

# The Realities of Physician Retirement

A Survey of Physicians and Healthcare Administrators



**JACKSON**  
Physician Search

By Tony Stajduhar  
President, Jackson Physician Search

# The Realities of Physician Retirement: A Survey of Physicians and Healthcare Administrators

*By Tony Stajduhar, President, Jackson Physician Search*

By 2020, one in three physicians will be over age 65 and approaching retirement. For hospital administrators, recruiting an experienced physician is a complicated process that takes significant time. An open position is costly in terms of lost revenue and the potential loss of both patient satisfaction and staff morale.

Given that a hospital can easily lose \$150,000 per month if a specialist leaves and that a search for a medical or surgical specialist takes five to 10 months, the stakes are high. New research from Jackson Physician Search—that surveyed both practicing physicians and healthcare administrators—highlights the importance of creating the right culture and processes around physician retirement, including effective transition processes and ongoing recruiting efforts, to avoid the negatives of a vacancy or understaffing situation.

## Among the key findings:

- **Physicians' drivers for retirement include lifestyle, financial stability, burnout and frustration with the current state of medicine.** While physicians cited lifestyle issues (44 percent) as the most important reason driving their retirement decision, followed by financial stability (23 percent), comments from nearly 20 percent of them noted burnout and frustration with the increased focus on paperwork and patient volume as well as decreased focus on patient care.
- **Physicians feel it's their responsibility to initiate the retirement conversation, but they are less comfortable doing so than administrators.** A large majority of physicians (80 percent) said it's their responsibility to broach the subject compared with 37 percent of administrators, yet less of them (52 percent) are comfortable discussing retirement plans than administrators (74 percent).

- **Physicians and administrators have vastly different opinions on what the ideal notice period is for a retirement timeline.** Almost 50 percent of administrators indicated the ideal notice was one to three years, while 40 percent of physicians felt six months or less was sufficient. Also, 34 percent of physicians said they weren't required to give any notice of retirement, while 81 percent of administrators said they were required to give more than three months.
- **Administrators assume that many physicians will fully retire, but a number of them plan to work elsewhere.** Almost 40 percent of administrators named full retirement as a top retirement transition method at their organization, but just 17 percent of physicians were planning to do so. In contrast, 28 percent of doctors say they will work part or full time somewhere else.

Although there is hesitancy about initiating a conversation about retirement, it is clear that both administrators and physicians feel that it's a beneficial discussion for both parties. Differences remain on length of notice and whose responsibility it is to bring up retirement, but when handled respectfully and conducted in a non-discriminatory way, both parties can find the ideal way to transition the retirement with proper planning and processes.

## Survey Methodology and Demographics

To find out how both physicians and hospital administrators approach physician retirement and transition planning, we surveyed both groups on a range of related topics. These included the age of retirement, drivers for making the decision, requirements and timeframe for giving notice, comfort with having the conversation and whose responsibility it was to initiate it. Other questions were related to the retirement transition itself and interest in employer retirement incentives.

A total of 567 physicians and surgeons from a wide range of specialties responded to the survey. Physician respondents were distributed throughout the United States, roughly based on state population. Half of them described their communities as suburban and just 15 percent noted rural. Most respondents (61 percent) were between the ages of 50 and 69, and the majority were male (71 percent).

There were 100 hospital administrator respondents to the survey, many of which were C-level executives, followed by directors and administrators in a variety of recruiting and human resources functions. The administrators were distributed across the country, but a larger proportion (40 percent) were from self-described rural communities. As with the physician respondents, most were between the ages of 50 and 69 (63 percent), although the majority of administrator respondents were female (55 percent).

## Drivers for Physician Retirement

In the survey, administrators report the average age for retirement at their healthcare facility as 65, which is in line with the age of 63 as determined by analysis of U.S. Census data. Not surprisingly, physicians named ***lifestyle (44 percent)*** and ***financial stability (23 percent)*** as top drivers for retirement. Likewise, administrators also perceive ***lifestyle (48 percent)*** as a top driver, although they ***found health reasons (15 percent)*** the second most prevalent motive, which was close to three times more than what physicians cited. Administrators were also less likely to think that ***financial stability (14 percent)*** was the most common reason physicians made a retirement decision.

