

Preparing for the Wave of Physician Retirements

| Physician Retirement Survey Data Reinforces Need to Plan



A record number of physicians are nearing retirement age. According to a [2022 report](#) published by the Association of American Medical Colleges (AAMC), nearly half (46.7%) of practicing physicians were already over the age of 55 in 2021. This means more than two of every five active physicians will reach age 65 within the next ten years. Combine this data with what we know about increasing [physician burnout](#), and it's not overreacting to see the impending wave of retirements as a serious threat to an industry already stretched thin.

The question is not if but when the healthcare industry will feel the full force of the wave. So, just as cities under threat of a hurricane have an emergency plan in place, so too, must healthcare administrators have plans to protect their organizations (and the patients they serve) from a potential tidal wave of retirements... but do they have such a plan?

In an effort to investigate the current plans of both physicians and healthcare administrators, Jackson Physician Search launched a Physician Retirement Survey in November/December 2022. We wanted to find out not only when physicians plan to retire, but also why they will retire and how they hope to make the transition. We asked administrators similar questions with respect to the physicians in their organizations.

The results show a disconnect between what physicians are planning and what administrators expect.

- Physicians think notice of six months is more than enough time, while administrators would prefer 1-3 years.
- Most physicians don't want to fully retire but plan to work part-time or contract somewhere else. Administrators are more likely to believe that when retiring physicians leave, they are leaving medicine for good.
- Physicians rank burnout as the top reason driving their retirement plans, but administrators believe it's age.
- Economic concerns have caused four in 10 physicians to delay retirement.

Much of what we learned confirmed our expectations about how and why physicians retire; the when, of course, remains hypothetical for many and is therefore more difficult to ascertain. However, there is evidence to suggest that, regardless of age, many physicians will retire as soon as they are financially able, so healthcare organizations must have a plan in place.

In this report, we'll first determine if indeed the volume of physician retirements is already increasing. We will then explore the when, why, and how of physician retirement as well as what organizations can do to ease the impact of what is sure to come.

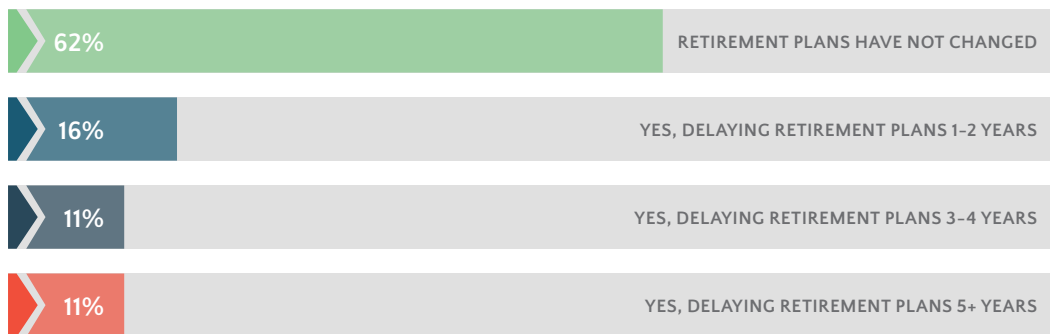
Reality Check

ARE MORE PHYSICIANS RETIRING YEAR OVER YEAR?

Before we panic unnecessarily, we must first ask the question, is the number of physicians retiring each year increasing? (And should we expect it to get worse?) The aforementioned data on age demographics certainly indicates this to be true. Reinforcing the assumption is the fact that multiple pandemic-era surveys showed physicians expressing increased desire to retire early. In a [2021 Jackson Physician Search survey](#), more than half of physicians said COVID-19 had changed their employment plans. Of that group, one in five were seriously considering early retirement. Indeed, an August 2022 [MGMA Stat poll](#) found 40% of medical practices had seen a physician retire early or leave the practice due to burnout.

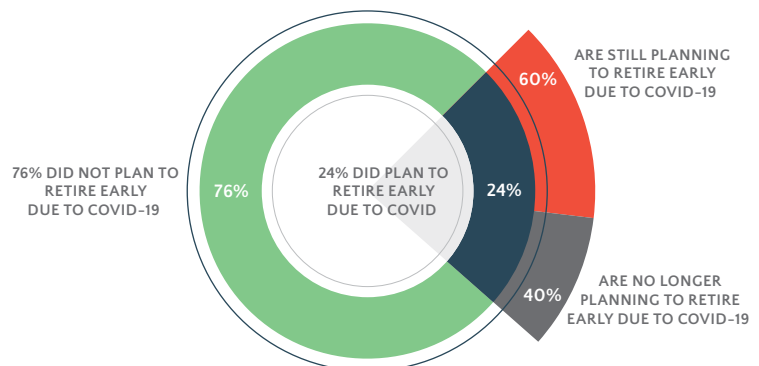
Of course, while many physicians may want to retire as soon as possible, the volatile economy has pushed out the timeline for 38% of all respondents. When looking at physicians over age 60, the percentage is slightly higher, with 46% saying they have delayed their plans.

