

2004

Review of Temporary Healthcare Staffing Trends

Psychiatry

 **Staff Care** inc.
The Leader in Locum Tenens Staffing

Summary Report

2004 Review of Temporary Healthcare Staffing Trends—Psychiatry

Overview

This report is an addendum to the annual Review of trends in temporary healthcare staffing presented by Staff Care. 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. This addendum highlights data particular to the market for locum tenens psychiatrists.

The 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 Review, we contacted 3,200 administrators at practices and facilities offering behavioral healthcare services nationwide and received 381 completed surveys, for a response rate of 11.9 percent. We contacted 4,265 psychiatrists known to have worked temporary assignments between 2001 and 2003, receiving 678 completed surveys, for an impressive response rate of 15.8 percent. The data from search assignments was gathered during the 2003 calendar year with survey questionnaires completed between February 1 and February 20, 2004.

Fundamental differences between the temporary psychiatry market and the market for other physicians created a need for this Review. For example, psychiatrists enter locum tenens practice later in their careers. According to data in this report, 80 percent of all psychiatrists accepting locum tenens assignments have 11 or more years of professional experience, compared to 52 percent of all other physicians. Expectations and requirements vary, as well.

The breakdown by region, setting, and specialty:

Healthcare facilities surveyed

Total: 381

Northeast (109) Southeast (76) Southwest (37) Midwest (102) West (57)

Private (272) Government/Correctional (109)

Physicians surveyed

Total: 678

Part I - The Locum Tenens Industry

The need for psychiatrists to fill shortages and temporary gaps in coverage is astounding. Psychiatry accounts for 17 percent of all days demanded, 15 percent of all days filled, and 11 percent of all spending. While the average family practice assignment request covers 12 days and the average radiology request 11 days, facilities searching for psychiatry coverage often request 20 or more days. In many cases the assignment runs 90 days or longer. This indicates locums are often used to fill recruitment gaps in addition to vacation coverage. It also suggests a physician shortage of great concern.

While demand for locum tenens services outpaces the supply of physicians available to fill temporary assignments, concerns over the cost of coverage remain the most significant cause of frustration in the market. This accounts for the divergent results when we asked physicians and then administrators to rate the acceptance level of temporary providers.

Still, close to half of all healthcare facilities require locum tenens coverage at any one time, and 95 percent use at least one interim physician in a typical month. This suggests the temporary staffing industry has become a necessary part of the healthcare landscape. Indeed, while 76 percent of administrators surveyed complain about the cost of coverage, 91 percent claim that locum tenens physicians are worth the cost in terms of uninterrupted patient care.

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

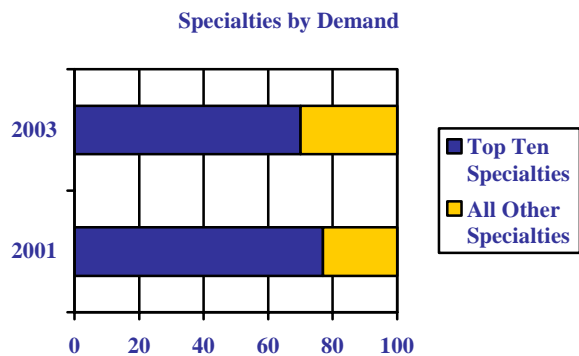
Physicians Working Locum Tenens (estimate):	4,583
Opportunities/Physician:	1.7 (Adult) 1.3 (Child)
Fill Rate:	41% (Adult) 46% (Child) 58% (All Specialties)

In 2003, 27 percent of all locum tenens physicians practiced full time on a temporary basis

Top 10 Locum Tenens Specialties by Demand

Measured by *days requested* for each specialty by employers of physicians.

2003 Specialty	Demand	2002 Specialty	Demand	2001 Specialty	Demand
Psychiatry	17%	Psychiatry	17%	Radiology	16%
Radiology	14%	Radiology	14%	Psychiatry	16%
Family Practice	9%	Family Practice	11%	Family Practice	13%
Internal Medicine	9%	Anesthesiology	9%	Anesthesiology	10%
Anesthesiology	9%	Internal Medicine	7%	Internal Medicine	8%
Child Psychiatry	4%	Child Psychiatry	3%	Child Psychiatry	4%
ER	3%	ER	3%	ER	4%
Cardiology	2%	Cardiology	2%	ORS	2%
General Surgery	1%	ORS	2%	Cardiology	2%
Pediatrics	1%	GE	2%	Pediatrics	2%



In 2003, the top 10 specialties made up 70% of demand.