Managed care, whether private or government, has made the practice of medicine too adversarial to enjoy enough to consider delaying retirement.

More than 17 percent of physicians indicated “Other” as the top reason for retirement, compared with just 10 percent of administrators. Many physicians indicated burnout and frustration with the state of medicine in the United States, as noted in the following comments:

### Top Three Drivers for Physician Retirement

| PHYSICIANS             |     | ADMINISTRATION         |     |
|------------------------|-----|------------------------|-----|
| #1 Lifestyle           | 44% | #1 Lifestyle           | 48% |
| #2 Financial Stability | 23% | #2 Health Reasons      | 15% |
| #3 Other               | 17% | #3 Financial Stability | 14% |

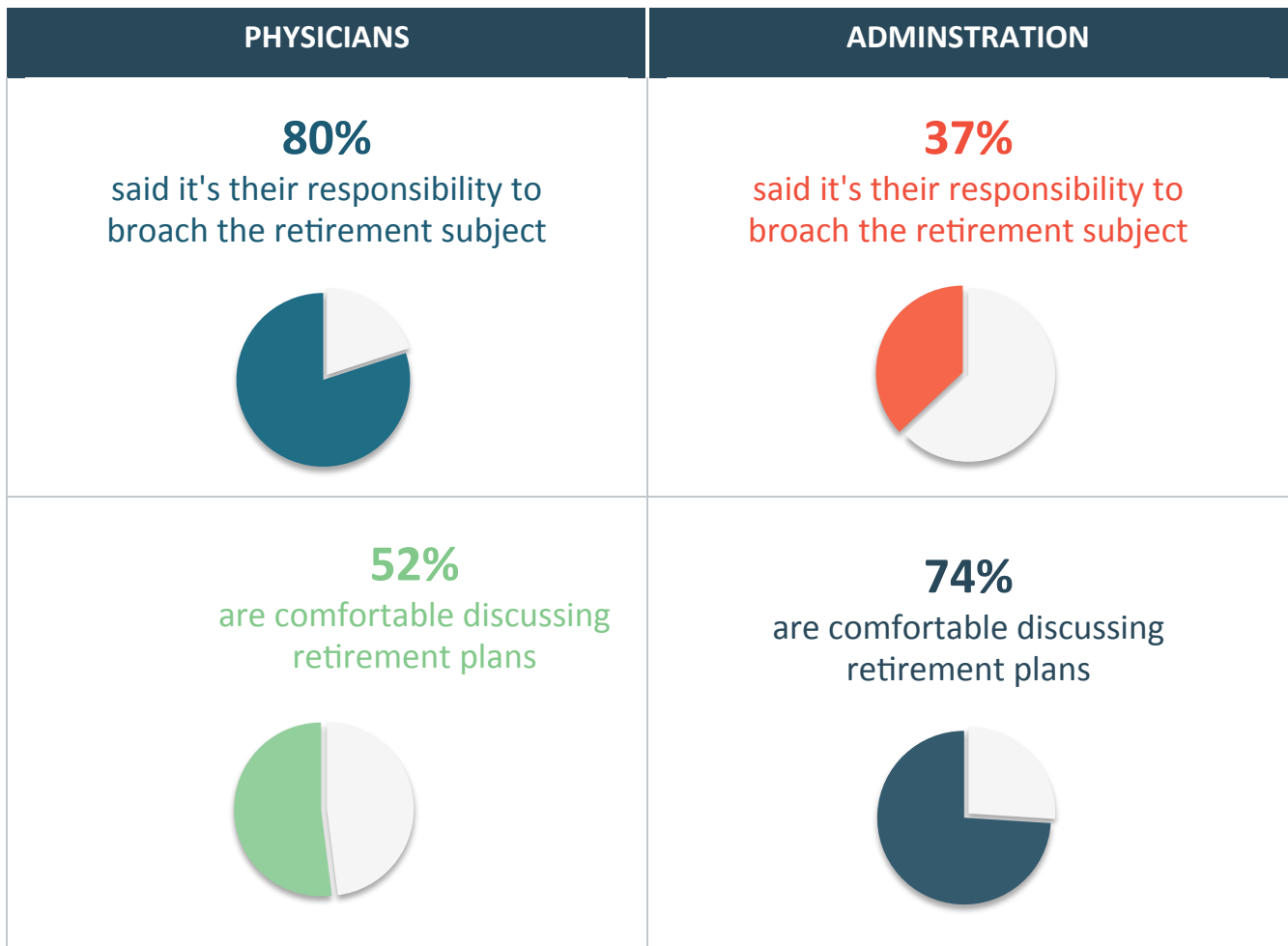
- *Medicine has turned into a quagmire of regulatory burdens, collecting data, and the destruction of physician’s autonomy and authority in individual patient care.*
- *Doctors are no longer able to practice medicine with the primary objective of patient well-being!!*
- *It has become too onerous to practice. The focus is on increasing volume with less and less pay. Also, the practices are running leaner which shifts more and more clerical work onto doctors. Add to these issues the increasing testing and “boutique” results reporting and you have a formula for high stress with diminishing satisfaction and diminished returns.*