Question: Has the economy (inflation, stock market volatility, recession fears, etc.) caused a delay in your retirement plans?



About a quarter of respondents said COVID-19 had made them want to retire early, but 40% of those no longer intend to do so. The remaining 60% of those are still planning to take an early exit.

Question: If you were planning to retire early due to COVID-19, do you still plan to do so?



While the majority of administrators say COVID-19 has not impacted retirement projections, approximately one in five report retirement projections have increased since before COVID-19.

| Question: During the last two years, would you say your organization's rate of physician retirement has:



Takeaway

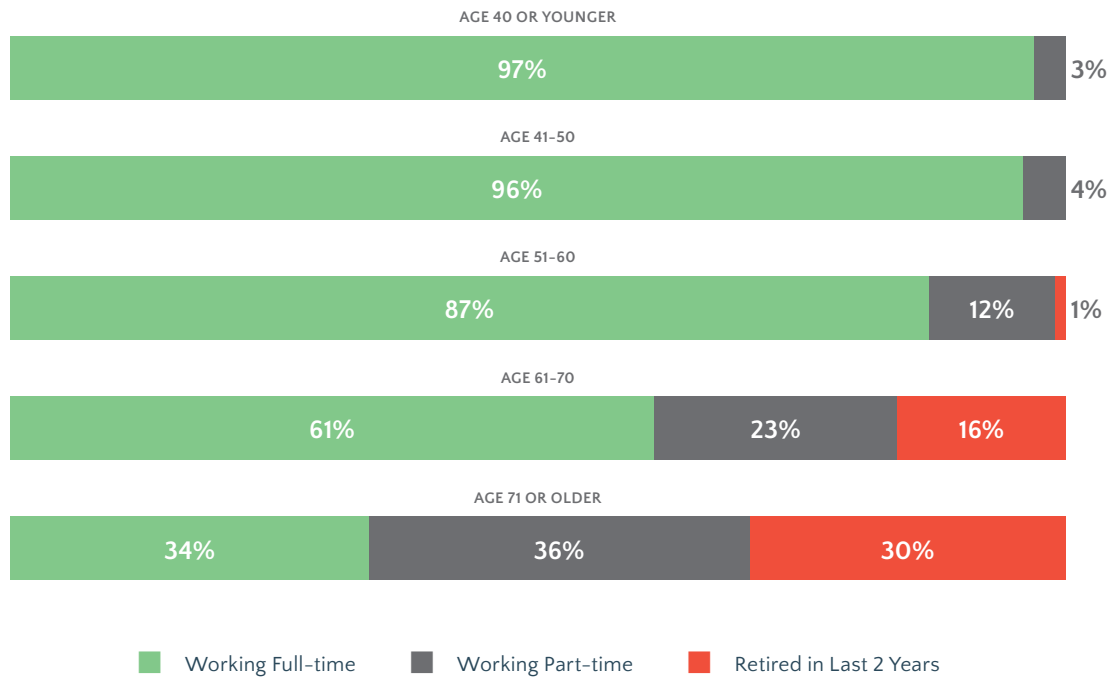
We may not be feeling the full weight of increased retirements just yet, but all signs point to a near future in which we will see higher retirement numbers.



When Do Physicians Plan to Retire?

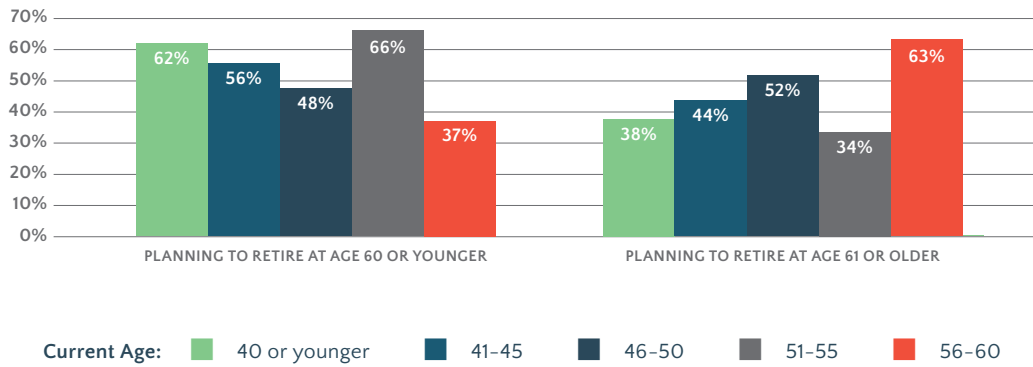
Despite all the talk about the aging physician workforce, it seems many Baby Boomers (currently aged 59–77) are still working. Of the respondents who have only recently retired, 65% did not begin the process until they were beyond the traditional retirement age of 65. That said, it’s clear from the data that some physicians as early as 50 are cutting back hours and beginning to slow down. The percentage of physicians who report working part-time tripled between the ages of 41–50 (when 4% report working part-time) and 51–60 (when 12% work part-time). The trend increases when physicians reach their sixties, with 17% of those 61–65 working part-time and 29% of those 66–70.