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

In the locum tenens industry, days are the standard measure of demand. A vacancy (demand) may last a few days or several months. Often more than one physician will fill a search, accounting for separate portions of the assignment. In many cases, only part of the requested length is actually filled by a temporary physician. Thus days and filled days prove a more accurate reflection of the market than searches, searches filled, or number of physicians. The next figure ranks demand by search requests.

Top 10 Specialties by Demand

Measured by *total search requests* for each specialty by employers of physicians

Radiology	22%
Anesthesiology	13%
Psychiatry	13%
Family Practice	13%
Internal Medicine	9%
ER	4%
Pediatrics	3%
Child Psychiatry	3%
General Surgery	2%
Orthopedic Surgery	2%

Trend Toward Specialization, by Demand

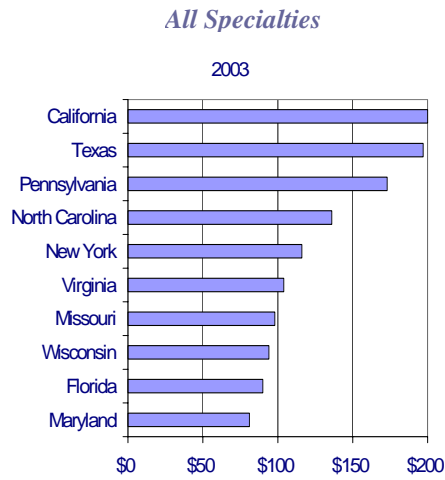
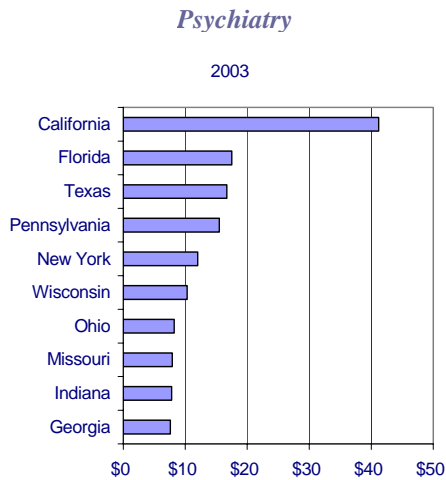
	2003	2002	2001	2000	1999	1998	1997
Primary Care	19%	20%	21%	31%	45%	61%	65%
Psychiatry	17%	17%	16%	10%	6%	4%	3%
Radiology	14%	14%	16%	13%	11%	4%	3%
Anesthesiology	9%	9%	10%	10%	9%	3%	2%
ER	3%	3%	4%	5%	7%	10%	10%
Other	38%	37%	33%	31%	22%	18%	17%

Opportunities Per Physician

Specialty	Opps/Phys	Annual
Psychiatry	1.7	5.26
Child Psychiatry	1.3	4.03

Opportunities per Physician (Opps/Phys) illustrates the number of available assignments, on average, each time a locum tenens psychiatrist searches for an assignment—in addition to the assignment he or she accepts. The annual figure measures the number of assignments available to a physician over the course of the year—again in addition to the assignments he or she accepts. On average, a locum tenens physician accepts three positions in a year.

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



Locum Tenens Usage: Total Spending On Locum Tenens Services—All Specialties (estimate)

2003	2002	2001	2000	1999	1998	1997
\$2.6 bill	\$2.08 bill	\$1.93 bill.	\$1.25 bill.	\$899 mill.	\$684 mill.	\$479 mill

Locum Tenens Usage, 2003

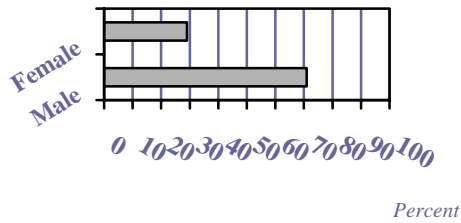
	Psychiatry	All Specialties
Average Searches Per Day:	79	514
Days Filled:	269,700	1.7 million
Average Cost Per Filled Day:	\$1,084	\$1,520

Psychiatry accounts for:

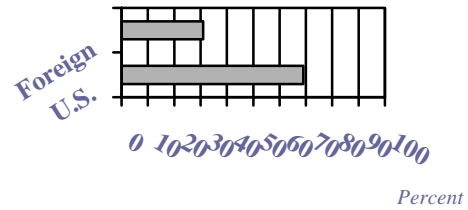
- 17% of all days demand
- 15% of all days filled
- 11% of all spending for services

Who works locum tenens?

