experience with them as they typically are not affiliated with teaching facilities.

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## **PRACTICE PREFERENCES BY COMMUNITY SIZE**

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The 2017 survey holds continued bad news for communities in rural areas and the hospitals, medical practices, FQHCs and other facilities that serve them. Only 1% of final-year medical residents surveyed would prefer to practice in a community of 10,000 people or less, and only 3% would prefer to practice in a community of 25,000 or fewer.

The majority of residents (83%) would prefer to practice in a community of 100,000 people or more, while 24% would prefer to practice in a community of one million or more. The ACA included provisions to address rural physician shortages, including additional funding for the National Rural Health Corps, community health centers, and for the development of rurally-based resident training programs.

These new rurally-based training sites and rotations programs are designed to give residents a taste for rural practice and to reduce the reservations they may have about living and practicing in small communities.

These reservations often are related to residents' concerns about being on a clinical "island" without specialty support, information technology and other resources than they may be about the amenities of rural communities. They also often are centered around the lack of coverage in rural areas and the challenge of maintaining a reasonable work/life balance. Lack of employment for the physician's spouse in rural areas is an additional concern.

While recent initiatives to increase resident interest in rural areas may eventually succeed in attracting more residents, the survey suggests that recruiting residents to traditionally underserved rural settings will remain extremely challenging for the foreseeable future.

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## HOW AND WHEN DO RESIDENTS FIND JOBS?

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Final-year residents were asked to rate various sources they use to learn about medical practice opportunities on a sliding scale, with one being the most useful and three being the least useful. Personal networking was rated as most useful or somewhat useful by 96% of those surveyed and was the most highly rated source of job information. Traditionally, physicians have relied on personal contacts – relatives, friends, colleagues – to source jobs, and the survey indicates that remains the case today.

However, online job boards have superseded medical journals, another traditional source of physician job information, as a job resource among today's residents. Seventy-five percent of residents rated online job boards as most useful or somewhat useful, while 54% of residents rated medical journals as most useful or somewhat useful. Eighty-four percent of residents rated their residency programs as very or somewhat useful in learning about practice opportunities, and 69% rated physician recruiters as very or somewhat useful.



The 2017 resident survey confirms data from previous Merritt Hawkins surveys indicating that most residents are proactive in their job searches. Twenty-eight percent of residents said they began to seriously examine practice opportunities over one year before completing their training, while 45% said they began a serious job search within a year of completing their training. About one-fourth (27%) said they waited until six months before completing their training before beginning a serious job search. It is probable that at least some of these residents are confident enough in their ability to secure a job in today's market that they do not see the need to begin looking a long time in advance. Others may be simply too preoccupied with their

training and duties to devote time to a job search prior to completing residency.

The 2017 survey reinforces the fact that recruiters generally need to contact medical residents about job opportunities within or before their final year of training, or risk being too late to be considered.

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## WHAT DO RESIDENTS EXPECT TO EARN?

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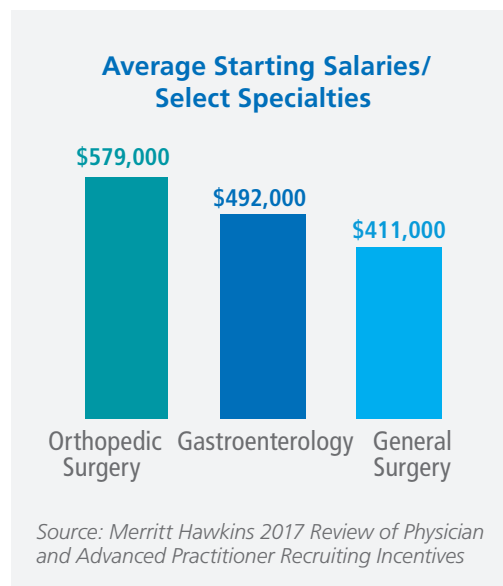
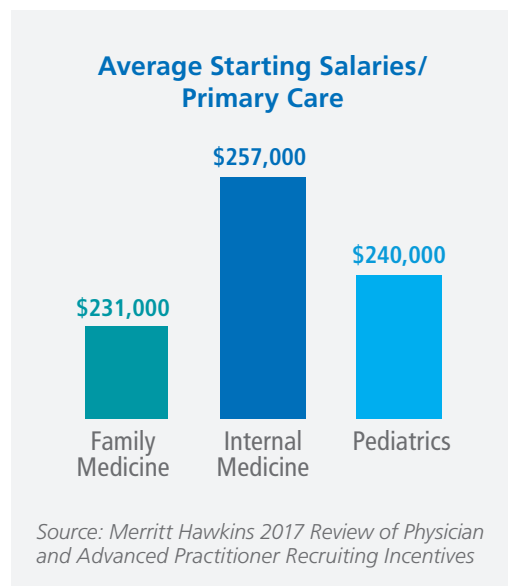
Residents were asked what level of compensation they expect to earn in their first year of professional practice. Seventy-nine percent said they expect to make at least \$176,000 or more, while the remaining 21% expect to make \$175,000 or less. Financial expectations are somewhat lower for primary care physicians, 65% of whom expect to make \$176,000 or more and 35% of whom expect to make \$175,000 or less.