CURRENT AGE AND WORK STATUS



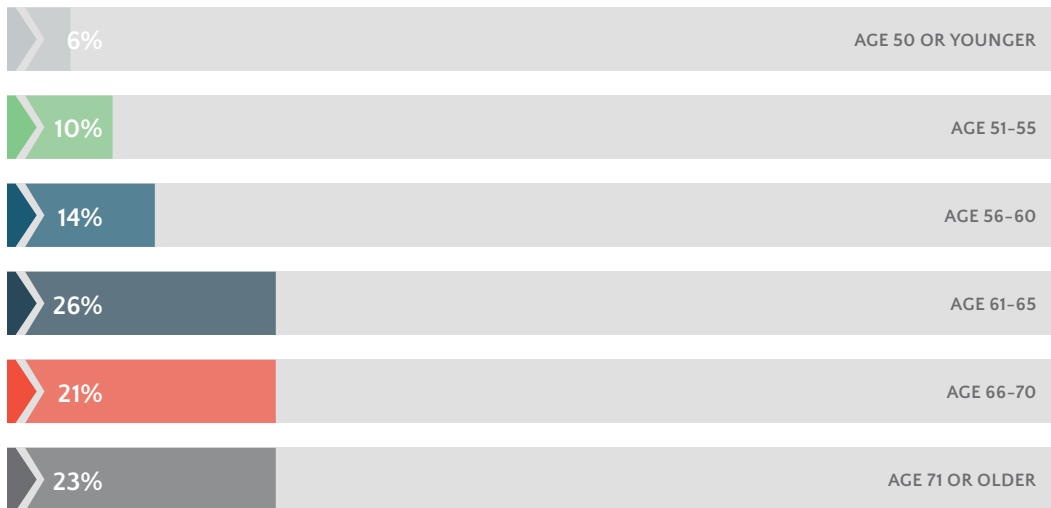
Among physicians under age 60, primarily Gen X, many hope to retire sooner rather than later. According to a [2022 Rural Physician Recruitment Whitepaper](#), Gen X physicians are more likely than Baby Boomers to report feeling dissatisfied with their levels of professional fulfillment (43% vs. 31%) and personal fulfillment (47% vs. 36%). So, perhaps it is not surprising that nearly 60% say they plan to retire before they turn 60 years old. If their intentions hold true, this generational shift in retirement age will have a significant effect on physician supply.

Intention to retire before or after age 60:



It’s not all bad news though; 44% of respondents plan to work past the traditional retirement age of 65. However, this figure includes respondents who are already over the age of 65 and still working. Incidentally, only 19% of Gen X physicians plan to work beyond the age of 65.

Age physicians plan to retire if currently working:



Takeaway

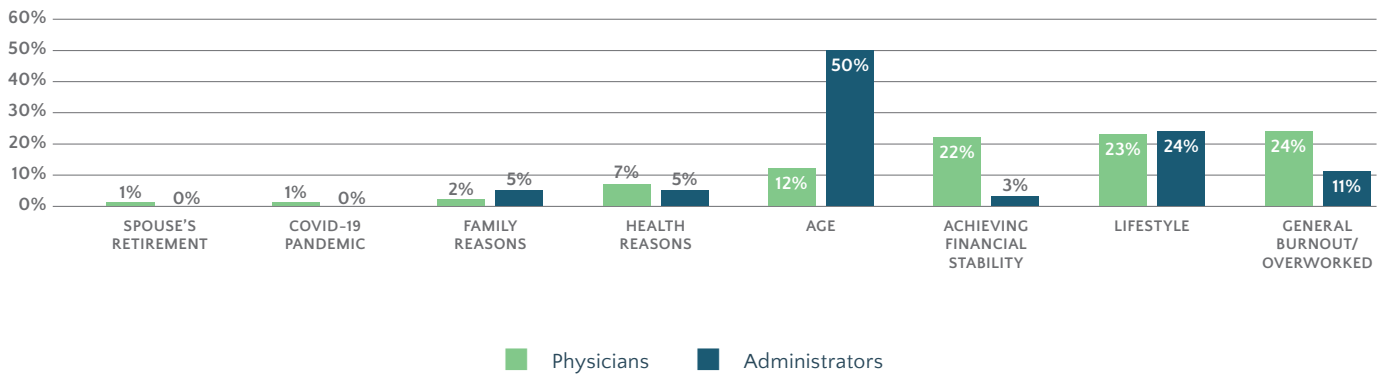
Administrators should be aware of the desire to retire early is felt by a majority of younger physicians. **Focus on building a solid physician retention program in order to keep these physicians in the workforce.**

Why Do Physicians Retire?

