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Practice Patterns: Young Oncologists Seek Benefits of Larger Practices, Hospitalist Jobs

Victoria Stern, MA | December 17, 2014

Hospital Employment vs Private Practice

Just a few months into a hematology/oncology fellowship at the Mayo Clinic in Jacksonville, Florida, Amanda Shreders, MD, is already contemplating her move into the oncology workforce.

Although Dr Shreders is surrounded by academic medicine, she is leaning toward private practice.

"It's true that the stability of an academic job is quite tempting, but I'd prefer to go into private practice solely to avoid the research aspect of academic medicine," she said.

Dr Shreders, however, understands why there is such a strong push toward hospital-based employment and away from private practice. Entering private practice, especially a small one, can be risky.

"Often, the issue with private practice is that it doesn't offer good compensation or hours, while hospital-based jobs tend to provide a better work-life balance," Dr Shreders said.

This is why Dr Shreders is only looking at larger private practices with at least 15 to 20 oncologists. She hopes that working in such a setting will offer her better hours and compensation, allow her the opportunity to subspecialize, and help alleviate some of the expense associated with running a practice.

But, she acknowledged, "If I could find an oncology hospitalist position or a hospital-based job that wasn't heavily research-oriented, I would definitely choose that because of the malpractice benefits and coverage in terms of call."

Dr Shreders' job preferences echo a growing movement in the oncology workforce. "The days of physicians trying to establish solo or small group practices are slowly fading," said David Peace, MD, an oncologist in the division of hematology/oncology at the University of Illinois at Chicago.

Not long ago, you'd see many entrepreneurial physicians in small or solo group practices that controlled all aspects of the operation. When older physicians wanted to retire, they would sell their practice to a young protégé.

"Older physicians would essentially sell the reputation of their practice," said Cody Futch, a senior recruiter at physician placement firm Merritt Hawkins. "They would vouch for the new physician, and the majority of patients would stay loyal to the practice."

Today, however, just because a physician buys the name of a practice and the patient charts doesn't mean that patients will continue to support it. "Patients don't necessarily have the same loyalty to a physician's practice as they used to," Futch said. "Sometimes patients are compelled to change doctors because a physician's office drops or changes insurance plans, but overall, patients seem more comfortable switching doctors."

Younger physicians running a business today are also faced with serious financial headaches that previous generations didn't necessarily experience. In the era before electronic medical records (EMRs), when physicians would purchase a practice's office equipment, the equipment would be workable for several years.

"Now, with rapid advances in technology, the odds are that older physicians haven't updated their equipment in quite a while and may not have an EMR, so the burden would rest with the young physician," said Futch. "Why would a young physician purchase an outdated practice when they could work for a hospital that will pay them a decent salary and may even provide a signing bonus?"

That is why most young oncologists are looking for positions in larger, well-established organizations, including universities, hospitals, and private practices with many physicians. Larger institutions provide a more protected environment, often shielding physicians from the financial difficulties of running their own practice, exhausting 24/7 call schedule, and time-consuming bureaucratic and administrative duties.

Another major benefit to working in a large academic institution or hospital is access to care. "Because the Mayo Clinic is such a sprawling institution, people who have failed several lines of therapy still have options to participate in clinical trials that can increase their chances of survival," Dr Shreders said.

Striking Increase in Hospital Employment

Several recent analyses have mapped this shift in oncology practice patterns. A 2012 report from the American Hospital Association showed a movement toward hospital jobs, revealing a 32% increase in the number of physicians employed by community hospitals between 2000 and 2010.[1]

A 2014 study conducted by Merritt Hawkins also uncovered a striking increase in hospital employment.[2] The firm, which tracked the recruiting assignments of 3158 physicians and advanced practitioners, including physician assistants and nurse practitioners, from April 1, 2013 to March 31, 2014, found that 64% of searches were for hospital jobs. This represents notable increases from 56% in 2011 and 11% in 2004.[3]

Additionally, in 2014, only 1% of search assignments were for solo practice, compared with 20% in 2004.