Gender



Training



Years Experience

	Psych	All
Just out of residency/fellowship	4%	13%
1-5 years	6%	22%
6-10 years	10%	13%
11-20 years	17%	26%
More than 21	63%	26%
Ten or fewer	20%	48%
11 or more	80%	52%

Note that psychiatrists practice on a locum tenens basis with greater frequency as their careers progress. Other physicians tend to enter the temporary market sporadically.

	Male	Female
Just out of residency/fellowship	3%	6%
1-5 years	5%	9%
6-10 years	10%	10%
11-20 years	18%	16%
More than 21	64%	59%
Ten or fewer	18%	25%
11 or more	82%	75%

	US	IMG
Just out of residency/fellowship	4%	4%
1-5 years	7%	5%
6-10 years	9%	11%
11-20 years	19%	13%
More than 21	61%	67%
Ten or fewer	20%	20%
11 or more	80%	80%

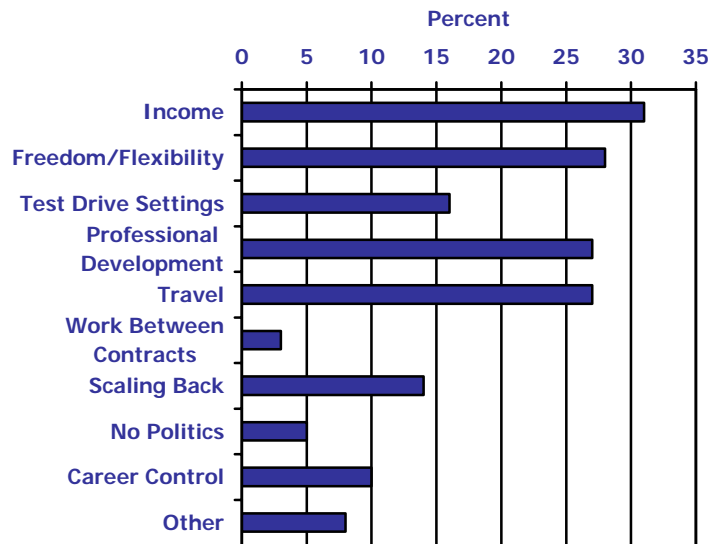
Are You Currently In A Permanent Practice?

Yes: 31%
No: 69%

Are You Currently Searching For A Permanent Opportunity?

Yes: 22%
No: 78%

Why Practice On A Locum Tenens Basis?



More than one answer accepted

How long have you worked on a locum tenens basis?

	Psych	All
Less than 1 year	34%	52%
1-3 years	29%	28%
More than 3 years	37%	20%

	Male	Female
Less than 1 year	33%	37%
1-3 years	26%	35%
More than 3 years	41%	28%

	US	IMG
Less than 1 year	34%	33%
1-3 years	26%	35%
More than 3 years	40%	32%

Perhaps because many locum tenens psychiatrists enter the market while scaling back their traditional practices, they tend to remain in temporary practice longer than other physicians. See the next chart, as well.

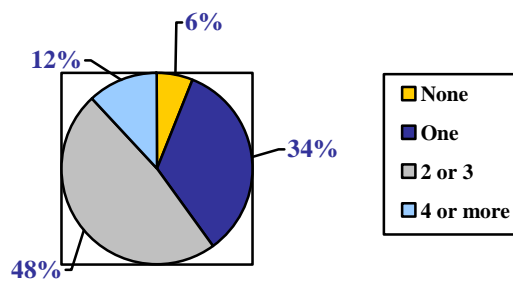
How long do you intend to work on a locum tenens basis?