While physicians retire for a combination of reasons, administrators and physicians have very different ideas about the main catalyst for retirement. Half of the administrators believe age is the primary reason physicians retire, but age didn't even make the top three as reported by physicians. Administrators underestimate the effect of burnout, which 24% of physicians say is the main reason for initiating retirement. Other significant factors include lifestyle (23%) and achieving financial stability (22%).

Question: Physicians, what is the most important reason you foresee driving your retirement decision?

Administrators, what is the most important reason you see driving physicians' retirement decisions?



Physicians who say they want to retire early are most likely to be Gen X. They are also most likely to cite burnout as the reason they plan to retire. If burnout is a significant cause of retirement, it follows that the same strategies used to mitigate burnout might work to extend the careers of physicians on the brink of retirement. To investigate this further, we asked physicians what, if any, options would make them consider delaying full retirement. We also asked administrators what options they currently offer.

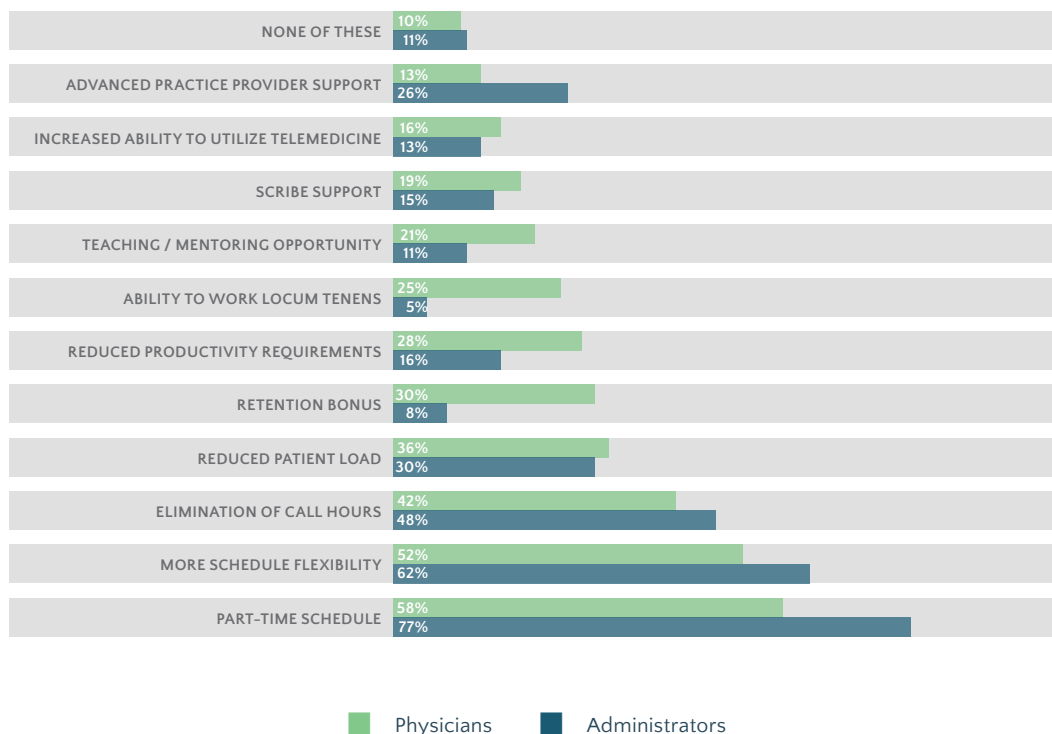
Most administrators are open to part-time hours and schedule flexibility, both of which are important to physicians. However, administrators may be missing the impact of **increased compensation** in the form of retention bonuses or the opportunity to teach or mentor other physicians.

WHAT MIGHT MAKE PHYSICIANS WANT TO KEEP WORKING?

When asked what would cause physicians to consider delaying full retirement, more than half said they would delay if offered part-time status (58%) or flexible schedules (52%). Reducing or eliminating on-call requirements would cause 42% to consider delaying retirement. When breaking these responses down by age, older physicians are more likely to say teaching and mentoring opportunities would encourage them to delay. Younger physicians place more importance on retention bonuses.

Question: Physicians, which of the following options would encourage you to delay full retirement?

Administrators, which options does your organization offer to encourage physicians to delay retirement?



