



## EXHIBIT FOR DISTRIBUTION AT THE HOUSE COMMITTEE ON VETERANS' AFFAIRS SUBCOMMITTEES ON HEALTH AND ECONOMIC OPPORTUNITY

Roundtable Discussion Regarding How To Improve The Ability Of The  
Department Of Veterans Affairs To Efficiently And Effectively Recruit  
And Retain High Quality Physicians And Other Employees

### STATEMENT OF:

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## Overview:

We would first like to thank Dan Benishek, M.D., Chairman of the Committee of Veterans' Affairs Subcommittee on Health, and Brad Wenstrup, Chairman, Subcommittee on Economic Opportunity, for the opportunity to submit this statement concerning the ability of VA healthcare facilities to effectively recruit and retain qualified physicians and other medical professionals.

Merritt Hawkins is the largest physician search and consulting firm in the United States, carrying out over 3,100 physician and advanced practitioner search assignments annually for healthcare facilities located in all 50 states. Established in 1987, Merritt Hawkins is a company of AMN Healthcare (NYSE: AHS), the largest healthcare staffing organization in the country and the innovator of healthcare workforce solutions.

Over the course of 27 years of providing physician search services to the healthcare industry, Merritt Hawkins has worked with VA healthcare facilities in all regions of the country. Most recently, we have partnered with VA facilities on physician or advanced practitioner search assignments at VISN 20, VISN 4, VISN 16, VISN 23, and VISN 20. We are currently the only permanent placement physician search firm that has a GSA number and is listed on 738X.

In addition, we have worked with hundreds of other government sponsored or supported healthcare facilities where the physician recruiting dynamics are similar to those typically present at VA facilities. These include numerous Federally Qualified Health Centers (FQHCs), Indian Health Service (IHS) facilities, and Department of Defense facilities.

Merritt Hawkins is nationally noted for its physician recruiting expertise and knowledge of the physician staffing market and has been retained to conduct research on these topics not only by the IHS but by a number of other organizations, including The Physicians Foundation, Trinity University, the Association of Academic Surgical Administrators, the North Texas Regional Extension Center (a program funded by the U.S. Department of Health and Human Services Office of the National Coordinator for Health Information Technology), and The American Academy of Physician Assistants. Our Academic Advisory Panel, from which we draw guidance and expertise, includes Tom Lawley, MD, former Dean of Emory Medical School, Philip Pizzo, MD, former Dean of Stanford Medical School, Arthur Rubenstein, MD, former Dean of the University of the Pennsylvania School of Medicine. Michael Johns, MD, also a former Dean of Emory Medical School, sits on the Board of Directors of our parent company, AMN Healthcare.

Based on our knowledge of physician staffing and physician practice patterns, Merritt Hawkins' president, Mark Smith, was invited in July, 2012, to provide testimony before the House Committee on Small Business on the decline of solo and small physician practices.

Staff Care is the leading provider of temporary (locum tenens) physician and advanced practitioner staffing services in the United States and also is a company of AMN Healthcare. Staff Care has worked in 17 VISNs in the last two years (1,2,4,5,6,7,11,12,25,16,17,18,19,20,21,22, and 23) either directly or through small business partners. In 2014 and 2015, Staff Care is projected to fill 16,427 temporary physician and advanced practitioners days at VA facilities and has had a variety of temporary physicians take permanent positions with the VA.

In addition to our work with VA and other government sponsored facilities, Merritt Hawkins and Staff Care have worked with thousands of private sector healthcare systems, community hospitals, academic centers, medical groups, urgent care centers, retail clinics, and other facilities. We therefore have an extensive background from which to draw in comparing the best physician recruiting practices of government facilities such as the VA to those of a wide range of other facilities in the private sector.

We will make such comparisons further in this statement but will first briefly address prevailing conditions in today’s physician recruiting market.

## Medical Professional Recruitment: Market Context

Physician and advanced practitioner recruitment takes place today within the context of a growing physician shortage. The Association of American Medical Colleges (AAMC) projects a shortage of up to 91,000 physicians by 2025 (see *The Complexities of Physician Supply and Demand*, Association of American Medical Colleges, March 2015). The shortage is being driven by a growing and aging population, advances in medical technology, and the increased availability of health insurance through the Affordable Care Act. Fueling the shortage is the fact that residency training positions for medical graduates have grown only incrementally over the last 18 years, as federal funding for physician training was capped by Congress in 1997.

As a result, patient access to physicians can be problematic in both the public and private sector. Extended physician appointment wait times for VA patients have been extensively documented in the news media over the last year. Such wait times are unfortunate and my understanding is that the VA is taking steps to address them. However, extended wait times are not the sole province of VA facilities.

In 2014, Merritt Hawkins completed its third *Survey of Physician Appointment Wait Times and Medicaid and Medicare Acceptance Rates*. The survey examines the time needed to schedule a new patient appointment in five medical specialties in 15 major metro markets. One of the few surveys to quantify patient access to physicians, the survey has been cited numerous times in national media outlets and healthcare trade publications, often in the context of stories regarding long wait times for VA patients. All the metropolitan areas examined in the survey are characterized by a comparatively high number of physicians-per-population. It can be extrapolated that if extensive physician appointment wait times exist in these markets, wait times could be more extensive in markets where there are fewer physicians per population.

