

# 2003

## Review of Temporary Healthcare Staffing Trends and Incentives





## **2003 Review of Temporary Healthcare Staffing Trends and Incentives**

### **Overview**

This report marks the second Review of trends in temporary healthcare staffing presented by Staff Care. Prior to the release of the first Review, much of the information presented regarding the locum tenens industry was based upon anecdotal evidence. The purpose of the annual Review is to quantify trends and attitudes in the temporary healthcare staffing industry and provide a useful benchmark for physicians and healthcare executives alike.

The 2003 Review is based on search assignments through locum tenens search firms, searches conducted by healthcare facilities, and survey data collected from locum tenens physicians and healthcare facilities. For the 2003 Review, we contacted 18,620 administrators at healthcare facilities nationwide, representing all practice settings, and received 1,154 completed surveys, for a response rate of 6.2 percent. Respondents include human resources personnel, departmental directors, and others with recruiting authority. We contacted 27,170 physicians known to have worked temporary assignments in 2001-2002 and received 1,302 completed surveys, for a response rate of 4.8 percent. The data from search assignments was gathered during the 2002 calendar year, with follow-up interviews conducted between February 1 and February 21, 2003.

This summary represents the only comprehensive accumulation of temporary healthcare staffing data; as such, it illustrates the industry's confounding nature. Several of the data tables confirm dramatic swings from one year to the next, reflecting a workforce that changes annually. Physician assignments vary in duration and setting. Several physicians may fill one opportunity and physicians may work with several staffing firms or independently. Typically, a locum tenens physician also holds a permanent practice, working on a temporary basis for only a few weeks during the year.

Yet it is an important and growing industry. Facilities spent just over \$2 billion on locum tenens coverage/searches in 2002, including coverage independent of search firms.

The breakdown by region, setting, and specialty:

#### ***Healthcare facilities surveyed***

Total: 1154

Northeast (187) Southeast (350) Southwest (149) Midwest (274) West (194)

Group practices (136) Hospitals (279) Healthcare Networks (61) Clinics (342) Other (336)

#### ***Physicians surveyed***

Total: 1302

Anesthesiology (201) Primary Care (435) Psychiatry (103) Radiology (165) All other (398)

## Part I - The Locum Tenens Industry

Great is the temptation to compare the forces shaping industry growth to the “perfect storm.” After all, the shortage of specialists resulting from the rise and fall of the managed care “gatekeeper” model of the 1990s, the arrival of new technologies and procedures, demographic changes, the malpractice insurance crisis, and other forces all combined to create a tempest that continues to drive demand—and spending—for locum tenens services.

Again in 2002, demand for locum tenens services outpaced the supply of physicians available to fill temporary assignments. The nationwide fill rate—the percentage of vacant days actually filled by a temporary physician versus the number of vacant days at patient care facilities that remain unfilled—held steady at 42 percent. This figure represents an industry average, which includes all specialties and regions. Note that fill rates vary greatly between specialties and regions. For example, healthcare facilities successfully fill close to 70 percent of family practice vacancies. Due to high demand and a shortage of physicians, however, child psychiatry sees fill rates of less than 20 percent.

The 2003 Review, when compared to previous data, also reveals the rather volatile nature of the industry. Certain survey questions are subject to wild response swings from one year to the next as physicians leave and enter temporary practice. The malpractice crisis, which threatened patient care in several states during 2002, skewed responses to several questions, as well. When asked which factors affect the selection of a locum tenens firm, for example, only 1 percent of healthcare administrators listed malpractice coverage in the 2002 Review. In this Review, however, 23 percent listed malpractice coverage.

Note that all of the percentages presented in this report are rounded to the nearest full digit.

|  |               |               |
|--|---------------|---------------|
| <b>Physicians Working Locum Tenens (estimate):</b> | <b>2002</b>   | <b>2001</b>   |
| <b>Opportunities/Physician:</b>                    | <b>27,740</b> | <b>26,752</b> |
| <b>Fill Rate:</b>                                  | <b>2.40</b>   | <b>2.46</b>   |
|  | <b>42%</b>    | <b>41%</b>    |

### **Average Number Of Days Per Year Filled By Each Locum Tenens Physician: 41**

While spending and demand increased markedly, the estimated number of physicians practicing on a temporary basis edged upward by less than 1,000. We suspect the average number of days filled by each physician jumped noticeably, filling some of the additional demand. Our interpretation is supported by other data in the Review. We did not account for average days filled per physician in the 2002 Review.

## Top 10 Locum Tenens Specialties by Demand

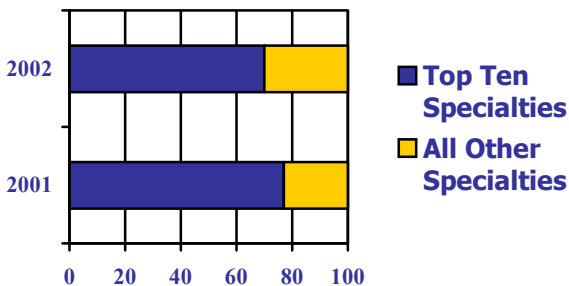
The following specialties represent 70 percent of total demand for locum tenens physicians, as compared to 77 percent in the 2002 Review. This indicates a continued expansion of demand in specialties such as neurology, dermatology, pathology, etc.

Demand is measured by days requested for each specialty by employers of physicians.

| 2002 Specialty    | Demand | Opps/Phys. | 2001 Specialty    | Demand | Opps/Phys. |
|-------------------|--------|------------|-------------------|--------|------------|
| Psychiatry        | 17%    | 3.60       | Radiology         | 16%    | 2.91       |
| Radiology         | 14%    | 2.94       | Psychiatry        | 16%    | 2.54       |
| Family Practice   | 11%    | 1.54       | Family Practice   | 13%    | 1.63       |
| Anesthesiology    | 9%     | 2.61       | Anesthesiology    | 10%    | 2.89       |
| Internal Medicine | 7%     | 1.59       | Internal Medicine | 8%     | 1.61       |
| Child Psychiatry  | 3%     | 7.17       | Child Psychiatry  | 4%     | 8.64       |
| ER                | 3%     | 2.07       | ER                | 4%     | 2.01       |
| Cardiology        | 2%     | 2.43       | ORS               | 2%     | 4.11       |
| ORS               | 2%     | 4.25       | Cardiology        | 2%     | 2.72       |
| GE                | 2%     | 3.09       | Pediatrics        | 2%     | 1.53       |

*Opps/Phys=opportunities per locum tenens physician*

### Specialties by Demand



*In 2002, the top 10 specialties made up 70% of demand.*

*In 2001, the top 10 specialties made up 77% of demand*

These figures indicate a point of interest. At first glance, the demand for radiologists slipped from 2001 to 2002. Anecdotal evidence, however, suggests continued growth in demand and placement of radiologists and other specialists. The percentage of demand dropped due to the growth of the industry as a whole. The long decline of demand for family practitioners is another example of this statistical mirage. While family practice made up 11 percent of all days demanded in 2002, family practice physicians accounted for 17 percent of all days worked by locum tenens physicians.