Takeaway

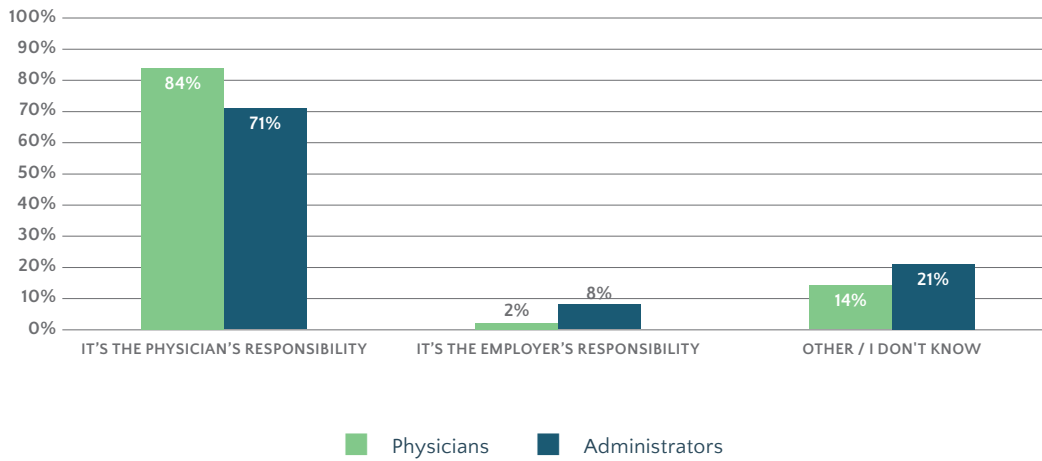
Address burnout as a means of slowing physician retirements. Implement a robust physician **retention plan** that speaks to the issues causing burnout and strives to make physicians happier in their jobs. Provide options to physicians who are thinking about retirement and propose alternatives that address both workload (part-time schedule, flexibility, reduced call) and financial needs (retention bonus, reduced productivity requirements). Opportunities to teach and mentor other physicians may also be impactful for older physicians. Find out what is most important to retiring physicians and make adjustments that will increase **job satisfaction** and keep them working.



How Do Physicians Transition to Retirement?

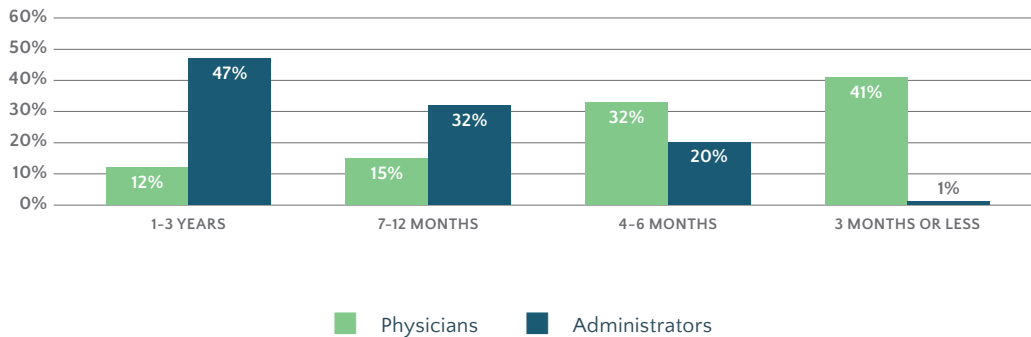
We asked physicians and administrators how comfortable they were with approaching the retirement conversation. According to the data, both administrators and physicians are largely comfortable **initiating the conversation**, with 85% of both groups saying they are extremely comfortable or somewhat comfortable initiating. Incidentally, both administrators and physicians believe it is the physician’s responsibility to bring up his or her retirement plans.

Question: Whose responsibility is it to initiate the physician retirement conversation?

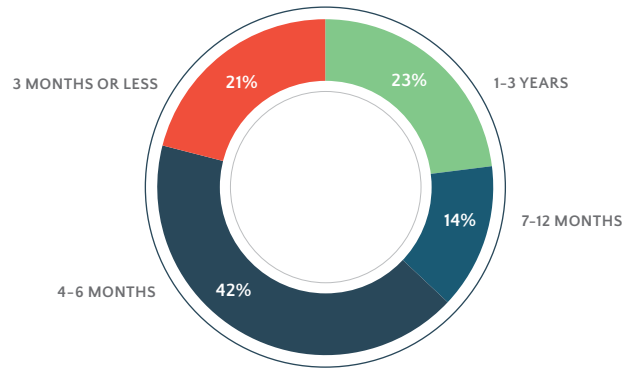


However, if administrators wait for the physician, they are likely to receive less than six months of notice. When asked how much notice would be “ideal” to provide, 41% of physicians said three months or less and 32% said 4-6 months. This aligns with the amount of notice provided by the recently retired respondents; 76% provided their employer with six months notice or less. This falls well short of the ideal notice period 79% of administrators said they want. Nearly half (47%) of administrators say 1-3 years is preferable, and another 32% said they would like to receive 7-12 months of notice.

Question: What is the ideal notice period physicians should provide before retiring?