According to Merritt Hawkins' *2017 Review of Physician and Advanced Practitioner Recruiting Incentives*, average starting salaries

for primary care physicians (including family physicians, general internists and pediatricians) exceed \$200,000 (see chart below).

The majority of primary care residents (54%) expect to earn \$200,000 or less in their first year of practice, which in many cases is below their current market value. Some residents surveyed may intend to work part-time, and therefore have adjusted down their financial expectations accordingly. Part-time practice is a growing preference among younger physicians, many of whom are starting families at the same time they are entering the job market.

However, the 2017 survey suggests many primary care residents are not aware of their market value and tend to underestimate it, probably based on their relative lack of experience. However, in today's market, starting salaries for physicians generally don't vary greatly based on years of experience, but are more likely to vary based on location of the practice and its particular reimbursement potential and other market variables.



Thirty-nine percent of all residents surveyed expect to earn \$251,000 or more in their first year of practice, while 17% expect to earn \$326,000 or more. Financial expectations are generally higher for specialists, 58% of whom expect to make \$251,000 or more in their first year of practice and 29% of whom expect to make \$326,000 or more.

Shown on the previous page are average starting salaries for three types of specialists as tracked in Merritt Hawkins' 2017 Review.

These numbers suggest that many specialists also underestimate their market value, specifically the 42% who anticipate making \$250,000 or less in their first year of practice. Many types of specialists are in strong demand as they continue to be key revenue generators for their employers.

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## A PREFERENCE FOR SALARIES

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The great majority of final-year residents surveyed (93%) would prefer a straight salary or a salary with a production bonus in their first year of practice. Less than 7% would prefer an income guarantee, a type of compensation structure usually offered in independent rather than employed practice settings. A preference for salaries suggests most residents seek the security and clarity of a paycheck rather than the uncertainty inherent to practice ownership.

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## WHO IS IN DEBT?

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Residents were asked what they owe in student loans. Twenty-four percent indicated they owe nothing in student loans. Many of these residents are likely to be international medical graduates (IMGs),

who often do not carry the same level of educational debt as graduates of U.S. medical schools. About 25% of medical residents in the United States are IMGs, virtually the same number as those who said they have no educational debt. Fifty-nine percent of residents surveyed said they owe at least \$100,000 in student loans, 52% said they owe at least \$150,000 and 41% said they owe \$200,000 or more.



Thirty-eight percent of residents said that repayment of their educational debt was a major concern while 23% said it was somewhat of a concern. Some hospitals and other organizations offer to repay residents all or a portion of their educational debt as part of the recruiting incentive package. Merritt Hawkins' *2017 Review of Physician Recruiting Incentives* indicates that educational loan forgiveness was an incentive offered in 25% of the physician search assignments Merritt Hawkins conducted in the 12 month period from April 1, 2016 to March 31, 2017.

Residents were asked how repayment of their educational loans would affect their decision to accept a particular practice opportunity offer. Thirty-one percent said educational loan repayment would have a great effect upon their decision to select a particular offer, while 36% said it would

have some effect. Student loan repayment therefore may be an incentive hospitals and other employers should consider when recruiting medical residents for whom debt forgiveness is a priority.

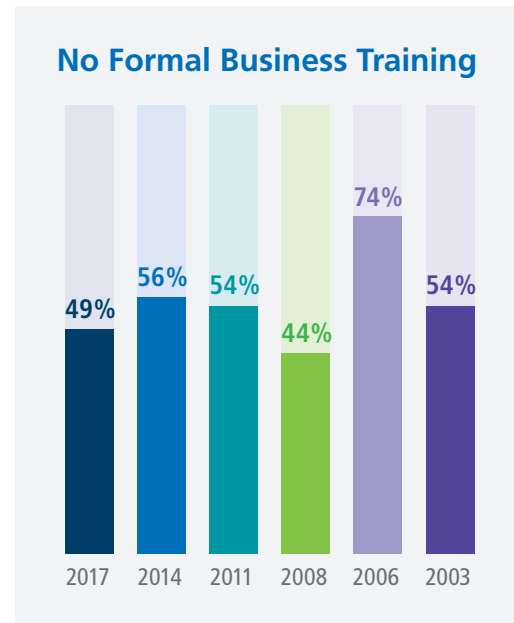
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### HOW PREPARED ARE RESIDENTS FOR THE BUSINESS OF MEDICINE?

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Final-year residents were asked how prepared they are to handle the business side of medicine, including such factors as employment contracts and compensation arrangements. Only 10% said they are very prepared to handle such matters, 52% said they are somewhat prepared and 38% said they are unprepared, percentages virtually identical to those in Merritt Hawkins' 2014 *Survey of Final-Year Medical Residents*.