## Top 10 Specialties By Total Days Worked

|                   |     |
|-------------------|-----|
| Family Practice   | 17% |
| Radiology         | 11% |
| Psychiatry        | 11% |
| Internal Medicine | 10% |
| Anesthesiology    | 8%  |
| ER                | 3%  |
| Pediatrics        | 2%  |
| General Surgery   | 2%  |
| Cardiology        | 2%  |
| PUD               | 2%  |

## Top 10 Specialties By Fill Rate

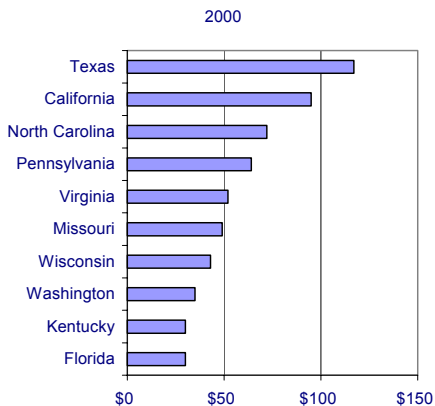
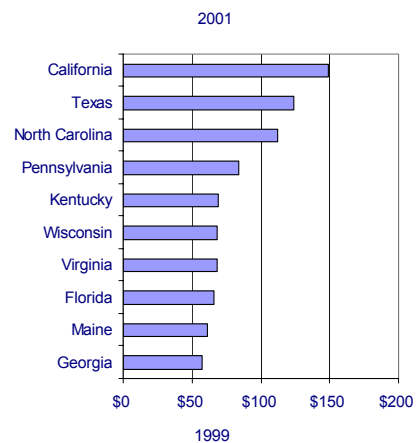
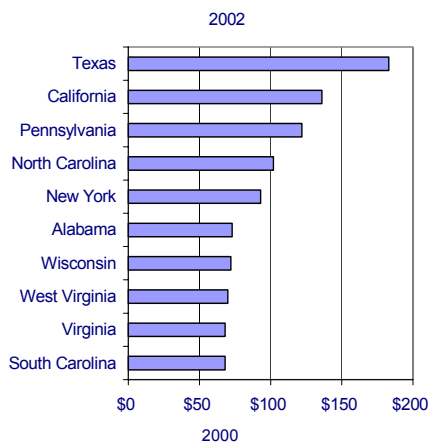
|                   |     |
|-------------------|-----|
| PUD               | 85% |
| Urology           | 72% |
| Family Practice   | 65% |
| Internal Medicine | 63% |
| OB/GYN            | 62% |
| Ambulatory Care   | 60% |
| General Surgery   | 60% |
| Pediatrics        | 59% |
| Occupational Med. | 58% |
| ER                | 48% |

## Trend Toward Specialization, by Demand

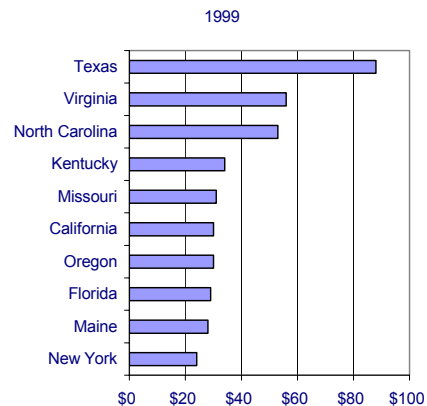
The same phenomenon occurs when we examine the trend toward specialization. The figures suggest, at first glance, rapid erosion in demand for Primary Care physicians. We contend, however, that the locum tenens staffing industry expanded to meet a dramatic increase in demand for specialists. In raw numbers, the demand for primary care physicians has remained relatively stable

|                | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|----------------|------|------|------|------|------|------|
| Primary Care   | 20%  | 21%  | 31%  | 45%  | 61%  | 65%  |
| Psychiatry     | 17%  | 16%  | 10%  | 6%   | 4%   | 3%   |
| Radiology      | 14%  | 16%  | 13%  | 11%  | 4%   | 3%   |
| Anesthesiology | 9%   | 10%  | 10%  | 9%   | 3%   | 2%   |
| ER             | 3%   | 4%   | 5%   | 7%   | 10%  | 10%  |
| Other          | 37%  | 33%  | 31%  | 22%  | 18%  | 17%  |

## Locum Tenens Usage: Top Ten States by Locum Tenens Services Spending (estimate)



*in millions*

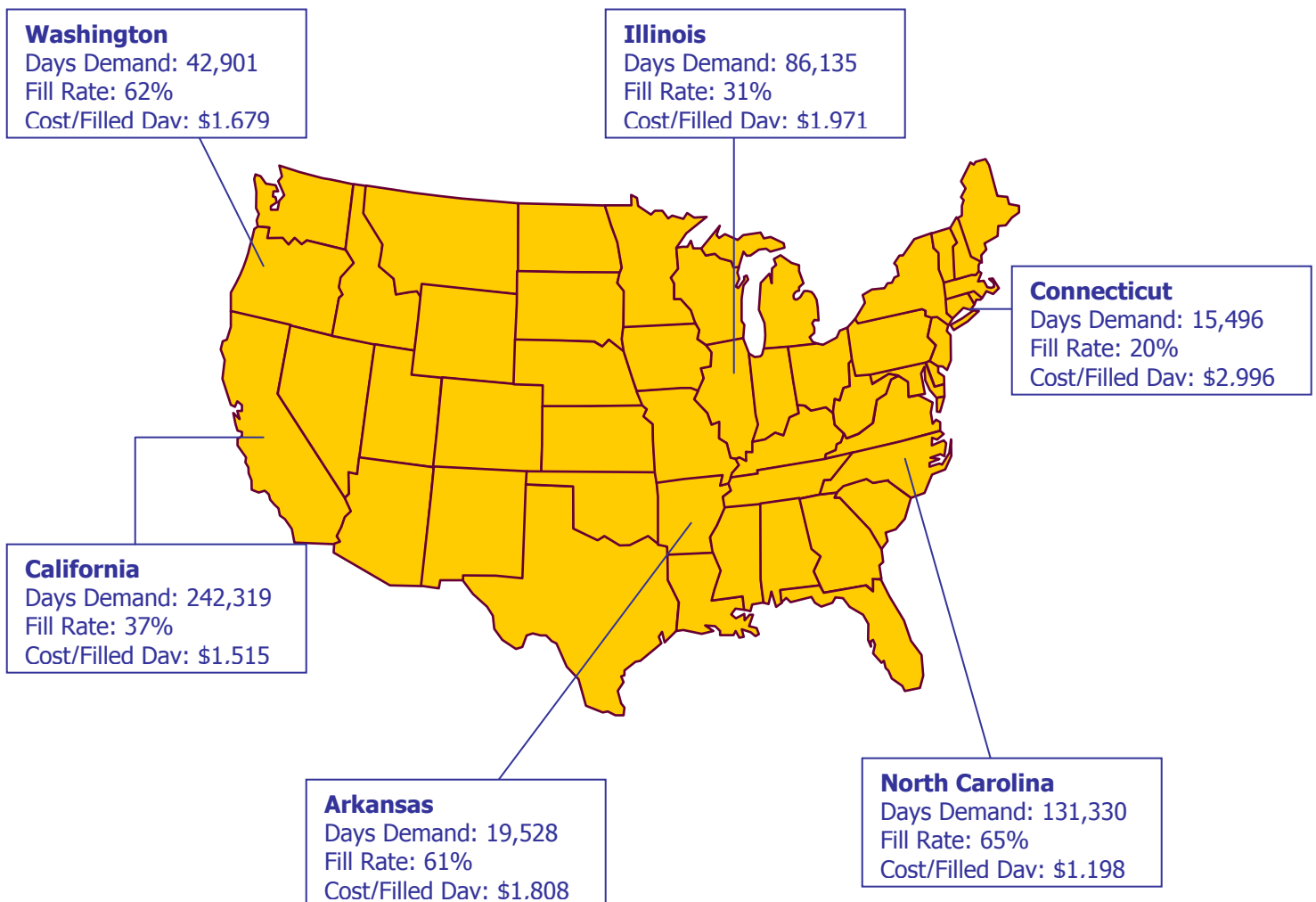


## Locum Tenens Usage: Total Spending On Locum Tenens Services (estimate)

| 2002        | 2001         | 2000         | 1999        | 1998        | 1997       |
|-------------|--------------|--------------|-------------|-------------|------------|
| \$2.08 bill | \$1.93 bill. | \$1.25 bill. | \$899 mill. | \$684 mill. | \$479 mill |