## Having the Retirement Conversation

When it comes to initiating the retirement conversation, survey results show that the topic weighs more heavily on the physician, and that there is room for administrators to make the discussion more comfortable, both for the benefit of the physician and the organization. A large majority of physicians **(80 percent) said it's their responsibility to broach the retirement subject** compared with **37 percent of administrators**, yet less of **physicians (52 percent) are comfortable discussing retirement plans** than administrators (74 percent). One physician noted that “succession should always be a part of the hiring discussion and empowerment to plan and mentor over time.”

We periodically send surveys to the physicians, asking that they let us know if they are considering retirement in the next 1 to 3 years, as the recruitment process is lengthy.

### Initiating the Retirement Discussion

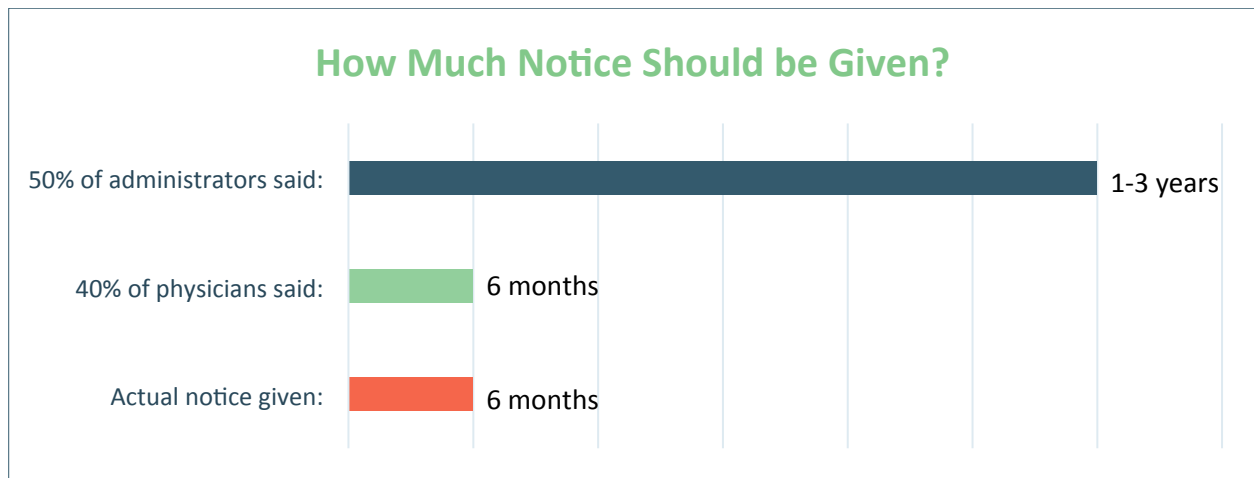


On the administrator side, almost 30 percent cited “Other” when asked whose responsibility it was to start talking about retirement. The following comments from physicians in this category indicated an acknowledgement that they had difficulty broaching the subject—and that there is a need for a more formal, yet inviting process, especially given the long lead time needed to recruit a physician:

