HELP WANTED:
New York’s Physician Shortage Continues to Worsen

RESULTS OF HANYS’ 2010 PHYSICIAN ADVOCACY SURVEY

Healthcare Association of New York State
Executive Summary

Access to care in communities across New York State is threatened by growing physician shortages. HANYS’ members reported a dramatic increase in the number of departing physicians and severe difficulty in recruiting replacements in 2009. As a result, both emergency and routine services are becoming less available in many of New York’s communities.

This report describes the physician shortage in New York State, its implications for access to quality patient care, how hospitals are coping, and the high cost and other challenges associated with attracting physicians.

The results of HANYS’ 2010 Physician Advocacy Survey add to the growing library of data that identify the physician shortage as a major health care concern in many New York communities.

The survey confirms that New York’s physician shortage continues to worsen. Respondents report a need for 1,000 new physicians.

A total of 111 member hospitals responded to the survey, for a statewide response rate of 63%. The response rate outside of New York City was 76%, and among rural hospitals it was 94%; therefore, this report emphasizes physician workforce shortages outside of New York City, and contains a section focusing on rural hospitals.

This survey was conducted in collaboration with Iroquois Healthcare Alliance, Nassau-Suffolk Hospital Council, Northern Metropolitan Hospital Association, Rochester Regional Healthcare Association, and Western New York Healthcare Association.

For the past four years, HANYS has produced and used this report to educate state and federal policymakers about the health care workforce challenges facing New York and to identify strategies for improving access to care in communities across the state. The 2008 report was influential in the establishment of the Doctors Across New York (DANY) program, which provides loan forgiveness and practice support to physicians who agree to provide care in under-served communities.

KEY FINDINGS

- Thirty-three percent of hospitals indicated they had to reduce and/or eliminate services in 2009 because of a shortage of physicians, compared to 24% in 2008.
- Sixty-nine percent of hospitals indicated there were times when the physician shortage left their emergency department without coverage for certain specialties, requiring patients to transfer to other hospitals for treatment, an increase of more than 50% from the previous year.
- The average age of practicing physicians in New York State is 52, and 16% are over the age of 65, meaning the pace of retirements will accelerate in coming years, further exacerbating the shortage.
- Nearly 1,600 physicians retired or left their communities in 2009.
- Responding hospitals reported a need for 1,000 new physicians.
National and State Trends

Nationally, the demand for physicians is staggering, especially since passage of the federal Affordable Care Act (ACA) of 2010. The Association of American Medical Colleges (AAMC) in a September 30, 2010 report indicated a need for more than 63,000 physicians nationwide by 2015, with a worsening shortage through 2025.

Projected demand for physicians is more than 50% greater than previously estimated. The AAMC report indicates an almost equal need for both primary care physicians and medical specialists. AAMC further predicts that one-third of current physicians will retire in the next ten years. At the same time, 15 million more people will become eligible for Medicare and as many as 32 million become newly insured under ACA. To cope with the shortage, AAMC is advocating for a 15% increase in the number of Medicare-funded Graduate Medical Education slots to prepare an additional 4,000 physicians annually.

At the state level, a report on the supply and demand for physicians through 2030 by the State University of New York (SUNY) Center for Health Workforce Studies (CHWS) predicts dire shortages in areas of the state that are already the most under-served.

A variety of local strategies are being used to address regional physician shortages. For example, Western New York Healthcare Association established the Western New York Physician Recruitment Program, which is currently recruiting for 87 openings at member hospitals across 27 specialties, especially family medicine and orthopedics.

DIRECT EMPLOYMENT OF PHYSICIANS IS A GROWING TREND

Sixty-five percent of respondents to HANYS’ survey indicate they have increased the number of directly employed physicians over the past three years. In 2009, respondents outside of New York City reported hiring approximately 650 new physicians, representing about 17% of all of their employed physicians. Approximately 800 physicians were newly employed in 2008.

A recent HANYS Board of Trustees survey found 65% of members believe between one-third and two-thirds of their physicians will be directly employed within the next three years. Fifteen percent think this number will be even higher.