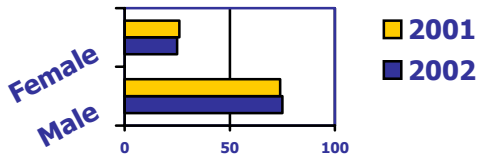
The following chart illustrates the great variety in the locum tenens market place. Demand represents an estimate of the number of days coverage sought by facilities within each state in 2002. Fill rate establishes the percent of all days actually covered by a temporary physician. Cost per filled day is a measure of the average amount spent to fill one vacant day by facilities in each state, including malpractice costs, travel, overhead, search costs, and various other factors. A lower fill rate generally increases costs in this category as searches stretch over a longer period.

## Locum Tenens Usage: Selected States

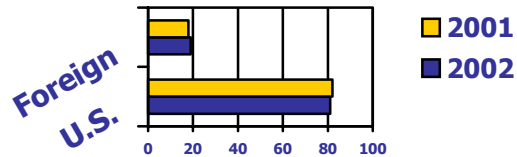


## Who Works Locum Tenens?

### Gender



### Training



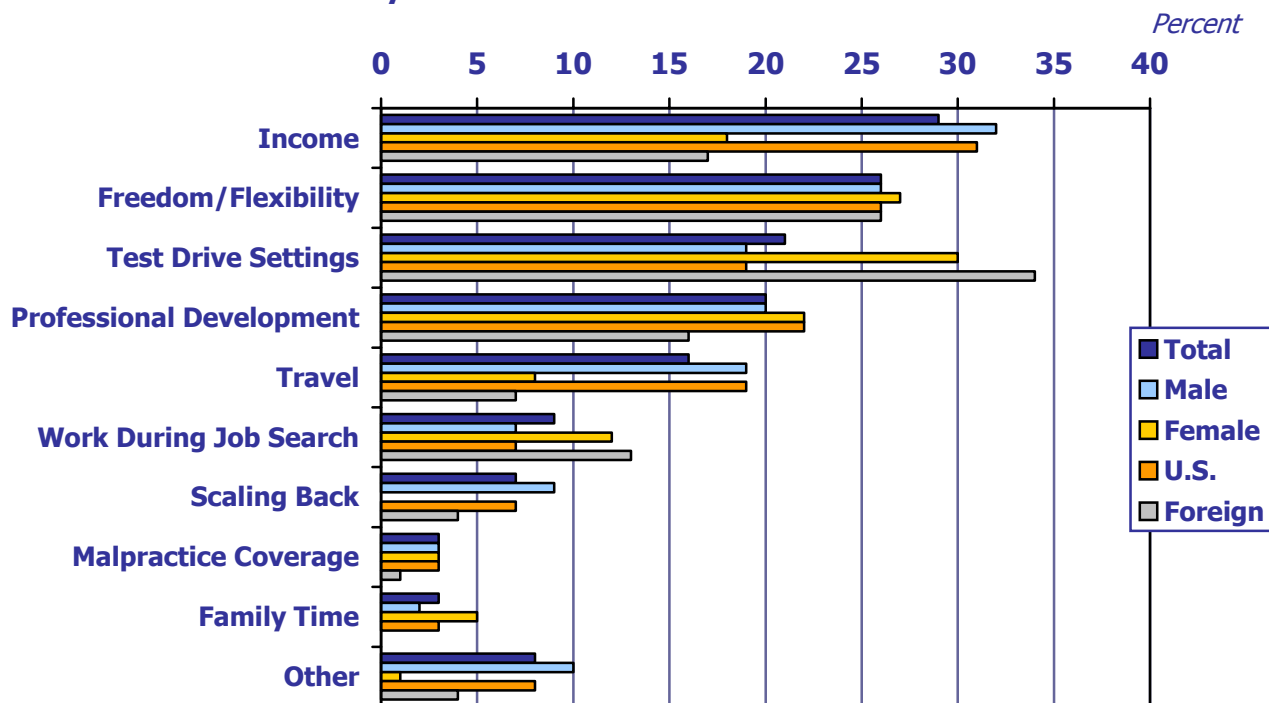
## Years Experience

|                                  | 2002       | 2001       |
|----------------------------------|------------|------------|
| Just out of residency/fellowship | 13%        | 11%        |
| 1-5 years                        | 21%        | 26%        |
| 6-10 years                       | 9%         | 15%        |
| 11-20 years                      | 29%        | 21%        |
| More than 21                     | 28%        | 27%        |
| <b>Ten or fewer</b>              | <b>43%</b> | <b>52%</b> |
| <b>11 or more</b>                | <b>57%</b> | <b>48%</b> |

|                                  | 2002       |            | 2001       |            |
|----------------------------------|------------|------------|------------|------------|
|                                  | Male       | Female     | Male       | Female     |
| Just out of residency/fellowship | 9%         | 25%        | 11%        | 10%        |
| 1-5 years                        | 19%        | 27%        | 25%        | 29%        |
| 6-10 years                       | 8%         | 12%        | 11%        | 28%        |
| 11-20 years                      | 31%        | 21%        | 23%        | 14%        |
| More than 21                     | 33%        | 15%        | 30%        | 19%        |
| <b>Ten or fewer</b>              | <b>36%</b> | <b>64%</b> | <b>47%</b> | <b>67%</b> |
| <b>11 or more</b>                | <b>64%</b> | <b>36%</b> | <b>53%</b> | <b>33%</b> |

|                                  | US         |            | IMG        |            |
|----------------------------------|------------|------------|------------|------------|
|                                  | US         | IMG        | US         | IMG        |
| Just out of residency/fellowship | 13%        | 11%        | 9%         | 20%        |
| 1-5 years                        | 18%        | 32%        | 25%        | 30%        |
| 6-10 years                       | 9%         | 11%        | 17%        | 6%         |
| 11-20 years                      | 29%        | 27%        | 18%        | 32%        |
| More than 21                     | 31%        | 19%        | 31%        | 12%        |
| <b>Ten or fewer</b>              | <b>40%</b> | <b>54%</b> | <b>51%</b> | <b>56%</b> |
| <b>11 or more</b>                | <b>60%</b> | <b>46%</b> | <b>49%</b> | <b>44%</b> |