	Psych	All
Until I find a permanent position	14%	28%
Less than 1 year	10%	8%
1-3 years	32%	25%
More than 3 years	44%	39%

	Male	Female
Until I find a permanent position	14%	14%
Less than 1 year	10%	10%
1-3 years	32%	31%
More than 3 years	44%	45%

	US	IMG
Until I find a permanent position	12%	18%
Less than 1 year	9%	11%
1-3 years	31%	34%
More than 3 years	48%	37%

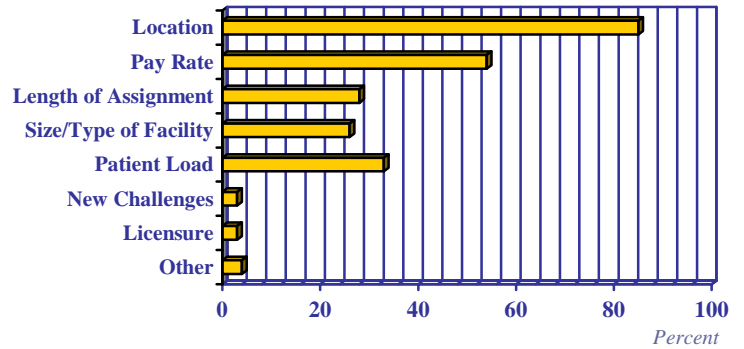
How Many Firms Do You Work With?



How do you select a firm?

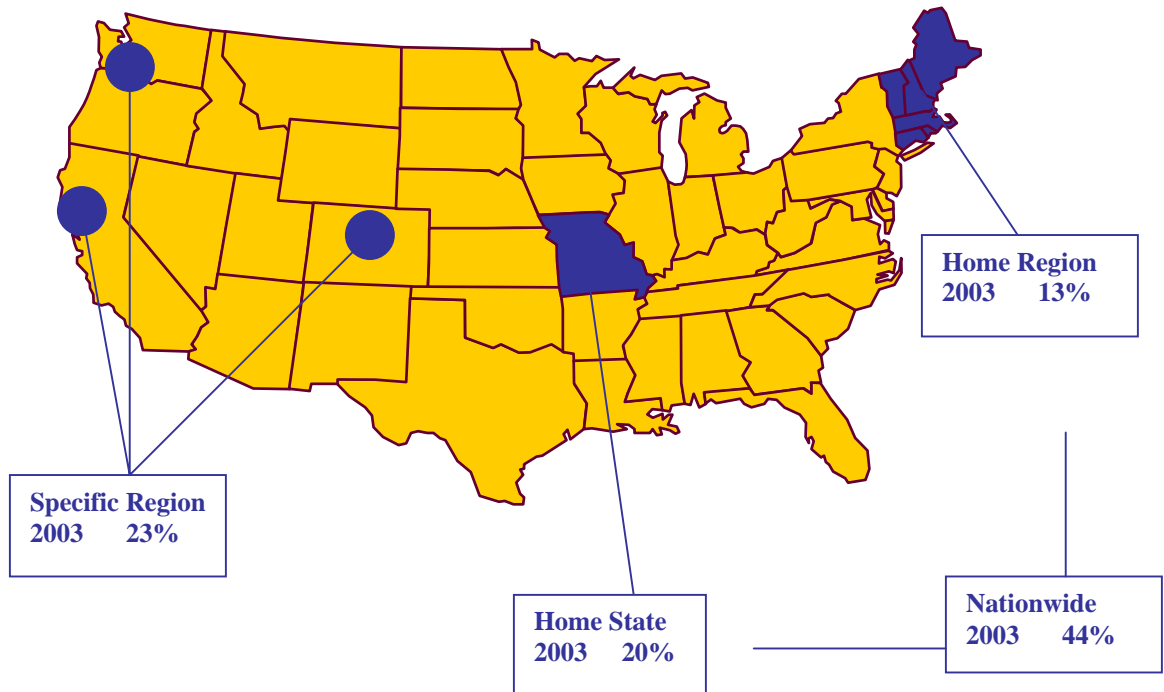
Location of opportunities	64%
Pay rates	52%
Customer Service	44%
Malpractice insurance/benefits	29%
Reputation/name recognition	25%
Number of opportunities	18%
Advertising/Marketing	6%
Lodging	5%
Other	3%

How Do You Select An Opportunity?



More than one answer accepted

Which states/regions do you wish to work in?