The chart below shows average wait times to schedule a new patient appointment with a family physician in the 15 metro markets examined in the survey:

Wait Time in Days to Schedule a New Patient Appointment With a Family Physicians in 15 Metro Markets

City	Shortest Time to Appointment	Longest Time to Appointment	Average Time to Appointment
<b>Boston, 2014</b>	12 days	152 days	66 days
<b>Boston, 2009</b>	6 days	365 days	63 days

<b>New York, 2014</b>	14 days	38 days	26 days
<b>New York, 2009</b>	6 days	61 days	24 days
<b>Atlanta, 2014</b>	1 day	112 days	24 days
<b>Atlanta, 2009</b>	3 days	21 days	9 days
<b>Seattle, 2014</b>	3 days	129 days	23 days
<b>Seattle, 2009</b>	2 days	14 days	8 days
<b>Philadelphia, 2014</b>	1 day	98 days	21 days
<b>Philadelphia, 2009</b>	3 days	15 days	9 days
<b>Los Angeles, 2014</b>	1 day	126 days	20 days
<b>Los Angeles, 2009</b>	1 day	365 days	59 days
<b>Houston, 2014</b>	1 day	178 days	19 days
<b>Houston, 2009</b>	1 day	29 days	17 days
<b>Denver, 2014</b>	1 day	62 days	16 days
<b>Denver, 2009</b>	1 day	45 days	14 days
<b>Detroit, 2014</b>	1 day	74 days	16 days
<b>Detroit, 2009</b>	3 days	31 days	14 days
<b>Wash., D.C., 2014</b>	1 day	62 days	14 days
<b>Wash., D.C., 2009</b>	3 days	365 days	30 days
<b>Portland, 2014</b>	3 days	45 days	13 days
<b>Portland, 2009</b>	3 days	16 days	8 days
<b>Miami, 2014</b>	1 day	56 days	12 days
<b>Miami, 2009</b>	1 day	25 days	7 days
<b>Minneapolis, 2014</b>	1 day	30 days	10 days
<b>Minneapolis, 2009</b>	2 days	23 days	10 days
<b>San Diego, 2014</b>	1 day	17 days	7 days
<b>San Diego, 2009</b>	1 day	92 days	24 days
<b>Dallas, 2014</b>	1 day	10 days	5 days
<b>Dallas, 2009</b>	1 day	27 days	8 days
<b>Total, 2014</b>	<b>2.87 days</b>	<b>79.3 days</b>	<b>19.5 days</b>
<b>Total, 2009</b>	<b>2.47 days</b>	<b>99.6 days</b>	<b>20.3 days</b>

As these numbers indicate, average family physician appointment wait times exceed 14 days in ten of the markets, and equal or exceed 21 days in five of the markets. In other markets with fewer physicians per capita, it is likely that wait times may be more protracted. VA facilities face a variety of patient access issues typically not faced by private sector facilities, including a patient base that may have more limited options for care to choose from than private sector patients, and a patient base that has special needs relating to post-war physical and mental trauma that only VA facilities may be able to address.

Another characteristic of the physician recruitment market, in addition to provider shortages and the extensive physician appointment wait times they can generate, is increased competition for physicians and advanced practitioners, including physician assistants (PAs) and nurse practitioners (NPs). In the

past, hospitals were the principal recruiters of physicians, whether recruiting for their own staffs or on behalf of independent practices.

Today, a proliferating number of sites of service are competing for a limited pool of physicians, PAs and NPs, as healthcare delivery transitions from a hospital based model to an outpatient and “convenient care” based model. Thousands of urgent care centers, ambulatory surgery centers, retail clinics, FQHCs, free-standing emergency rooms, major employers, and insurance companies are actively recruiting physicians, along with more traditional types of employers, including hospitals, hospital systems, academic medical centers, and government facilities such as the VA.

The type of physicians that VA facilities historically have been able to recruit, including active military and former military physicians, are increasingly being contacted and recruited by a wide range of private sector facilities.

The market for physicians therefore is highly competitive and recruitment activity is as intense or more intense than Merritt Hawkins has seen in our 27-year history. In its *2015 Survey of Final-Year Medical Residents*, Merritt Hawkins determined that 63% of physicians in their final year of training received 51 or more job solicitations. Close to one half (46%) received 100 or more job solicitations.

Due to this competitive climate, it is important for healthcare facilities to have a strategic recruiting plan, to accurately forecast their needs, to be nimble and responsive, to offer competitive incentives, an attractive work environment, and, of most importance, to bring a consistent sense of urgency to the recruiting process.

## VA Facility Recruiting Methods and Challenges

In our work with VA facilities, Merritt Hawkins has encountered several recurring, serious challenges that have impeded our ability to recruit medical professionals, challenges which the VA may wish to consider.