## Why Practice On A Locum Tenens Basis?



*Note: Test Drive Settings refers to a practice unique to locum tenens where physicians use temporary assignments to determine an ideal setting/location for permanent practice. Scaling Back refers to physicians who "semi-retire," accepting temporary assignments while closing out their permanent practice.*

## How Long Have You Practiced On A Locum Tenens Basis?

|                   | 2002 | 2001 |
|-------------------|------|------|
| Less than 1 year  | 71%  | 70%  |
| 1-3 years         | 15%  | 21%  |
| More than 3 years | 14%  | 9%   |

|                   | 2002 |        | 2001 |        |
|-------------------|------|--------|------|--------|
|                   | Male | Female | Male | Female |
| Less than 1 year  | 66%  | 86%    | 75%  | 57%    |
| 1-3 years         | 17%  | 6%     | 18%  | 29%    |
| More than 3 years | 17%  | 8%     | 7%   | 14%    |

|                   | US  |     | IMG |     |
|-------------------|-----|-----|-----|-----|
|                   | US  | IMG | US  | IMG |
| Less than 1 year  | 71% | 72% | 68% | 81% |
| 1-3 years         | 16% | 8%  | 22% | 15% |
| More than 3 years | 13% | 20% | 10% | 4%  |

## How Long Do You Intend To Practice On A Locum Tenens Basis?

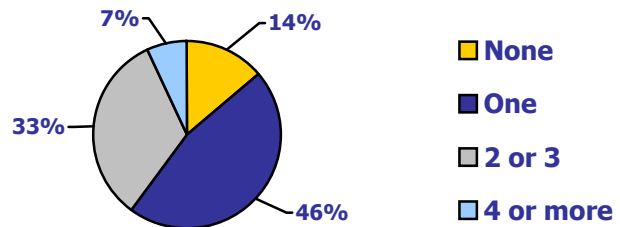
|                                   | 2002 | 2001 |
|-----------------------------------|------|------|
| Until I find a permanent position | 30%  | 33%  |
| Less than 1 year                  | 9%   | 25%  |
| 1-3 years                         | 35%  | 20%  |
| More than 3 years                 | 26%  | 22%  |

|                                   | 2002 |        | 2001 |        |
|-----------------------------------|------|--------|------|--------|
|                                   | Male | Female | Male | Female |
| Until I find a permanent position | 24%  | 49%    | 40%  | 14%    |
| Less than 1 year                  | 9%   | 6%     | 21%  | 33%    |
| 1-3 years                         | 38%  | 26%    | 24%  | 10%    |
| More than 3 years                 | 29%  | 19%    | 15%  | 43%    |

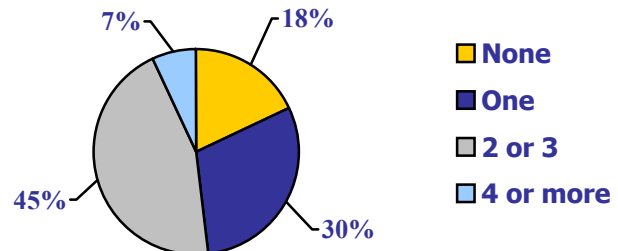
|                                   | US  |     | IMG |     |
|-----------------------------------|-----|-----|-----|-----|
|                                   | US  | IMG | US  | IMG |
| Until I find a permanent position | 28% | 39% | 34% | 33% |
| Less than 1 year                  | 7%  | 13% | 22% | 33% |
| 1-3 years                         | 35% | 36% | 20% | 20% |
| More than 3 years                 | 30% | 12% | 24% | 14% |

## How Many Firms Do You Work With?

2002



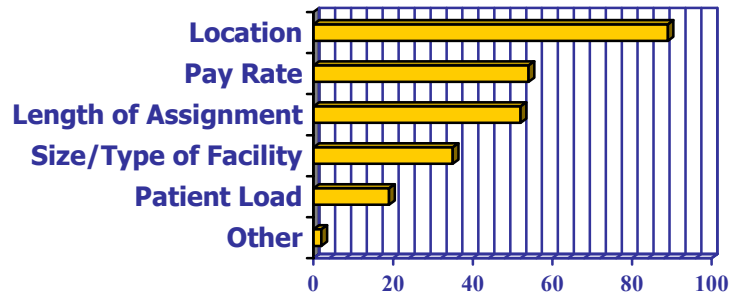
2001



### How Do You Select A Firm?

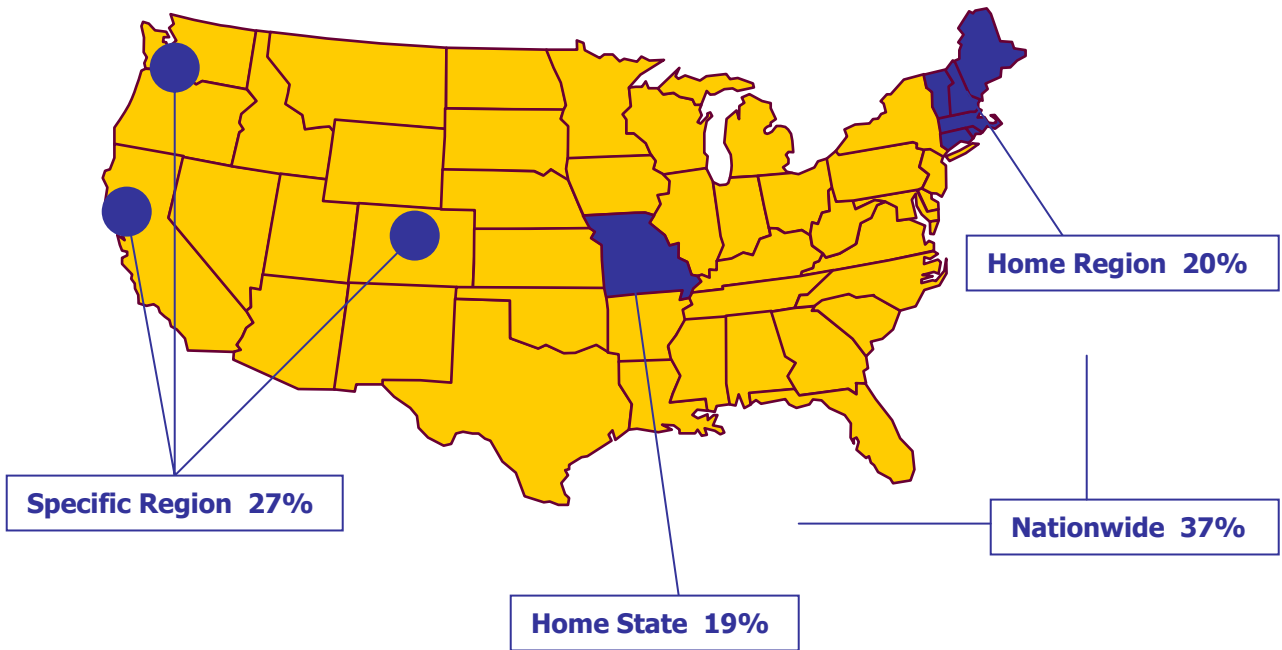
|                                | 2002 | 2001 |
|--------------------------------|------|------|
| Pay rates                      | 45%  | 40%  |
| Reputation/name recognition    | 33%  | 34%  |
| Malpractice insurance/benefits | 37%  | 27%  |
| Number of opportunities        | 36%  | 12%  |
| Location of opportunities      | 75%  | 9%   |
| Advertising/Marketing          | 2%   | 7%   |
| Other                          | 5%   | 5%   |