Shaded areas used as examples

As a locum tenens physician, are you:

Accepted by colleagues

	Psych	All	Male	Female	US	IMG
Yes	91%	95%	90%	94%	91%	91%
No	1%	0%	1%	0%	1%	0%
Tolerated	8%	5%	9%	6%	8%	9%

Accepted by patients

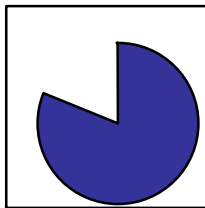
Yes	91%	98%	90%	92%	92%	89%
No	0%	0%	0%	0%	0%	0%
Tolerated	9%	2%	10%	8%	8%	11%

Accepted by administration

Yes	81%	89%	81%	79%	81%	80%
No	2%	0%	1%	5%	1%	4%
Tolerated	17%	11%	18%	16%	18%	16%

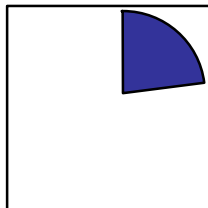
What is your greatest value to a facility?

Maintain Patient Care



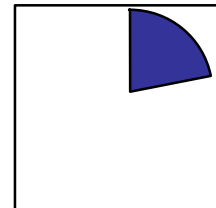
Psych 81%
(All 71%)

Generate Revenue



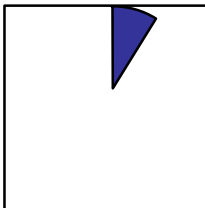
Psych 23%
(All 36%)

Prevent Staff Burnout



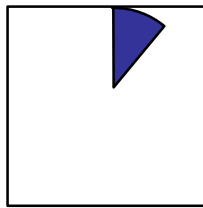
Psych 22%
(All 21%)

Specific Skills



Psych 9%
(All 5%)

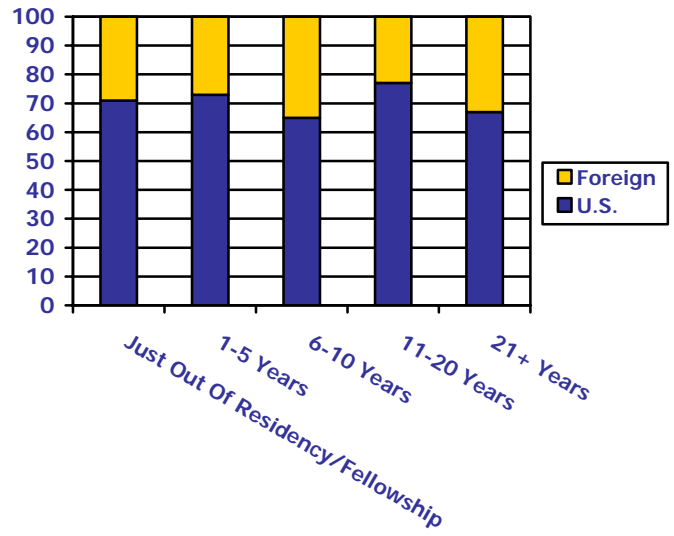
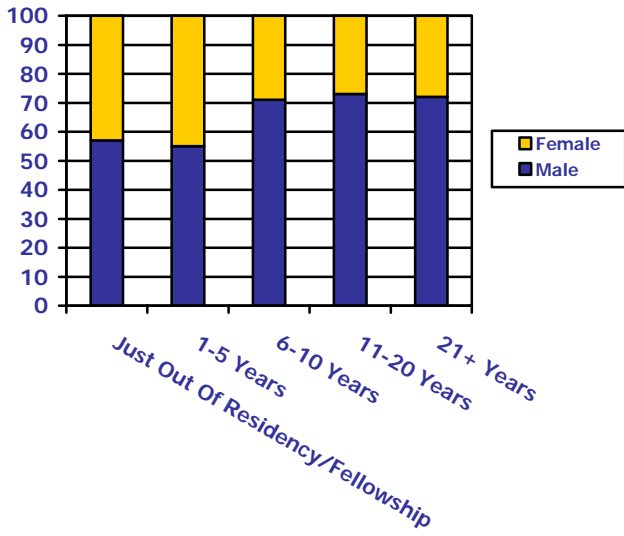
Not Certain