Young oncologists seeking hospitalist jobs may also be on the rise. A report from the Society of Hospital Medicine found that the number of hospitalists in the United States increased from about 11,000 in 2003 to 35,000 in 2012.

Still, a 2012 American Medical Association (AMA) survey[4] noted that the shift to hospital employment may not be as drastic as other data have indicated.

According to the survey, of 3466 respondents, 53.2% reported being self-employed and 60% reported working in a practice wholly owned by physicians. Twenty-three percent worked in practices owned, at least in part, by a hospital, and only 5.6% were employed by a hospital directly.

The AMA survey, however, did find an overall movement toward hospital employment. In 1983, more than 75% of physicians were full or part owners of their practice, but by 2012 that percentage had dropped to about 50%. In 2012, almost 30% of physicians worked for a hospital or a practice affiliated with a hospital, an increase from 16.3% in 2008. In that time, the number of practice owners decreased by 8%. Although the AMA study did not focus on oncology per se, the employment trends for internal medicine subspecialties appeared to mimic the general trends observed for physicians.

"Overall, the data do indicate that oncologists are shifting from private, independent practices to hospital-based jobs," said Hagop Kantarjian, MD, chair of and a professor in the department of leukemia at the University of Texas MD Anderson Cancer Center in Houston. "A big factor in this movement is the change in profit margin, which has decreased in private practice but has increased for many hospitals that purchase oncology practices."

Oncologists Feel Financial Pressure

Oncology practices cited financial pressures as the greatest threat to their ability to continue providing high-quality care, according to the 2013 American Society of Clinical Oncology (ASCO) National Oncology Census.[5] Many respondents also said they were cutting back on support staff or clinical research, or were sending patients to hospitals to receive chemotherapy as a result of cost pressures.

Additionally, a survey conducted by two healthcare software companies, CareCloud and QuantiaMD, found that the top worries for physicians in private practice included declining reimbursement (65%) and rising costs (57%), such as those associated with the adoption of EMRs (26%).[6] Of the 5000 physicians surveyed, 36% anticipated a decline in profits for private practices within the year, while only 22% predicted a positive trend.

Such financial concerns may have begun to emerge after the federal government enacted the Medicare Modernization Act of 2003, which significantly lowered the Medicare reimbursement formula for chemotherapy drugs, leaving many smaller oncology clinics and private practices unable to survive financially.

"Oncologists saw very quickly how one decision from the federal government could drastically reduce their income level," said Futch. "This was one of the first shockwaves that went through the oncology community that made many oncologists less risk-averse and more likely to seek employment with more stability."

These government cuts pushed many oncology practices to combine with larger entities or shut down. According to the census, two thirds of small practices surveyed said they may need to close, merge, or sell in the next year, and between 2012 and 2013, the number of private community practices fell by approximately 25%, from 335 to 253. Another recent study[7] published in *Health Affairs* found that, among physicians filing Medicare claims, 35.6% worked in groups of more than 50 in 2011, up from 30.9% in 2009. Similarly, the ASCO census reported that the average practice size increased from a median of 15 physicians in 2013 compared with 9 in 2012, and that 26% of practices surveyed said they would probably affiliate with a community hospital within the year, compared with 15% in 2012.

The New Oncology Landscape

"There is strength in numbers when it comes to practicing medicine," said Futch. He noted, for instance, that a larger practice can afford to hire an administrator to handle the increasing list of demands and regulations in healthcare. Additionally, a large practice can divide the cost of expensive equipment and technology over more physicians and has significantly better negotiating power with pharmaceutical and insurance companies.

"Even if a physician wants to maintain autonomy, what's happening is that larger organizations are moving into communities, forming alliances and creating competitive situations that almost force small fish out of the water," Dr Peace said. "Universities such as mine may find it in their best interest to buy practices and create a consolidated organization to compete with whoever comes into their territory. The big kid on the block will have better insurance contracts and economy of scale that a small group can't possibly put together."

Futch noted, however, that it's difficult to know what ignited this shift in oncology practice patterns. "It seems that, in light of financial shifts, physician demand and attitudes as well as availability for hospital employment grew together to create this new oncology landscape."

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