### How Do You Select An Opportunity?



*More than one answer possible*

### Which States/Regions Do You Wish To Practice In?



*More than one answer possible  
States/regions highlighted as examples*

## As A Locum Tenens Physician, Are You:

### Accepted by colleagues

|              | Total | Male | Female | US  | IMG |
|--------------|-------|------|--------|-----|-----|
| Yes          | 76%   | 77%  | 73%    | 76% | 73% |
| No/Tolerated | 3%    | 5%   | 0%     | 3%  | 6%  |
| Not Certain  | 21%   | 18%  | 27%    | 21% | 21% |

### Accepted by patients

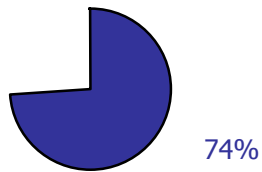
|              |     |     |     |     |     |
|--------------|-----|-----|-----|-----|-----|
| Yes          | 77% | 79% | 73% | 79% | 72% |
| No/Tolerated | 1%  | 1%  | 0%  | 1%  | 0%  |
| Not Certain  | 22% | 20% | 27% | 20% | 28% |

### Accepted by administration

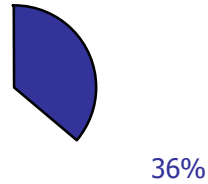
|              |     |     |     |     |     |
|--------------|-----|-----|-----|-----|-----|
| Yes          | 74% | 76% | 66% | 74% | 72% |
| No/Tolerated | 6%  | 5%  | 7%  | 6%  | 4%  |
| Not Certain  | 20% | 19% | 27% | 20% | 24% |

## What Is Your Greatest Value To A Facility?

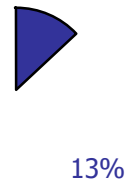
### Maintain Patient Care



### Generate Revenue



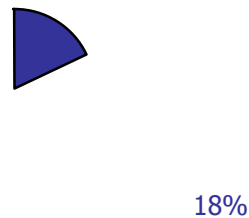
### Prevent Staff Burnout



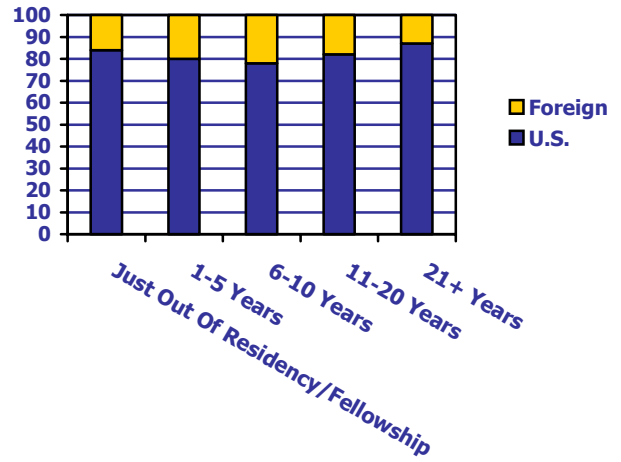
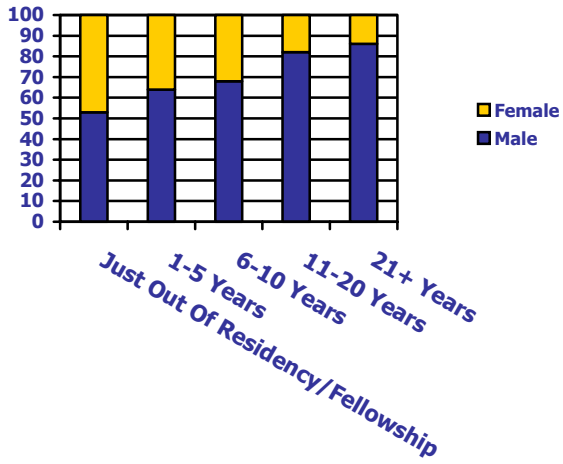
### Cover Chronic Shortages



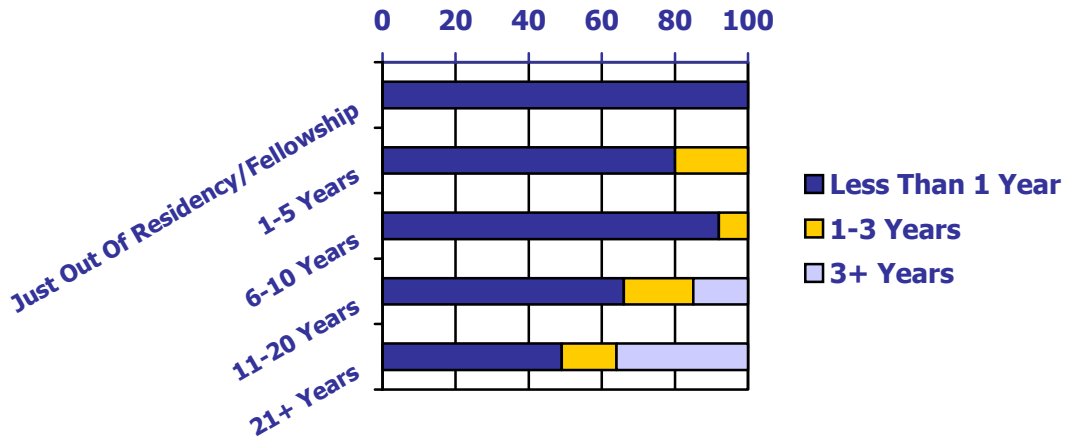
### Other/Not Certain



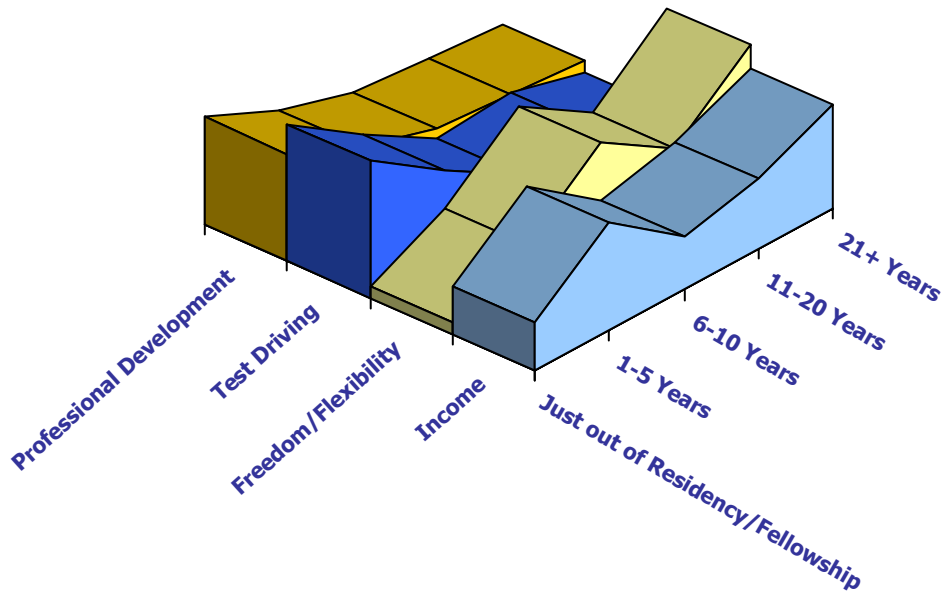
## Locum Tenens Physicians, By Experience Level