Question: How much notice do you typically receive when a physician retires?



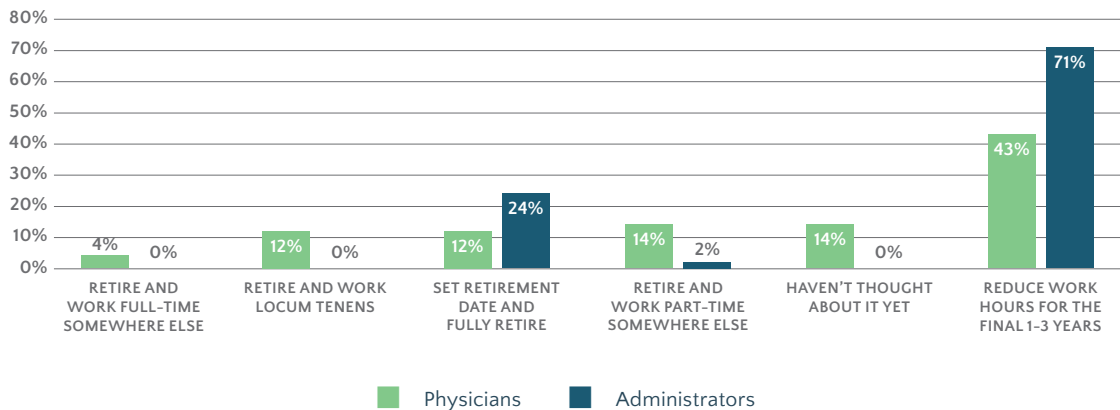
When the retirement conversation does take place, administrators should attempt, when feasible, to support whatever method of transition the physician requests. According to our past retirement research, just 17% of physicians plan to go straight from working full-time to retirement. In this year’s survey, that figure shrunk to 12%. Physicians are increasingly less likely to plan an immediate full retirement. Many administrators don’t realize this. One in four believe physicians set a date and then fully retire.

IF PHYSICIANS DON’T PLAN TO RETIRE THIS WAY, HOW DO THEY ENVISION TRANSITIONING TO RETIREMENT?

Nearly half of physicians (43%) hope to reduce their work hours in the years leading up to retirement. This aligns with what 71% of administrators believe to be true. What administrators are missing is the possibility of their departing physicians working in some capacity for another organization. Nearly a third (30%) of our physician respondents plan to retire and work locum tenens or full- or part-time with other organizations.

Question: Physicians, how do you plan on transitioning to retirement?

Administrators: Which method of retirement transition do you most often encounter?



Takeaway

If administrators want adequate time to plan, they must be the ones to **initiate the retirement conversation**. Considering the trend toward desiring earlier retirement, they should initiate a retirement conversation by the time physicians are age 55 and establish regular check-ins on the **topic**. Talk to them to fully understand how they want the next chapter to unfold. Knowing their true retirement motivations and post-retirement plans may help administrators offer options to persuade physicians to keep working in some capacity. **Organizations must be willing to adapt to keep physicians in the workforce for as long as possible.**

What Should Administrators Do to Prepare?

PRIORITIZE SUCCESSION PLANNING

No one can predict the exact number and timing of physician retirements, but it seems that many healthcare organizations have yet to formalize a plan. According to the survey, **69% don't have a succession plan** to prepare for physician retirements. This aligns with a recent [MGMA Stat poll](#) in which 61% of practice managers said they do not have a succession plan for physician leaders.

A physician succession plan allows organizations to prepare for retirements even before official notice is given. By forecasting potential physician retirements and detailing the actions required when a physician gives notice, the organization lessens the burden felt throughout the practice and ensures continuity of patient care.

Organizations should have two types of succession plans: 1) a long-term physician succession plan, and 2) a short-term/emergency plan. A 2021 joint MGMA and Jackson Physician Search report offers extensive guidance on how to develop an effective succession plan. Creating the plan is a multi-step process, primarily involving researching and forecasting trends, crafting detailed job descriptions, pairing potential leaders with mentors, and partnering with a recruitment firm. For more details, download the report, [Getting Ahead of Physician Turnover in Medical Practices](#).