HANYS’ PHYSICIAN WORKFORCE ADVOCACY AGENDA

HANYS is advocating for:

- swift release of the Doctors Across New York (DANY) program request for applications;
- new funding to continue and expand DANY;
- less rigorous DANY requirements;
- more Medicare-funded medical residency slots for New York State;
- state legislation and regulatory reform to facilitate implementation of telemedicine across the continuum of care and expand coverage of telemedicine services by public and private payers;
- loan repayment and practice support programs and other incentives to help recruit mid-level practitioners, such as nurse practitioners and physician assistants, to work in under-served areas of the state; and
- changes in scope-of-practice regulations for mid-level practitioners that will enable them to practice at the highest level of their training.
Merritt Hawkins & Associates, a leading national physician recruiting company, recently reported that the trend in direct employment of physicians has accelerated significantly and now represents more than 50% of the firm’s search assignments, up 30% over the past six years.

According to the American Medical Association, nearly one-third of all physicians are directly employed by a medical facility or corporation, but others in the private recruitment business, such as The Medicus Firm, believe this number is much higher, perhaps approaching 50%.

This increase in direct hospital employment of physicians comes at a time when hospitals are coping with shrinking resources and recruitment difficulties. Merritt Hawkins indicated the economic recession has caused health care facilities to curtail recruitment—without the impact of the recession, physician hiring may have been significantly greater.

**SHORTAGES ARE IMPACTING ACCESS TO CARE**

In 2009, 69% of respondents indicated there were times when the physician shortage left their emergency department (ED) without coverage for certain specialties, forcing the transfer of patients to other facilities—up sharply from the 45% reported in 2008. Further, 33% of respondents reported having to reduce and/or eliminate services at their hospital as a result of physician shortages. Fifty percent of respondents have paid for on-call services and 55% hired expensive *locum tenens* (temporary physicians), at a cost that is difficult to sustain. The chart below shows regional variation in these findings.

### REGIONAL DISTRIBUTION

<table>
<thead>
<tr>
<th>Region</th>
<th>Statewide</th>
<th>Western NY</th>
<th>Rochester</th>
<th>Central NY</th>
<th>Northeastern NY</th>
<th>Northern Metropolitan/ Hudson Valley</th>
<th>Long Island</th>
</tr>
</thead>
<tbody>
<tr>
<td>ED not covered for some specialties</td>
<td>69%</td>
<td>91%</td>
<td>73%</td>
<td>57%</td>
<td>63%</td>
<td>64%</td>
<td>80%</td>
</tr>
<tr>
<td>Reduced and/or eliminated services due to physician shortage</td>
<td>33%</td>
<td>82%</td>
<td>27%</td>
<td>28%</td>
<td>33%</td>
<td>43%</td>
<td>15%</td>
</tr>
<tr>
<td>Paying for on-call</td>
<td>50%</td>
<td>64%</td>
<td>67%</td>
<td>52%</td>
<td>50%</td>
<td>57%</td>
<td>20%</td>
</tr>
<tr>
<td>Using <em>locum tenens</em></td>
<td>55%</td>
<td>27%</td>
<td>53%</td>
<td>76%</td>
<td>76%</td>
<td>71%</td>
<td>5%</td>
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</table>
NEW YORK’S PHYSICIANS ARE AGING AND RETIRING

Exacerbating the shortage, New York ranks second in the country for the number of practicing physicians over the age of 60, according to AAMC. As reported in CHWS’ 2009 Annual New York Physician Workforce Profile, the average age of physicians in New York State is 52.

AGE OF PHYSICIANS IN NEW YORK STATE

Of the approximately 59,000 active full-time equivalent (FTE) physicians practicing in New York State, 16% are over the age of 65. Outside New York City, there are nearly 5,000 practicing physicians over the age of 65. In several rural counties, including Columbia, Chenango, Delaware, Fulton, Greene, Herkimer, Livingston, Orleans, Schuyler, Steuben, and Sullivan, more than 20% of practicing physicians are over the age of 65.

Any success achieved by physician recruitment is often mitigated by a steady stream of retirements, preventing many communities from making substantial gains in addressing longstanding shortages.