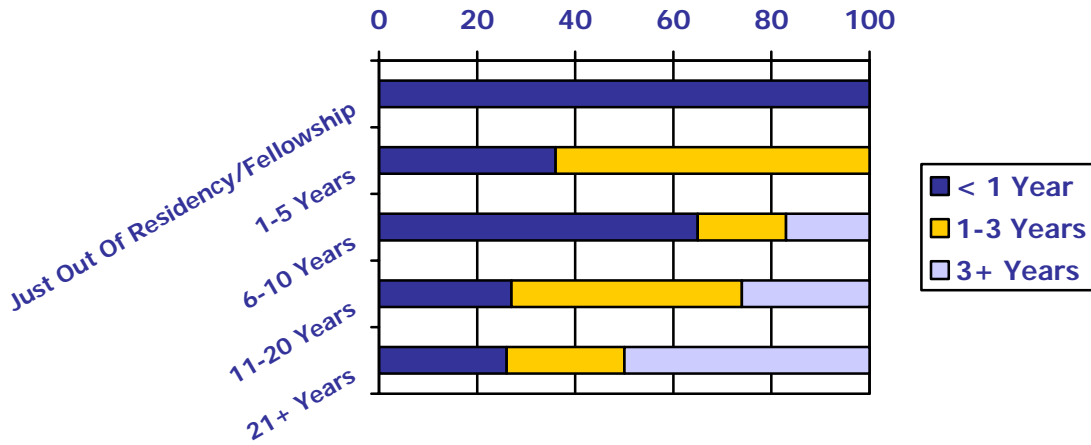
Psych 11%
(All 12%)

More than one answer accepted

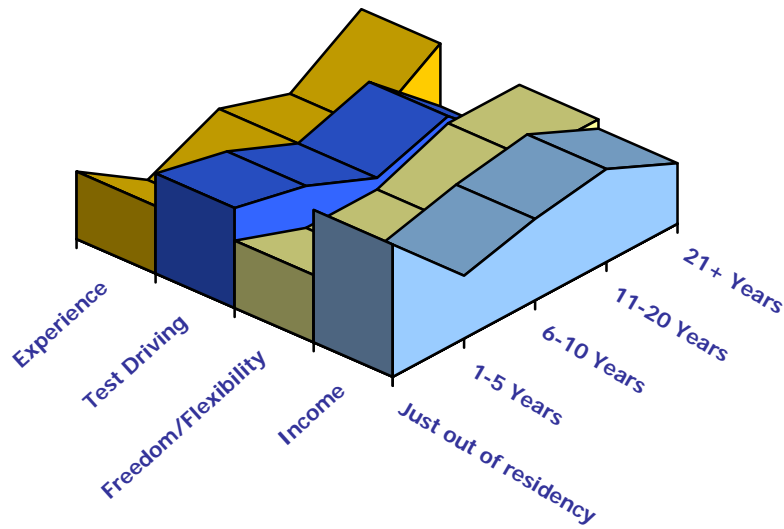
Locum Tenens Physicians, By Experience Level



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	1-5	6-10	11-20	21+
Yes	100%	91%	82%	90%	93%
No/tolerated	0%	9%	18%	10%	7%