## How Long Have You Practiced On A Locum Tenens Basis?



## Why Practice On A Locum Tenens Basis?



## As A Locum Tenens Physician Are You Accepted . . .

### By colleagues

|              | Residency/Fellow | 1-5 | 6-10 | 11-20 | 21+ |
|--------------|------------------|-----|------|-------|-----|
| Yes          | 47%              | 72% | 68%  | 75%   | 95% |
| No/tolerated | 9%               | 3%  | 0%   | 3%    | 2%  |
| Not certain  | 44%              | 25% | 32%  | 22%   | 3%  |

### By patients

|              |     |     |     |     |     |
|--------------|-----|-----|-----|-----|-----|
| Yes          | 53% | 75% | 68% | 76% | 94% |
| No/tolerated | 2%  | 0%  | 0%  | 2%  | 1%  |
| Not certain  | 45% | 25% | 32% | 22% | 5%  |

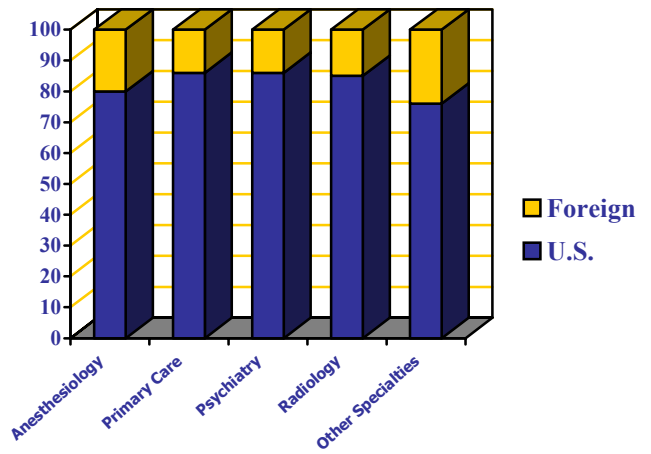
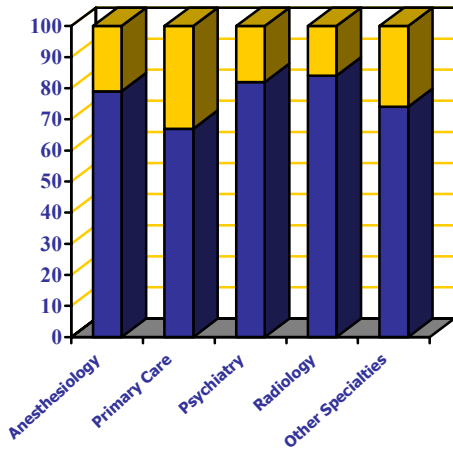
### By administration

|              |     |     |     |     |     |
|--------------|-----|-----|-----|-----|-----|
| Yes          | 47% | 68% | 60% | 72% | 95% |
| No/tolerated | 7%  | 7%  | 8%  | 6%  | 3%  |
| Not certain  | 46% | 25% | 32% | 22% | 2%  |

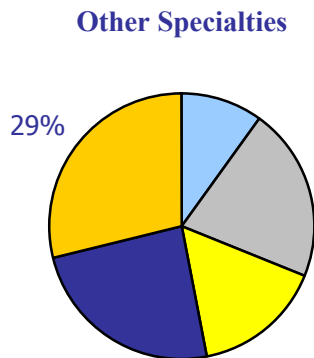
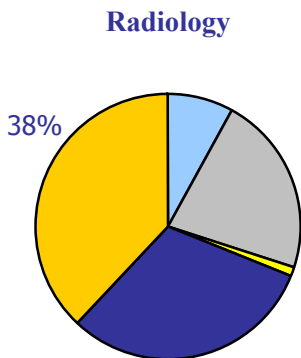
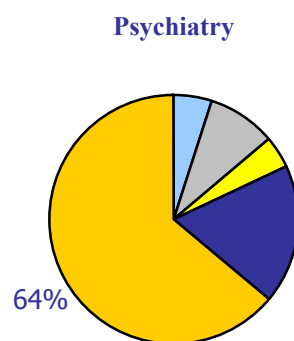
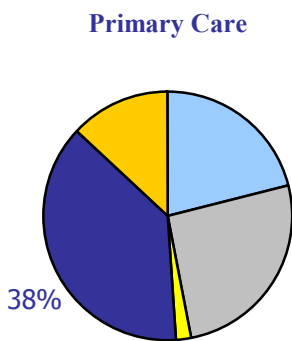
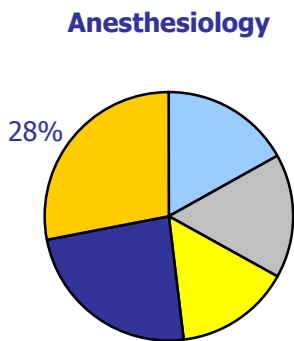
## What Is Your Greatest Value To The Hiring Facility?

|                       |     |     |     |     |     |
|-----------------------|-----|-----|-----|-----|-----|
| Maintain patient care | 70% | 70% | 87% | 65% | 85% |
| Generate revenue      | 47% | 35% | 40% | 25% | 40% |
| Prevent staff burnout | 9%  | 17% | 15% | 7%  | 18% |
| Not certain           | 21% | 18% | 8%  | 18% | 6%  |
| Other                 | 0%  | 3%  | 6%  | 9%  | 10% |

## Locum Tenens Physicians, By Specialty



## Years Of Experience



## As A Locum Tenens Physician Are You Accepted . . .

### By colleagues

|              | Anes | PC  | Psy | Rad | Other |
|--------------|------|-----|-----|-----|-------|
| Yes          | 80%  | 71% | 77% | 82% | 63%   |
| No/tolerated | 4%   | 2%  | 5%  | 0%  | 5%    |
| Not certain  | 16%  | 27% | 18% | 18% | 32%   |

### By patients

|              |     |     |     |     |     |
|--------------|-----|-----|-----|-----|-----|
| Yes          | 82% | 74% | 77% | 82% | 68% |
| No/tolerated | 2%  | 0%  | 5%  | 0%  | 0%  |
| Not certain  | 16% | 26% | 18% | 18% | 32% |

### By administration

|              |     |     |     |     |     |
|--------------|-----|-----|-----|-----|-----|
| Yes          | 76% | 69% | 77% | 78% | 63% |
| No/tolerated | 9%  | 5%  | 5%  | 4%  | 5%  |
| Not certain  | 15% | 26% | 18% | 18% | 32% |

## What Is Your Greatest Value To The Hiring Facility?

|                       |     |     |     |     |     |
|-----------------------|-----|-----|-----|-----|-----|
| Maintain patient care | 80% | 71% | 77% | 69% | 74% |
| Generate revenue      | 29% | 38% | 18% | 54% | 39% |
| Prevent staff burnout | 13% | 12% | 0%  | 7%  | 24% |
| Not certain           | 11% | 17% | 9%  | 23% | 16% |

## Part I - Trends and Observations

According to a Reuters news service article published in April of 2003, spending on temporary physicians more than quadrupled between 1997 and 2002 due in part to "chronic shortages in some medical specialties and the malpractice insurance crisis."