Respondents to HANYS’ 2010 Physician Advocacy Survey reported nearly 1,600 physicians retired or left their communities in 2009, a much greater number than was reported in 2008. An additional 670 physicians are expected to retire by the end of 2010.
RECRUITING IS TIME CONSUMING, DIFFICULT, AND COSTLY

Respondents reported the biggest challenges to recruiting physicians are geographic location (81%) and a lack of qualified candidates (66%). Despite these barriers, respondents identified several recruitment strategies that have been successful, including sign-on bonuses, income guarantee, and relocation allowances.

At a time when funding cuts and an economic downturn are forcing hospitals to do more with limited resources, these strategies all come at a very high cost.

Merritt Hawkins reported the average physician sign-on bonus was more than $20,000 in 2009, and the average relocation package was worth more than $10,000. Medicus reported that sign-on bonuses are now approaching $50,000, while private recruiter fees average about $25,000 per placement.

Retaining physicians also remains a struggle and hospitals are exploring many strategies—again, all at a very high cost. The most successful retention strategies reported include competitive pay, competitive benefits, malpractice coverage, and provision of mid-level practitioners.

SUCCESSFUL RECRUITMENT STRATEGIES

<table>
<thead>
<tr>
<th>Strategy</th>
<th>% Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sign-on bonuses</td>
<td>71%</td>
</tr>
<tr>
<td>Income guarantee</td>
<td>64%</td>
</tr>
<tr>
<td>Relocation allowance</td>
<td>70%</td>
</tr>
</tbody>
</table>

SUCCESSFUL RETENTION STRATEGIES

<table>
<thead>
<tr>
<th>Strategy</th>
<th>% Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive pay</td>
<td>81%</td>
</tr>
<tr>
<td>Competitive benefits</td>
<td>66%</td>
</tr>
<tr>
<td>Malpractice coverage</td>
<td>58%</td>
</tr>
<tr>
<td>Provision of mid-level practitioners</td>
<td>46%</td>
</tr>
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</table>

Thirty-eight percent of respondents—53% in rural areas—reported primary care physicians are very difficult to recruit.

RECRUITING IS A CHALLENGE FOR PRIMARY CARE AND OTHER SPECIALTIES

Workforce experts acknowledge there is no easy way to identify the exact number of physicians needed in a particular specialty in a geographic area. However, comparing the regional physician need reported in HANYS’ hospital survey results with CHWS statewide averages provides a general reading of a region’s relative position for various specialties. Comparing regions of the state to statewide averages, data from the CHWS 2010 Physician Workforce Profile indicate that:

- statewide, there are 94 primary care physician FTEs per 100,000 population;
- in seven regions encompassing 48 counties, the number of primary care physician FTEs per 100,000 population is below the statewide average;
- those with the lowest ratios include the Mohawk Valley (six counties) at 70.5 per 100,000, the North Country (seven counties) at 72.8 per 100,000, Central New York (four counties) at 75.9 per 100,000, Western New York (five counties) at 79.0 per 100,000, and the Southern Tier (nine counties) at 84.5 per 100,000.
Statewide, there are 43 internal medicine (IM) sub-specialist FTEs per 100,000 population according to CHWS. Eight regions, representing 55 counties, are below this average, including the North Country at 18.0 per 100,000, the Mohawk Valley at 18.7 per 100,000, and the Finger Lakes at 29.1 per 100,000.

Forty-four percent of respondents to HANYS’ survey reported that OB/GYNs were very difficult to recruit. According to CHWS, there are 16 obstetrician/gynecologist (OB/GYN) FTEs per 100,000 population statewide. Six regions, representing 44 counties, have fewer OB/GYN FTEs, the lowest being the Mohawk Valley at 8.7 per 100,000, the North Country at 12.3 per 100,000, Western New York at 13.3 per 100,000, and the Southern Tier at 14.0 per 100,000.

Fifty-five percent of respondents reported orthopedic physicians were “very difficult” or “difficult” to recruit, and 45% indicated the same for surgical sub-specialties.

Based on several different forecasting models, CHWS expects growth in demand for physicians to outpace supply by 2030.