8 STEPS TO CREATING A PHYSICIAN SUCCESSION PLAN

1. **Set Goals** - The most common goals of a succession plan are to 1) meet patient demand when a physician departs, and 2) alleviate additional burden on remaining staff.
2. **Research and Forecast** - Depending on the size of the organization, use a survey or one-on-one conversations to gather data on physician demographics alongside their specialties and retirement intentions. Use the data to forecast hiring needs.
3. **Develop Job Descriptions** - Meet with stakeholders including the physician to be succeeded as well as those who work closely with him or her and develop a list of key duties and responsibilities the physician holds. Use the list to create a formal job description for the position.
4. **Implement Mentorship and Training Programs** - Internal training and development is critical for smooth transitions. However, it's okay to start small. Use the job descriptions created in step four to identify where training is needed and focus on filling in those gaps.
5. **Identify a Physician Recruitment Partner** - A recruitment partner should have the market expertise to advise on how long it will take to fill roles depending on specialty and level of leadership. Using the data gathered in your environmental scan, the recruitment partner can help create a timeline for when to begin recruiting for key positions.
6. **Seek Legal Advice** - More complicated transitions may require legal assistance to outline the expectations and obligations of all parties.
7. **Create a Checklist and Timeline** - The transition checklist and timeline should cover the specific actions required to transition patients and other responsibilities from one physician to another. It should be used in conjunction with the onboarding program when hiring a new physician or used alone when promoting a physician already on staff.
8. **Make a Contingency Plan** - Even with a well-thought-out plan, gaps in coverage may occur, so it's critical to have an emergency or interim succession plan that can be activated immediately if necessary.

| Question: Does your organization have a formal, written succession plan for physician retirements?



ADAPT TO THE NEEDS OF NEW PHYSICIANS

Adding to the challenge of succession planning is the fact that many of the physicians coming out of training are pursuing subspecialties, while the departing physicians tend to be generalists in their specialties. These newer subspecialists aren't interested in taking over a broad panel of patients.

"Where the need is greatest across the country is replacing providers to inherit the patient panels of retiring docs, and those retiring docs were often doing it all in terms of scope of practice and call," says Tara Osseck, Regional Vice President of Recruiting in the Midwest Division of Jackson Physician Search. "There is a widening gap between how a traditionalist and a Millennial physician want to practice."

As organizations recruit to replace retiring physicians, they must find ways to meet the needs of this new generation of physicians. Are there cases that would have typically been referred out that could be kept in the practice with this candidate? For example, perhaps they can open a headache or movement disorder clinic to allow a neurologist to focus on his or her area of interest and grow the service line at the organization.

"We are consulting [clients to adapt](#) in ways that will give the specialist the challenge he or she is seeking while also providing patients the coverage they need," says Tara.

FOCUS ON RETENTION

In order to meet the changing needs of physicians, administrators must have an awareness of what those needs are and address them in a documented physician retention plan. [Studies](#) show flexibility and work-life balance are increasingly important to the younger generation of physicians, so flexible schedules and generous time-off policies are a must. Burnout remains an ongoing issue for physicians of all ages, so there must also be an effort to address the root causes of burnout. The joint MGMA and Jackson Physician Search report, [Back from Burnout: Confronting the Post-Pandemic Physician Turnover Crisis](#), explores at length both the causes and potential solutions for physician burnout. For starters, administrators should strive to lower the administrative burden placed on physicians (possibly with more user-friendly EHRs), provide more clinical support, improve communication, and offer wellness programs and mental health resources.

These programs and offerings should be outlined in your physician retention plan, alongside clearly defined terms for tenure-based compensation increases and bonuses. Documenting your commitments in a formal physician retention plan is important for 1) making physicians aware of your intentions, and 2) holding leadership accountable for following through on intentions.



TAKEAWAYS FROM RETIREMENT RESEARCH

The coming wave of physician retirements will leave healthcare organizations nationwide with vacancies that make it harder to meet the needs of the communities they serve. However, with the right plan, undesirable outcomes can be avoided.

“It’s never been more important to have a plan to replace retiring physicians,” says Tony Stajduhar, President of Jackson Physician Search. “While our research shows the desired retirement age is trending younger, it also provides some valuable insight on what can be done to encourage physicians to stay in the workforce in some capacity. Implementing the takeaways from this research is essential to lessening the impact of the coming wave of retirements.”

In summary, the key takeaways for administrators are as follows:

- Initiate the retirement conversation by the time a physician is age 55.
- Focus on physician retention and burnout mitigation to improve physician job satisfaction and increase physicians’ desire to stay in the workforce as they age.
- Provide multiple options to lighten workload and improve work circumstances as physicians approach retirement age.
- Consider other means of keeping physicians engaged such as retention bonuses and teaching opportunities.
- Adapt job descriptions and compensation packages to meet the evolving needs of physicians entering the workforce.

Of course, also essential to managing the incoming wave of physician retirements is a partnership with a national physician recruitment firm. A trusted partner can help you with succession planning, share market intelligence, and most importantly, develop a pipeline of qualified candidates from which to draw when physicians give notice for any reason.