Clearly the interplay of supply and demand accounts for the growing diversification of the industry. Where once healthcare facilities required the service of a locum tenens physician just to "get by" over a short period, now they pinpoint specialists to solve a temporary crisis or meet a strategic goal. As a result, those involved in the industry—physicians, recruiters, staffing firms—have become more selective. Note that the number of physicians working with multiple staffing firms dropped from 45 percent in 2001 to 33 percent last year. Instead, locum tenens practitioners increasingly opted to work through a single firm: 46 percent in 2002 versus 30 percent the previous year. The firms themselves now create business divisions dedicated to region and specialty.

Other indicators of this trend include the emphasis physicians place upon location when selecting an opportunity. Almost 90 percent of survey respondents say geography plays a major role in their decision. Pay rate ranks second, with a mere 54 percent. The location of opportunities is also the most important factor when physicians compare staffing firms. Three out of four cited the location of a firm's assignments as a factor and 36 percent marked the number of opportunities as a determining factor. And while those listing specific locations as desirable destinations remained steady at 27 percent, the number of physicians willing to travel nationwide rose from 24 percent in 2001 to 37 percent last year.

The medical malpractice crisis in many ways acts as an undercurrent, nudging temporary staffing this way and that, but not often apparent on the surface. The continuing growth in demand for locum tenens psychiatrists, for example, is in part attributable to rising coverage rates, particularly in the Northeast—although state budget issues, the dwindling number of new psychiatrists, and the growing number nearing retirement also affect demand. Fill rates and spending also twist under the pressure of the malpractice crisis. In West Virginia, healthcare facilities and staffing firms filled 53 percent of all days demanded, but only 35 percent of all days demanded for OB/GYN and surgical specialties, and barely 10 percent of all days demanded for psychiatry. Pennsylvania, another state hurt by the crisis, spent just under \$90 million on temporary services in 2001 compared with \$121 million in 2002. Locum tenens physicians were also more likely to select a firm based upon malpractice coverage.

As demand increases, and as temporary physicians act more as specialized "relief pitchers" than ever before, acceptance in the workplace grows. Less than six percent of all temporary physicians recognized any sign of resentment or distrust from colleagues, patients, or administrators.

## **Part II - The Need For Locum Tenens: Demand and Hiring**

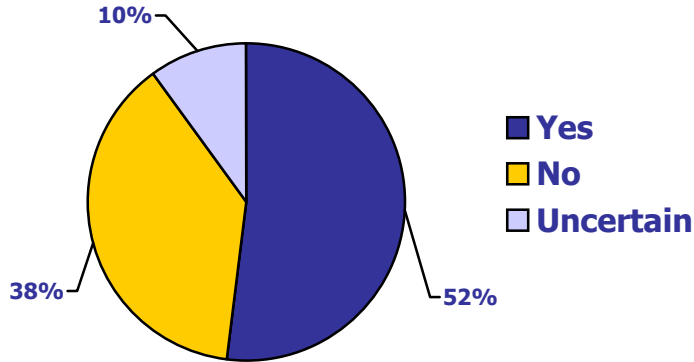
Healthcare facilities spent an estimate \$2.08 billion on locum tenens services in 2002, up from \$1.93 billion in 2001 and a dramatic increase over the \$479 million spent in 1997.

Clearly facilities have developed a level of reliance on temporary physicians.

The following portion of the 2003 Review is based survey responses from 1,154 administrators, directors, and physicians responsible for recruiting.

## Part Two

### Are You Currently Searching For Locum Tenens Coverage?



### Why Consider Locum Tenens Physicians? (*More than one answer possible*)

|                          | 2002 | 2001 |
|--------------------------|------|------|
| Loss of staff            | 71%  | n/a  |
| Adding staff             | 40%  | 50%* |
| Vacation/CME coverage    | 55%  | 50%  |
| Increase in patient base | 7%   | 13%  |
| Test marketing need      | 5%   | 3%   |
| Other                    | 3%   | 5%   |

*\*Response listed in 2002 survey (2001 data) as "Hiring Permanently"*

### What Are The Benefits Of Using Locum Tenens Physicians?

|                                 | 2002 | 2001 |
|---------------------------------|------|------|
| Continued treatment of patients | 74%  | 59%* |
| No lost revenue                 | 38%  | 16%  |
| Immediate availability          | 40%  | n/a  |
| Prevent staff burnout           | 16%  | 6%   |
| Cost                            | 1%   | n/a  |
| Other                           | 1%   | 5%   |

*\*Response listed in 2002 survey (2001 data) as "staffing shortage coverage"*

## What Are The Drawbacks Of Using Locum Tenens Physicians?

|                           | 2002 | 2001 |
|---------------------------|------|------|
| Cost                      | 74%  | 55%  |
| Familiarity with practice | 48%  | 18%  |
| Continuity of care        | 5%   | 11%  |
| Licensure delays          | 21%  | 8%   |
| Other                     | 7%   | 8%   |

### Are Locum Tenens Physicians Accepted By Colleagues?

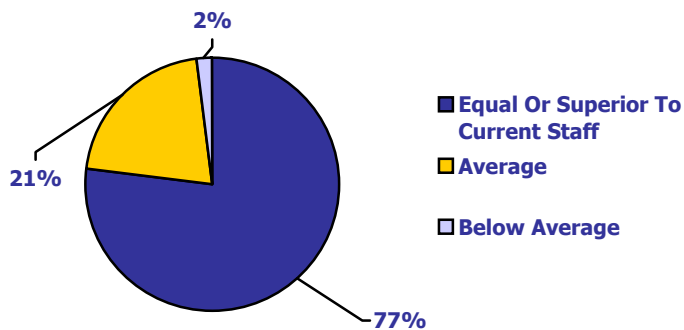
|              |     |
|--------------|-----|
| Yes          | 79% |
| No/tolerated | 21% |

*This question was not part of the 2002 Review*

### Are Locum Tenens Physicians Accepted By Patients?

|              |     |
|--------------|-----|
| Yes          | 91% |
| No/tolerated | 9%  |

## What Is Your Perception Of The Skill Level Of Temporary Physicians?



## Is The Value Of Locum Tenens:

|                    |     |
|--------------------|-----|
| Worth the cost     | 60% |
| Not worth the cost | 5%  |
| Uncertain          | 35% |

**What Are The Most Important Factors In Selecting A Staffing Firm?**  
*(More than one answer accepted)*

|                                       | 2002 | 2001 |
|---------------------------------------|------|------|
| Quality of candidates                 | 58%  | 43%  |
| Cost                                  | 45%  | 30%  |
| Promptness/availability of candidates | 49%  | 36%  |
| Customer Service                      | 21%  | 16%  |
| Contract flexibility                  | 12%  | 9%   |
| Malpractice insurance                 | 23%  | 1%   |
| Other                                 | 3%   | 7%   |

**When Considering Coverage, Which Of These Issues Concern You:**

**Malpractice insurance**

|                       |     |
|-----------------------|-----|
| High/moderate concern | 63% |
| Low concern           | 26% |
| No concern            | 11% |