- During 2005-2009, the average number of physician FTEs per 100,000 population declined in 11 of New York’s 62 counties.
- The average number of primary care physician FTEs per 100,000 population declined in six counties.
- During the same period, the average number of general surgeon FTEs per 100,000 population declined in 27 counties.
- The average number of OB/GYN FTEs per 100,000 population declined in 24 counties.
- The average number of psychiatrist FTEs per 100,000 population declined in 19 counties.

DOCTORS ACROSS NEW YORK

Enacted in the 2008-2009 state budget, DANY provides up to $150,000 for loan repayment and/or up to $100,000 in practice support for a five-year commitment. A total of 101 awards were made across the state last year; HANYS’ members were able to place more than half of those physicians.

Fifty-four percent of hospitals reported that IM sub-specialists are very difficult to recruit. This may be one reason why 69% of respondents experienced times when their emergency department was not covered by certain specialties and 34% reported that they had to either reduce and/or eliminate services in 2009.

COUNTIES THAT LOST PHYSICIANS FROM 2005 TO 2009

- Allegany
- Cortland
- Delaware
- Genesee
- Greene
- Hamilton
- Herkimer
- Madison
- Sullivan
- Wayne
- Wyoming
Expanding the loan repayment and practice support components of DANY is critical to expanding access to primary care and supporting specialties. National and state health care reform cannot succeed without increasing the number of physicians practicing in under-served areas. The experience of our neighbors in Massachusetts highlights the dangers of encouraging all residents to seek primary care when the supply of physicians is unable to meet increased demand for services.

Further, CHWS’ study on physician supply and demand through 2030 suggests a program like DANY could significantly mitigate the severity of the shortage. While the study forecasts demand for physicians will continue growing at a faster rate than the supply, continuing and expanding DANY will improve the supply of physicians in New York State.

HANYS’ RECOMMENDATIONS:

- The request for applications must be released quickly to ensure the continued success of DANY.
- It is critical that additional cohorts of loan repayment and practice support programs are funded to maintain the momentum of DANY and ensure there are enough physicians to care for all New Yorkers.

Alternatives to Consider—Telemedicine and Mid-Level Practitioners

In a time of limited supply of resources and physicians, innovative alternatives must be considered to ensure access to care. While HANYS continues to advocate for increasing funding for DANY, the program is small compared to the magnitude of shortages, and recruiting physicians in under-served areas will remain a serious challenge. Consequently, telemedicine and mid-level practitioners represent an increasingly important component of strategies to address the physician shortage.

Members expressed a significant interest in telemedicine, with the vast majority already using telemedicine for radiology. Telemedicine can allow:

- one physician to serve multiple communities;
- patients at a “spoke” hospital to consult physicians at a “hub” hospital;
a community hospital to link with a center of excellence that can be virtually anywhere;

• patients in residential settings, such as nursing homes, to see physicians without having to go to the hospital; and

• patients at home to be monitored by their primary care provider to enable better management of chronic illnesses.

However, barriers to the adoption of telemedicine must be addressed to make it a viable strategy for providing efficient access to care amid physician shortages.

BARRIERS TO TELEMEDICINE

When asked about barriers to providing telemedicine services:

• sixty-two percent of respondents indicated reimbursement was insufficient;

• forty-seven percent cited regulatory barriers;

• fifty-six percent lacked necessary financial resources; and

• nearly a quarter indicated it was difficult to find partners for collaborative agreements.

HANYS’ advocacy agenda includes identifying and advocating for the elimination of barriers to access and reimbursement. Recommendations include:

• Increase Medicaid reimbursement to cover the cost of services; expand approved settings to include home care, outpatient clinics, and long-term care facilities; and mandate that third-party payers reimburse for these services.

• Eliminate onerous regulations, including duplicative credentialing requirements that create impediments to the process, state licensure requirements, malpractice coverage, and duplicative privileging processes.

• Eliminate Emergency Medical Treatment and Labor Act (EMTALA) regulations that require hospitals to maintain a list of on-call physicians who can be present at the hospital within 20 minutes of a call. This can be challenging for rural hospitals, and telemedicine is one way in which a physician might be able to make an initial assessment without requiring the physician to be on site.