- *MDs usually initiate, but if they are having trouble, the administrator or group president will initiate the conversation.*
- *I believe our physicians are not very comfortable with the conversation, so we (HR) have provided them with a script and talking points to assist with these conversations.*
- *Ultimately, it should be the physician, but there is a hesitancy to do so. Therefore, we have tried to make it a collaborative discussion between the physician and the physician leader.*
- *The organization views it as the physician’s responsibility. However, as a recruiter needing lead time, I’d like a plan to approach the physicians and have administration address succession planning. I’ve been pressing for this almost five years without success.*

## The Realities of Giving Notice

Physicians and administrators have vastly different perspectives on what the ideal notice period is for providing a retirement timeline, a finding that might partially be explained by the lack of conversation and practices regarding retirement in general. Almost 50 percent of administrators indicated the ideal notice was one to three years, while 40 percent of physicians indicated it was 6 months or less. Also, 34 percent of physicians said they weren't required to give any notice of retirement at all, while 81 percent of administrators said they were required to give more than three months.



When administrators were asked how much notice they typically receive when a physician plans to retire, their answers ranged from a high of three years to a low of one month, with an average of 10 months. The most common notice period cited was six months, which was in line with what physicians reported as the ideal notice period. Given the timeline for locating a physician and the fact that 40 percent of physicians thought 6 months or less was an ideal notice, administrators should consider the practice of ongoing recruitment of candidates to make sure there are no gaps in care and revenue.

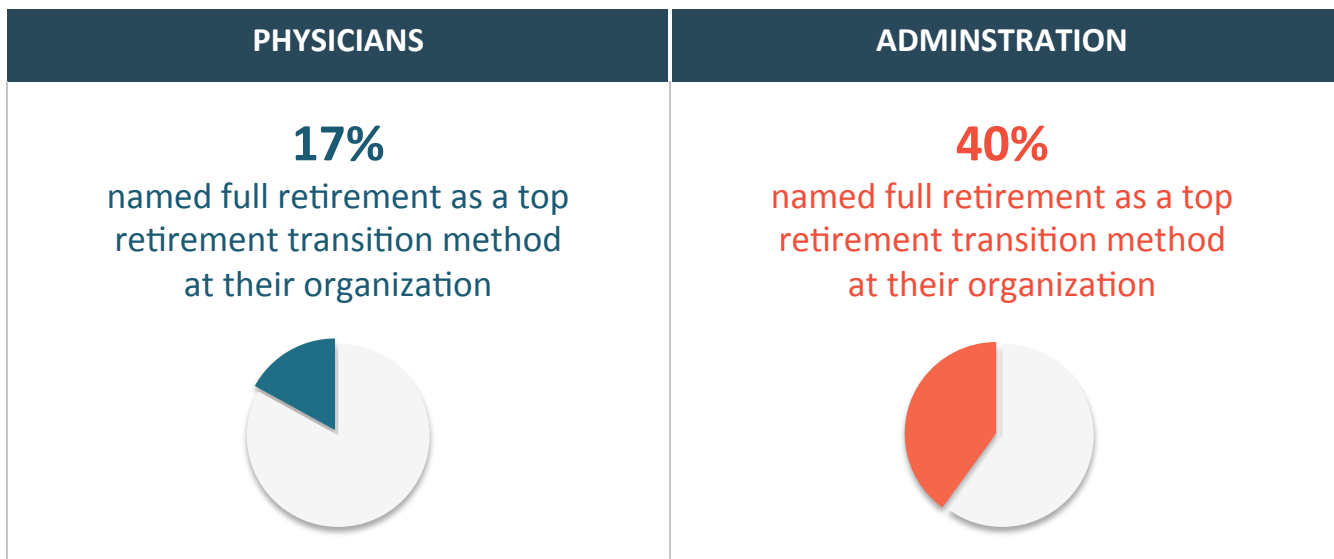
Given the timeline for locating a physician and the fact that 40 percent of physicians thought 6 months or less was an ideal notice, administrators should consider the practice of ongoing recruitment of candidates to make sure there are no gaps in care and revenue.