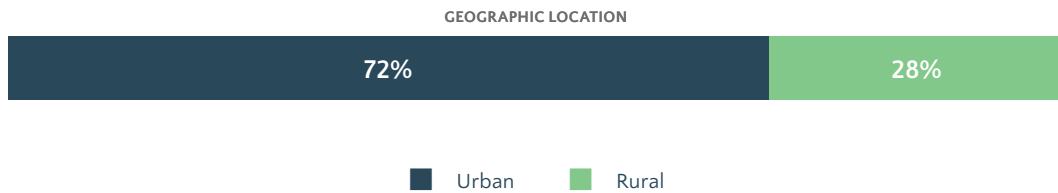
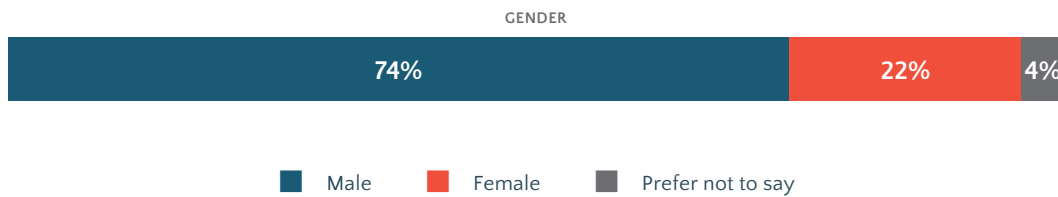
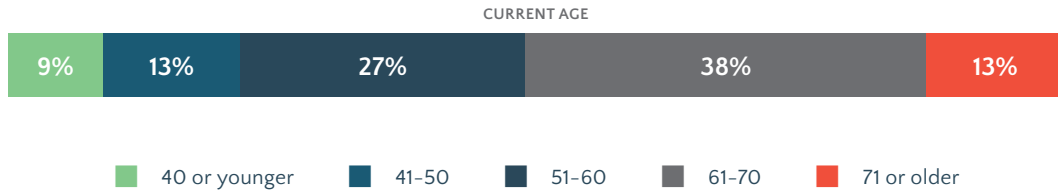
A physician recruitment leader for more than four decades, Jackson Physician Search has both the national reach and regional expertise to accelerate your physician recruitment efforts. [Reach out](#) today to learn more.



Survey Methodology

We heard from physicians of all ages, for whom retirement is everything from decades away to right around the corner. We asked physicians who had recently retired about their experiences as well. The physician respondents were most likely to work for hospitals, groups (single- or multi-specialty), or healthcare systems. More physicians working in urban areas responded than those in rural areas.

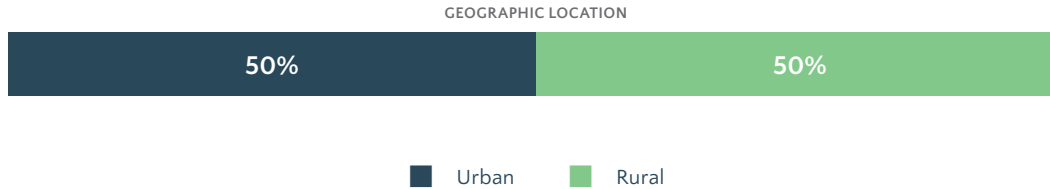
Physician Demographics



WORK SETTING OR LAST WORK SETTING IF RECENTLY RETIRED			
Hospital	30%	Locum tenens	2%
Single-specialty practice / group	26%	FQHC	1%
Multi-specialty practice / group	17%	Telemedicine	1%
Healthcare system	15%	Other	5%
Community health center	3%		

The healthcare administrator respondents most commonly held the titles Administrator, CEO, President, or COO. They were most likely to work for single- or multi-specialty groups, healthcare systems, or hospitals, and they represent an even split among rural and urban organizations.

Administrator Demographics



CURRENT WORK SETTING		TITLE	
Single-specialty practice / group	37%	Administrator	35%
Healthcare system	22%	CEO / President	23%
Multi-specialty practice / group	19%	COO	15%
Hospital	12%	Physician Recruiter	15%
FQHC	7%	Chief of Staff	5%
Community health center	3%	CMO	4%
		HR Executive / Director	3%

The survey was conducted during the months of November/December 2022. Physicians (across all specialties) and administrators in our nationwide database were invited by email to participate in the survey. We received responses from 387 physicians and 60 administrators, which produced a total of 330 completed physician surveys and 60 completed administrator surveys. Jackson Physician Search would like to thank MGMA for contributing to the administrator survey results by sharing the survey with a subset of their members.

Jackson Physician Search

Jackson Physician Search is an established industry leader in physician recruitment and pioneered the recruitment methodologies standard in the industry today. The firm specializes in the permanent recruitment of physicians, physician leaders and advanced practice providers for hospitals, health systems, academic medical centers and medical groups across the United States. Headquartered in Alpharetta, Ga., the company is recognized for its track record of results built on client trust and transparency of processes and fees. Jackson Physician Search is part of the Jackson Healthcare® family of companies.

Jackson Physician Search is endorsed by multiple state hospital associations, and is a MGMA Executive Partner and an AAPPR Signature Partner.

For more information, visit www.jacksonphysiciansearch.com.

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