• Expand areas eligible for Medicare telemedicine funding.

• Increase the number of services covered by telemedicine.

A TELEMEDICINE SUCCESS STORY AT ROCHESTER GENERAL AND NEWARK-WAYNE COMMUNITY HOSPITAL

Using a robot and computers, this health system achieved successes through telemedicine. The robot can be guided to a patient’s bedside, or patients are taken to a room with a nurse practitioner, where they visit with the physician specialist via computer.

This innovative program:

• provides access to a multitude of specialists;

• enhances patient satisfaction;

• enables timely administration of treatments;

• improves quality of care;

• provides call panel coverage;

• offers the ability to do pre- and post-surgical examinations via telemedicine; and

• has demonstrated reduction in 30-day hospital readmissions through use of telemedicine in nursing homes.
USE OF MID-LEVEL PRACTITIONERS

Most respondents said they currently use mid-level practitioners and reported employing nearly 1,500 at their facilities. Forty-six percent of respondents outside New York City said the use of mid-level practitioners was a successful physician retention strategy. Sixty percent of respondents indicated mid-level practitioners provide a significant amount of care at their facility, and 71% plan to hire more mid-level practitioners as part of a long-term strategy to address shortages in primary care.

Unfortunately, 58% of respondents also believe there is a shortage of mid-level practitioners.

A recent Institute of Medicine (IOM) report titled, The Future of Nursing: Leading Change, Advancing Health, recommends removing scope of practice barriers to enable nurse practitioners to treat patients to the full extent of their education and training.

Rural Hospital Findings

Physician recruitment is more difficult in rural areas of New York State than in other regions. Rural providers face tremendous obstacles to recruiting physicians, including geographic location, shortage of interested candidates, and a lack of opportunities for spouses/significant others. Therefore, it should be no surprise that rural hospitals overwhelmingly responded to this survey, and findings confirm that they face some of the most difficult challenges recruiting physicians.

The New York State Department of Health (DOH) designates 50 hospitals as rural. Of those, 47, or 94%, responded to this survey. The CHWS 2009 Physician Workforce Profile shows the average age of active physicians in rural areas is 53, with 15% over the age of 65, and an additional 12% over age 60. With approximately 5,700 physicians practicing in rural counties, this translates into a loss of more than 850 physicians over the next several years as physicians retire.

In addition, only 3% of physicians in rural areas are under age 35, compared to 6% for the rest of the state.
HOSPITAL TRENDS
Rural respondents reported 237 physicians retired or left the community in 2009, and another 129 are expected to retire in the next year. The current need for physicians is more than 300, and the majority of those physicians hired in 2009 were hired as employees of the hospital (64%). Sixty-four percent of respondents indicated that they have hired more physicians directly over the past three years; they reported hiring 301 new physicians in 2009.

SHORTAGES ARE IMPACTING ACCESS TO CARE
In 2009, 68% of rural respondents reported times when their emergency department was not covered for certain specialties as a result of physician shortages, forcing patients to be transferred elsewhere. Further, 34% said they have had to reduce and/or eliminate some services at their hospital as a result of physician shortages. Fifty-one percent of respondents paid for on-call services, and 77% hired locum tenens, both of which can be very costly to the hospitals.

DIFFICULT AND COSTLY RECRUITMENT AND RETENTION
Rural hospitals must spend money to attract physicians. When asked which strategies were the most successful, rural hospitals responded as follows: sign-on bonus, relocation allowance, income guarantee, and loan repayment.

HANYS also asked rural members to indicate which retention strategies were most successful: competitive pay, competitive benefits, paying malpractice insurance, and providing mid-level practitioners.

As stated earlier, these costly strategies are particularly difficult for small rural hospitals that have faced significant budget reductions in recent years.