The first and most important is the recruiting process itself, as administrated by the various VA facility human resource departments. As referenced above, a sense of urgency and the ability to be agile is critical in today’s physician recruiting market. Physician, PA, and NP candidates being sourced by the VA typically also are receiving job offers from many other organizations. The great majority of VA facilities with which we work are handicapped by the prolonged time needed to process candidates who have been selected for VA employment through security and other bureaucratic requirements. Processing times at VA facilities to receive clearance on hiring candidates often can run as long as six months. By contrast, efficiently run private hospitals typically turnaround the same level of paperwork in no longer than four weeks. In the private sector, this process often occurs concurrently with the recruiting process.

These waiting times do not include the process required to approve candidate interviews before a job offer is made. The process to approve candidate interviews may be channeled through four or five individuals who have a variety of duties and may not appreciate the urgency of approving physician interviews quickly. In Merritt Hawkins’ experience, it may take up to three months to schedule two to three interviews for the same position. It also may be difficult for candidates to submit required information, and their applications may be rejected for lacking certain basic information without the candidate’s knowledge. They simply do not hear back and assume they did not get the job.

In recent physician recruitment efforts in Alaska that Merritt Hawkins conducted on behalf of the VA, we were successful in placing 10 physicians in the Wasilla, Anchorage and Fairbanks areas. All ten physicians accepted offers with the VA but the contract approval process was so protracted and laborious that nine of the ten physicians withdrew from consideration.

A key part of the problem in Merritt Hawkins' experience is that VA facilities tend to follow the same recruiting process for all types of personnel. The same HR systems and processes used to recruit an administrative support position are used to recruit a neurosurgeon, though the urgency of recruiting a neurosurgeon may be considerably greater than the urgency of recruiting other positions. As a third party, Merritt Hawkins is unable to contact VA HR personnel to help facilitate interviews or help ensure candidates have the information they need to make a decision. Moreover, the same person at the VA managing the recruitment of administrative personnel also may be managing the recruitment of highly trained medical professionals, despite the fact that the skill sets required for these two disparate tasks vary considerably.

Without an efficient, timely method for screening, credentialing and responding to candidates, the VA is losing well qualified and motivated physicians and other professionals to employers who do have such systems in place.

This is particularly unfortunate as the VA offers a style of practice that is appealing to many of today's physicians. The VA typically offers set hours, generous vacation times, the security of government employment, an absence of reimbursement and other practice management challenges physicians face in the private sector, freedom from the stress of malpractice, a rewarding sense of mission and various attractive locations. Many physicians are not aware of this, as a stigma about VA practice still is prevalent among some doctors, but these perceptions can be overcome. Indeed, ***none of the key physician recruiting challenges facing the VA are related to an inability to persuade candidates to accept VA employment.*** The key challenges lie in candidate sourcing and processing.

## Compensation and Incentives

It also may be necessary for the VA to allocate resources to enhance physician compensation packages. In the private sector, base salaries for primary care physicians, including family physicians and internists, average approximately \$200,000, not including signing bonuses, production bonuses, relocation allowances, and benefits. At VA facilities, compensation for primary care physicians varies, but can be considerably less than what is common in the private sector. In addition, due to VA policies, it often is difficult to be clear with candidates regarding the level of compensation being offered. Primary care salaries may start with a baseline of \$70,000, which immediately creates a negative impression, then move up base on merits, but obtaining clarity on compensation often is difficult.

When an offer is made, there are many logistical obstacles in place before an offer letter or other documentation confirming the offer/terms can be obtained, which can undermine the process.

While VA physician salaries may never equal those to be found in the private sector, and it is not necessary that they do so given the other incentives the VA can offer, it is important that they at least be competitive in today's evolving physician market. It also is necessary to communicate effectively to candidates that VA opportunities have advantages that make them attractive even if salaries are not always commensurate to those in the private sector.

## Contracting Issues

VA and other government contract set-asides for small businesses have been in place for decades and are admirable in intent and often in execution. However, it has been found that in some endeavors results can only be achieved through contractors that have the most robust resources and the most comprehensive expertise. Production of high-priority, high-tech weapons systems, for example, frequently is allocated only to those contractors with the broadest capabilities and experience.

Small-business set-asides are particularly prevalent in VA staffing, and in many cases only small businesses can submit requests for proposals (RFPs). These companies then seek to fill openings through a model in which temporary candidates are expected to opt to become permanent employees, but seldom if ever do.

Because such companies do not have the resources to fill multiple VA assignments, they frequently contact Merritt Hawkins and seek to sub-contract with us. This only adds an unnecessary layer of engagement and expense to physician staffing projects. One VA facility which has received widespread media attention for long patient appointment wait times continues to operate this way, most likely unaware that other options could be more effective. Staff Care also has found that small-business set-asides can be limiting in the recruitment of temporary (locum tenens) physicians and advanced practitioners.

## Conclusion

In closing I would like to state that while the institutional challenges the VA is facing in physician and advanced practitioner recruitment are daunting, they are not confined to the VA. Academic medical centers and increasingly large and consolidated healthcare systems in the private sector also struggle with implementing streamlined systems for processing physician candidates. The first healthcare facilities to do so are the most likely to achieve consistent recruiting success, which is attainable even in today's rapidly evolving healthcare system.

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