By patients

Yes	100%	91%	88%	90%	91%
No/tolerated	0%	9%	12%	10%	9%

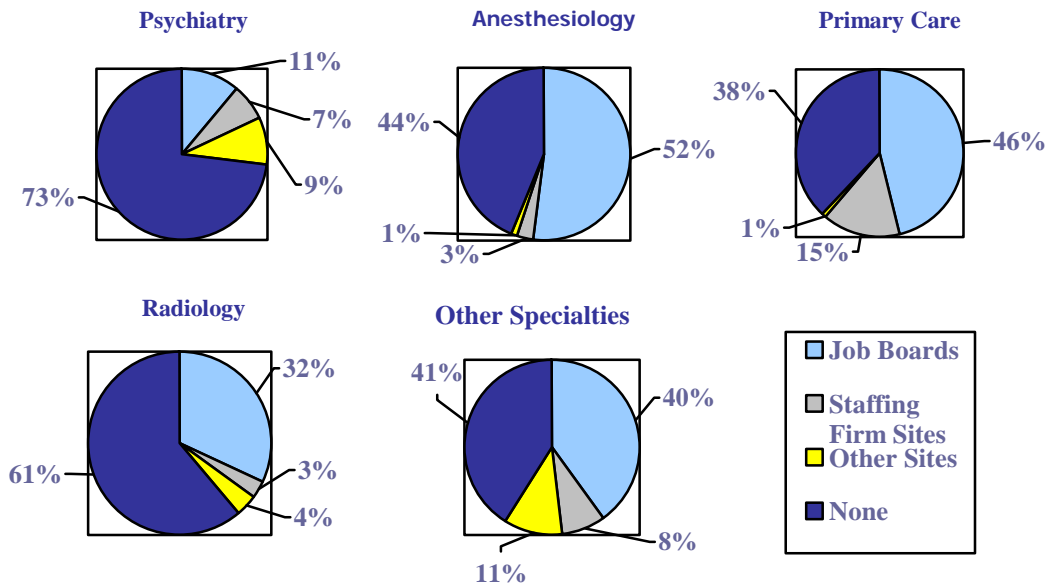
By administration

Yes	100%	73%	70%	83%	81%
No/tolerated	0%	27%	30%	17%	19%

What is your greatest value to the hiring facility?

Maintain patient care	57%	96%	71%	80%	85%
Generate revenue	14%	55%	43%	26%	20%
Prevent staff burnout	14%	18%	29%	33%	19%
Not certain	43%	4%	14%	10%	7%
Other	0%	0%	0%	19%	12%

Which Websites Do You Use When Searching For Temporary Assignments?



Part I - Trends and Observations

Locum tenens psychiatrists face a unique challenge: the interim nature of care precludes a long-term relationship with patients. As a result, acceptance levels are slightly lower than those reported by other physicians, concerns over patient load greater and expectations often quite different. Younger psychiatrists in temporary practice, for example, see little value in terms of professional development when they accept an assignment. Instead, they enter the temporary market for the most fundamental reason—to help a facility maintain patient care without interruption.

The market for locum tenens showed evidence of stabilization in 2003. Since 2001, the primary care share of market demand has been relatively steady. In fact, demand for psychiatrists, radiologists, and anesthesiologists show signs of stability, as well.

Healthcare facilities require thousands of days of coverage each month. Vacation coverage accounts for roughly 40 percent of this demand, but the effect of the shortage appears throughout the data: 22 percent list preventing staff burnout as one of the benefits they bring to a hiring facility, and almost two opportunities exist for each interim physician.

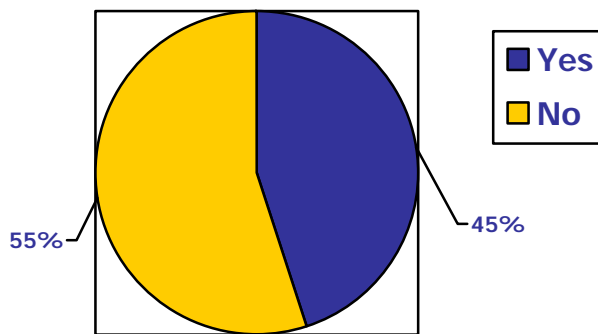
Clearly, shortage and demand still shape the market.

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

Healthcare facilities spent an estimated \$292 million on locum tenens psychiatry services in 2003. Government and correctional facilities accounted for a third of all demand.

The following portion of the 2004 Review is based survey responses from 381 administrators, directors, contract officers, and physicians responsible for recruiting.

Are You Currently Searching For Locum Tenens Coverage?



Compared to 2002, Is Filling A Temporary Opportunity

Easier?	11%
The Same?	55%
More Difficult?	34%

Who Uses Locum Tenens Psychiatrists?

Private Facilities/Practices*	67%
Military/Indian Health	11%
Correctional Centers	22%

**Includes state and county facilities*

In A Typical Month, How Many Locum Tenens Physicians Do You Use?

None	36%
1 to 3	59%
4 to 6	4%
7 or More	1%

Why consider locum tenens physicians?

	Psych	All	
Loss of staff	79%	69%	<i>More than one answer accepted</i>
Adding staff	20%	23%	
Vacation/CME coverage	39%	57%	
Increase in patient base	15%	10%	
Test marketing need	1%	3%	
Other	14%	8%	

What are the benefits of using locum tenens physicians?

	Psych	All	
Continued treatment of patients	75%	72%	<i>More than one answer accepted</i>
Immediate availability	35%	44%	
No lost revenue	21%	36%	
Prevent staff burnout	21%	27%	
Prevent Patient Migration	3%	3%	
Cost	2%	2%	
Other	8%	7%	

What are the drawbacks of using locum tenens physicians?