SUCCESSFUL RURAL RECRUITMENT STRATEGIES

<table>
<thead>
<tr>
<th>Strategy</th>
<th>% Reporting</th>
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<tbody>
<tr>
<td>Sign-on bonuses</td>
<td>87%</td>
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<tr>
<td>Relocation allowance</td>
<td>81%</td>
</tr>
<tr>
<td>Income guarantee</td>
<td>70%</td>
</tr>
<tr>
<td>Loan repayment</td>
<td>68%</td>
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SUCCESSFUL RURAL RETENTION STRATEGIES

<table>
<thead>
<tr>
<th>Strategy</th>
<th>% Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive pay</td>
<td>92%</td>
</tr>
<tr>
<td>Competitive benefits</td>
<td>70%</td>
</tr>
<tr>
<td>Paying malpractice insurance</td>
<td>68%</td>
</tr>
<tr>
<td>Providing mid-level practitioners</td>
<td>64%</td>
</tr>
</tbody>
</table>
IMPACT OF DOCTORS ACROSS NEW YORK

More than one-third of rural respondents said the first DANY cohort in 2009-2010 was very helpful in attracting new physicians to their communities. Many of these hospitals worked extensively with DOH to improve the request for applications process for the second cohort and eagerly await its release. While funding has been budgeted, it remains unclear whether it will be allocated, given the state’s current fiscal situation.

MOST DIFFICULT SPECIALISTS TO RECRUIT IN RURAL AREAS

<table>
<thead>
<tr>
<th>Speciality</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orthopedics</td>
<td>64%</td>
</tr>
<tr>
<td>Primary Care</td>
<td>53%</td>
</tr>
<tr>
<td>Adult Psychiatrist</td>
<td>51%</td>
</tr>
<tr>
<td>Internal Medicine</td>
<td>47%</td>
</tr>
<tr>
<td>Emergency Medicine</td>
<td>43%</td>
</tr>
</tbody>
</table>

For those hospitals that indicated that their emergency department was not covered for certain specialties, 40% indicated that orthopedics was the most common specialty to be unavailable.

Alternatives to Access to Care

TELEMEDICINE AND MID-LEVEL PRACTITIONERS

Earlier in this report, two specific alternatives were identified to assist rural communities in having access to care in their communities: telemedicine and the use of mid-level practitioners.

Eighty-five percent of rural hospitals currently use some form of telemedicine, but the vast majority (76%) use it for radiology and approximately 10% are stroke centers.
However, responses from this survey indicate a very strong interest among rural providers to access telemedicine services. In fact, 83% want to use it to provide access to specialists in their communities, and 60% indicated that they were very interested in pursuing collaborative arrangements with other facilities that are centers of excellence.

Rural hospitals reported reimbursement, lack of financial resources, regulatory requirements, and forming collaborative arrangements as barriers to accessing telemedicine.

Seventy-five percent of rural respondents see increasing the number of mid-level practitioners as one of their long-term strategies to address primary care shortages in their communities. Nearly 60% are already using mid-level practitioners to provide a significant amount of care, and 62% believe there is a shortage of mid-level practitioners. HANYS’ agenda also includes removal of scope of practice barriers to address the primary care shortage in rural counties.

### Conclusion

The physician shortage in New York State is worsening. Federal health care reform will place additional strains on the health care system, as will an aging population requiring more chronic care.

New York State must invest in its physician supply to protect the health of its residents. The continuation and expansion of DANY, changes that make telemedicine more accessible, and encouraging the use of mid-level practitioners must be a high priority for the state.

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**BARRIERS TO ACCESSING TELEMEDICINE**

<table>
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<tr>
<th></th>
<th>%</th>
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<tbody>
<tr>
<td>Reimbursement</td>
<td>57</td>
</tr>
<tr>
<td>Lack of financial resources</td>
<td>49</td>
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<tr>
<td>Regulatory requirements</td>
<td>36</td>
</tr>
<tr>
<td>Forming collaborative arrangements</td>
<td>26</td>
</tr>
</tbody>
</table>

**INTEREST IN TELEMEDICINE: Rural Hospitals**

- Eighty-three percent are interested in telemedicine to provide access to specialists.
- Sixty percent are interested in pursuing a collaborative relationship.
- Seventy-seven percent said telemedicine is a component of their future primary care and community outreach strategy.