Traditionally, medical students and residents have received little instruction in the business of medicine as the preponderance of their education and training is focused on clinical issues. In recent years, however, a number of medical schools and residency programs have reportedly added at least some instruction in medical economics and practice management (the medical school at Texas Tech, for example, offers a "virtual practice" that allows students to experience a medical work environment online). Nevertheless, many residents report they receive no formal business training (see following chart).



In Merritt Hawkins' experience, many residents remain unfamiliar with the basic terms and conditions of medical employment and therefore may be at a disadvantage when evaluating practice opportunities. A great deal of care should be taken by the recruiting party to educate residents regarding the features, benefits, and drawbacks of the growing number of financial arrangements available to physicians in today's recruiting market (see Merritt Hawkins' white paper *How to Assess a Medical Practice Opportunity* for more information on this topic). Without such guidance, residents are more likely to accept a practice offer coming out of training that may not suit their needs, leading to a high level of turnover.

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### WHAT CONCERNS RESIDENTS?

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Residents were asked to rate those factors causing them the most concern as they prepare to enter their first professional



practice, with one being the most concerning and three the least concerning.

“Availability of free time” was listed as most concerning by 48% of residents, higher than any other factor, and up from 41% in 2014, followed by “educational debt,” “earning a good income,” and “dealing with third party payers.”

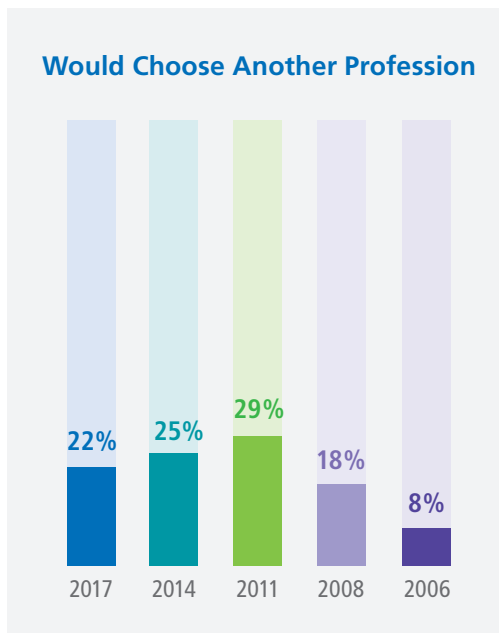
By contrast, fewer residents are concerned about their medical knowledge or ability to interact with patients. Only 8% listed “insufficient medical knowledge” as most concerning and only 5% listed “dealing with patients” as most concerning. Concerns about medical knowledge may be minimal because most residents surveyed expressed a desire to work in settings such as hospitals or medical groups, where specialty and information technology support generally is readily available.

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## BUYER’S REMORSE

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Residents were asked if they would study medicine again if they had their education to do over or if they would select some other field. The majority (78%) said that they would choose medicine. However, a significant minority (22%) said they would choose another field. The fact that almost one in four newly trained physicians expressed “buyer’s remorse” over their choice of career is in part a reflection of the current turbulent state of the medical profession, as referenced earlier in this report.



Rather than being eager to begin their medical careers, many residents today may be troubled by the length, expense, and intensity of their training, and by the conditions that may greet them in their first professional practice. As referenced above, this year’s class of residents will be entering practice at a unique time of change and uncertainty caused by health reform and a variety of other factors. The survey therefore reflects a larger fact about the medical profession, which is that many in-practice doctors also are disaffected by the current medical practice environment and are seeking alternatives to traditional private practice and to clinical care in general, inhibiting access to physician services and further exacerbating the physician shortage.

These issues are explored in more detail in a biennial survey of physicians Merritt Hawkins conducts on behalf of The Physicians Foundation (*2016 Survey of America’s Physicians: Practice Patterns and*

*Perspectives*). Of the over 17,000 physicians who responded to this survey, 28.7% would not choose medicine if they had their careers to do over, and 50% would not recommend medicine as a career to their children



## Conclusion

Medical residents about to enter their first practice face a tumultuous professional environment rife with challenges. However, they also are entering the job market in a period of robust opportunity, as a pervasive physician shortage allows them to choose from a wide range of practice options. Their primary concerns are to find positions that allow for adequate personal time, fit their geographic preferences, and offer a favorable lifestyle. Reflecting the reservations many in-practice doctors also have about their profession, almost one-quarter of newly trained physicians would choose a field other than medicine if they had their careers do over again.

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Phillip Miller  
Phil.Miller@amnhealthcare.com  
(800) 876-0500



Merritt Hawkins / Corporate  
Cypress Waters Blvd. #300  
Dallas, Texas 75019  
(800) 876-0500  
[merrithawkins.com](http://merrithawkins.com)

Merritt Hawkins / Eastern Regional Office  
100 Mansell Ct, E, Ste 500  
Roswell, GA 30076  
(800) 306-1330