	Psych	All	
Cost	76%	80%	<i>More than one answer accepted</i>
Familiarity with practice	50%	49%	
Continuity of care	13%	6%	
Licensure delays	2%	5%	
Other	5%	4%	

Motivation, perceived benefits, and concerns mirror, for the most part, those from the overall market for locum tenens physicians—with a few interesting exceptions. Facilities seek psychiatry coverage for strategic purposes (while recruiting a permanent staff member, for example) rather than simply to fill vacation gaps. They are also less concerned with financial benefits and more with continuity.

Are locum tenens physicians accepted by colleagues?

	Psych	All
Yes	85%	79%
No	1%	1%
Tolerated	14%	20%

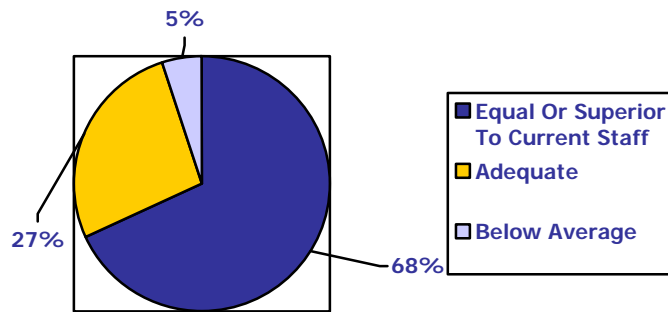
Are locum tenens physicians accepted by patients?

Yes	85%	85%
No	2%	1%
Tolerated	13%	14%

Are locum tenens physicians accepted by the administration?

Yes	83%	80%
No	0%	1%
Tolerated	17%	19%

What is your perception of the skill level of temporary physicians?



Compared To Your Staff Physicians, Locum Tenens Treat

More Patients Per Day	0%
Fewer Patients Per Day	28%
No Difference	72%

Compared To Your Staff Physicians, Locum Tenens Spend

More Time With Each Patient	22%
Less Time With Each Patient	2%
No Difference	76%

Compared To Your Staff Physicians, Locum Tenens Generate

More Gross Charges Per Day	2%
Less Gross Charges Per Day	19%
No Difference	79%

Is the value of locum tenens:

	Psych	All
Worth the cost	91%	89%
Not worth the cost	9%	11%

How many staffing firms do you work with when recruiting temporary physicians?

None	5%
One	19%
2-3	58%
4 or more	18%

What are the most important factors in selecting a firm? (More than one answer accepted)

	Psych	All
Quality of candidates	56%	61%
Cost	39%	39%
Promptness/availability of candidates	67%	53%
Customer Service	22%	26%
Contract flexibility	7%	8%
Malpractice insurance	7%	10%
Other	2%	3%

When considering locum tenens coverage, which of these issues concern you:

Malpractice insurance

	Psych	All
High/moderate concern	68%	72%
Low/no concern	32%	28%

Reimbursement

High/moderate concern	72%	75%
Low/no concern	28%	25%

State medical licensure

High/moderate concern	71%	76%
Low/no concern	29%	24%

Part II - Trends and Observations

The idea of temporary physicians as an integral part of healthcare delivery in the United States is no longer a stretch of the imagination. Total spending on locum tenens services reached \$2.6 billion in 2003 and facilities required more than three million days of coverage.

Such data also measures the shortage of healthcare providers. Each day in 2003, 1,748 psychiatry vacancies slowed the provision of care. While it is difficult to ascertain a precise figure for demand unrelated to vacation, illness, and other normal gaps in care, the information presented in this Review suggests a significant shortfall. Most notable in this regard is the rise in the number of administrators and others responsible for hiring physicians listing the prevention of staff burnout as a benefit of locum tenens usage.

Unfortunately, cost—or rather, perceived cost—creates a noticeable amount of friction in the market. A striking majority of administrators surveyed (76 percent) cite cost as the most significant drawback to interim coverage. On the other hand, they have high regard for the skills of temporary psychiatrists, with 95 percent rating interim staff up to the task and 91 percent judging them worth the cost. In addition, the majority of administrators see no difference in patient care when using interim services.

The benefits are balancing the costs—for the moment.

For more information regarding this survey, please contact:



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