## The Retirement Transition

Physicians in the survey indicated some differing ideas about the retirement transition than administrators might assume, which possibly indicates they are looking for greater flexibility in their transition process. Almost 40 percent of administrators named full retirement as a top retirement transition method at their organization, but just 17 percent of physicians were planning to do so and almost 28 percent of doctors say they will work part or full time somewhere else. Some of the doctors listing “Other” planned to pursue locum tenens work or pro re nata (PRN) and telemedicine options that let them dictate their own schedules, while others looked to potentially help with recruiting, mentoring and managerial tasks at their current practice.

### How Will Physicians Transition to Retirement?



Many physicians (47 percent) were interested in retirement information planning services, but only half of administrators indicated those are offered. Comments from physicians indicated the vast majority of them were, not surprisingly, most interested in financial and healthcare planning. Physicians in the survey were also looking for help with the general process of retirement, along with ways to explore part-time or non-clinical options, as noted in these comments:

I would like to know the steps for the retirement process and how/when to transition to Medicare health coverage. I am also interested in opportunities for part-time work with the same employer, along with pay/benefit information.



- *There is a need for an outline and timeline of what needs to be done, as well as the contact people to facilitate the process.*
- *It would be helpful to know how to manage before full retirement age.*

When asked if employer-sponsored incentives would induce them to start an early retirement process, 50 percent of physicians agreed it would, with most requesting financial and/or healthcare benefits. Others were looking for part-time employment opportunities. However, nearly all administrators (95 percent) indicated they offered no incentives to initiate an earlier retirement approach so that staff planning was more seamless.

## Conclusion

The survey results indicate that there is a need for more formal processes surrounding physician retirement, especially given the ongoing shortage of doctors in the United States. To help both hospitals and physicians with the retirement transition, administrators should:

- ***Develop non-discriminatory ways of approaching the retirement conversation.*** HR and physician leaders should work together to create a step-by-step process for when and how to approach the conversation, which might even occur as early as during the hiring process. Having such a process makes the physician feel less singled out for the discussion. In addition, routine surveys on retirement plans can open the lines of communications.
- ***Offer incentives to initiate an early retirement process.*** To encourage earlier notice of retirement from physicians, administrator should consider incentives like a percentage of pay for earlier notice, health benefits for a specified time period, and relief from call duties.
- ***Create flexible offerings like part-time or non-clinical work.*** For financial and other reasons, such as benefits, many physicians would like to continue working, which could ease the burden during the onboarding process for a new physician. Having a process for scheduled conversations about retirement can help prepare for a situation where several physicians retire at once, which would include extra scheduling activities and other administrative tasks. However, given the high costs of a full vacancy, these costs could easily be justified.
- ***Adopt a continuous recruitment process instead of treating a physician vacancy as a one-off occurrence.*** This will ensure that the physician candidate pipeline is full in the event that one or more physicians are transitioning to retirement. By maintaining relationships with qualified candidates, the organization is not starting at the ground floor of recruitment and can quickly adjust to unforeseen issues with retirement transitions.

With the proper planning and processes built on more open communications, hospital administrators can avoid understaffing and continue to provide the best possible patient care. Starting early in a physician's career with these processes can make the transition and succession planning more comfortable for all parties and support more optimal recruiting efforts.