**Reimbursement**

|                       |     |
|-----------------------|-----|
| High/moderate concern | 64% |
| Low concern           | 21% |
| No concern            | 15% |

**State medical licensure**

|                       |     |
|-----------------------|-----|
| High/moderate concern | 57% |
| Low concern           | 26% |
| No concern            | 17% |



**Northeast**  
**\$386 million**  
 Currently Searching 50%

**What are the benefits of using locum tenens?**

|                        |     |
|------------------------|-----|
| No lost revenue        | 43% |
| Immediate availability | 43% |
| Continued treatment    | 75% |
| Prevent burnout        | 12% |

**What is your perception of the skill level?**

|                            |     |
|----------------------------|-----|
| Equal or better than staff | 70% |
|----------------------------|-----|

**Are locum tenens accepted by colleagues?**

|     |     |
|-----|-----|
| Yes | 85% |
|-----|-----|

**By patients?**

|     |     |
|-----|-----|
| Yes | 96% |
|-----|-----|

**Which of these concern you**

**Malpractice coverage**

|               |     |
|---------------|-----|
| High/moderate | 54% |
|---------------|-----|

**Reimbursement**

|               |     |
|---------------|-----|
| High/moderate | 65% |
|---------------|-----|

**Licensure**

|               |     |
|---------------|-----|
| High/moderate | 65% |
|---------------|-----|

**Regional Variations**



**Southeast**  
**\$632.9 million**  
 Currently Searching 54%

**What are the benefits of using locum tenens?**

|                        |     |
|------------------------|-----|
| No lost revenue        | 38% |
| Immediate availability | 40% |
| Continued treatment    | 77% |
| Prevent burnout        | 21% |

**What is your perception of the skill level?**

|                            |     |
|----------------------------|-----|
| Equal or better than staff | 80% |
|----------------------------|-----|

**Are locum tenens accepted by colleagues?**

|     |     |
|-----|-----|
| Yes | 82% |
|-----|-----|

**By patients?**

|     |     |
|-----|-----|
| Yes | 91% |
|-----|-----|

**Which of these concern you**

**Malpractice coverage**

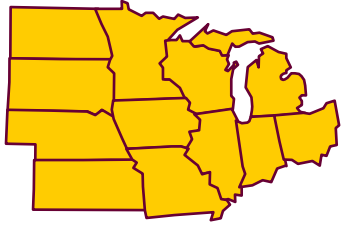
|               |     |
|---------------|-----|
| High/moderate | 82% |
|---------------|-----|

**Reimbursement**

|               |     |
|---------------|-----|
| High/moderate | 58% |
|---------------|-----|

**Licensure**

|               |     |
|---------------|-----|
| High/moderate | 63% |
|---------------|-----|



**Midwest**  
**\$419.8 million**  
 Currently Searching 49%

**What are the benefits of using locum tenens?**

No lost revenue 34%  
 Immediate availability 35%  
 Continued treatment 64%  
 Prevent burnout 14%

**What is your perception of the skill level?**

Equal or better than staff 76%

**Are locum tenens accepted by colleagues?**

Yes 75%

**By patients?**

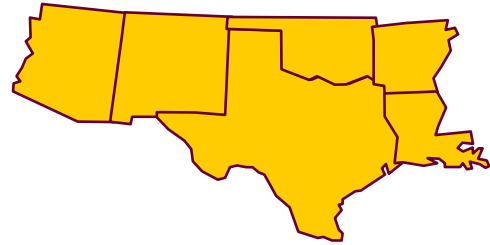
Yes 86%

**Which of these concern you**

**Malpractice coverage**  
 High/moderate 51%

**Reimbursement**  
 High/moderate 74%

**Licensure**  
 High/moderate 53%



**Southwest**  
**\$345 million**  
 Currently Searching 51%

**What are the benefits of using locum tenens?**

No lost revenue 51%  
 Immediate availability 44%  
 Continued treatment 63%  
 Prevent burnout 21%

**What is your perception of the skill level?**

Equal or better than staff 80%

**Are locum tenens accepted by colleagues?**

Yes 74%

**By patients?**

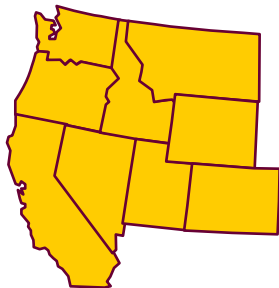
Yes 89%

**Which of these concern you**

**Malpractice coverage**  
 High/moderate 77%

**Reimbursement**  
 High/moderate 65%

**Licensure**  
 High/moderate 70%



**West**  
**\$303.9 million**  
 Currently Searching 52%

**What are the benefits of using locum tenens?**

No lost revenue 29%  
 Immediate availability 41%  
 Continued treatment 68%  
 Prevent burnout 12%

**What is your perception of the skill level?**

Equal or better than staff 77%

**Are locum tenens accepted by colleagues?**

Yes 78%

**By patients?**

Yes 93%

**Which of these concern you**

**Malpractice coverage**  
 High/moderate 44%

**Reimbursement**  
 High/moderate 56%

**Licensure**  
 High/moderate 38%

## **Part II - Trends and Observations**

Demand is driving the current boom in locum tenens staffing. According to survey respondents, 52 percent of all healthcare entities across the country are searching, at any one time, for temporary coverage.

The source of that demand varies. A continuing shortage of physicians affects specific regions of the country. The shortage also shapes certain specialties and departments. Note that 16 percent of administrators responding to this year's review cited preventing staff burnout as a benefit of using locum tenens, up from 6 percent in 2001. This is a clear indication of the demands on physicians today and the detrimental effects of extensive "cross-coverage," where facilities ask their current staff to cover vacancies through longer workdays or additional duties.

Licensure delays also generated demand for temporary coverage as healthcare facilities sought to treat patients while awaiting the arrival of a newly hired staff physician. While 71 percent of survey respondents cite loss of staff as a primary reason for pursuing locum tenens coverage, 40 percent must turn to temporary physicians while recruiting permanent staff. It takes over six months for some states to approve a physician. Even then, 21 percent cited licensure as a drawback when considering locum tenens. Medical malpractice issues also spurred demand, as dozens of physicians abandoned crisis states and hundreds scaled back their practices. Only one percent of administrators surveyed listed malpractice insurance as a factor in selecting a staffing firm in last year's Review. This year, however, 23 percent cited malpractice coverage. Crisis states generated significant demand: 107,217 days demand in Florida, for example; 44,269 in Georgia; 78,553 in Pennsylvania; 44,824 in West Virginia. And while overall fill rates improved slightly in 2002, fill rates in the crisis states plummeted for certain specialties: 29 percent for surgical and OB/GYN in Mississippi, for instance, compared to 50 percent overall for the state.

Perhaps the expenses associated with malpractice and the other normal frustrations of healthcare recruiting explain the prominence of cost when administrators consider temporary coverage. Almost 75 percent listed cost as a drawback when securing locum tenens services, and 45 percent use cost as a determining factor when selecting staffing firms.

Despite the worries over the expense, only five percent of administrators who employed locum tenens physicians during the year considered them not worth the cost. The majority—60 percent—recognized the value of temporary services, whether through generating revenue (38%) or maintaining patient care (74%) or providing a break for their permanent staff.

*For more information regarding this survey, please contact:*



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