

High demand, increased procedures drive compensation

Urology

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Urology remains among the most highly compensated specialties.

In particular, pay for newly minted urologists is growing, partially due to the overall shortage of the specialists and the increased demand for those who have been trained in the most current technology.

Overall comp trends

Urologist compensation continues to grow steadily, keeping ahead of the rate of inflation.

In 2007, urologists earned a median total compensation of \$388,125, a 8.53% increase from \$357,605 in 2006, according to the 2008 MGMA *Physician Compensation and Production Survey*. That's a 12.81% jump from \$344,038 in 2003. It also represents a significantly higher pay than received by those in other areas.

According to MGMA data, the 2007 median compensation for all primary care is \$182,322; for all specialists, it's \$332,450.

The 2008 Hospital & Healthcare Compensation Service *Physician Salary Survey Report*, which measures only salary data, reported a median salary of \$234,592 in 2007, compared to \$208,566 in 2006. (See "Urology compensation trends" on p. 7 for details.)

Growth drivers

The year-to-year growth in total compensation isn't matching the double-digit increases of five or six years ago, but it's still an upward trend, says **Rick Rutherford**, director of practice management at the American Urological Association (AUA).

Rutherford cites several factors driving compensation growth, including an increase in:

- **Outpatient procedures.** Performing select procedures in an ambulatory or office-based surgery center improves patient turnover and productivity.
- **Ancillary outpatient services.** Services such as sophisticated imaging or lab services can boost revenue.
- **Mergers.** Consolidating urology practices allows them to take advantage of economies of scale.

In terms of overall compensation, urology was the fifth largest gainer in Dallas-based Medicus Partners' annual compensation survey. It followed only radiology, GI, orthopedics, and ENT.

"The 2008 average income for a urologist was \$407,000, which represents a 2.95% increase over 2007," says **Mark Nolen**, principal at Medicus Partners in Dallas. "In terms of what is being offered to candidates as a salary or income guarantee, our current average is \$358,125."

Steep demand, softening supply

Not surprisingly, it's a supply-and-demand issue. Recruiters report a strong demand for urologists: The Merritt Hawkins & Associates 2008 *Review of Physician and CRNA Recruiting Incentives* reports increasing demand for certain specialists including urologists, neurologists, psychiatrists, pulmonologists, and emergency medicine physicians, and Delta Physician Placement's second quarter 2008 *Recruiting Standard* reports a significant jump in demand from 2007.

Demand is expected to expand, largely due to an aging population with a growing need for urology services; however, the supply of trained specialists remains flat.

"As a result of the migration of urological services to outpatient facilities, even hospitals are recruiting urologists in order to stem the tide of lost procedures," says Rutherford. The intense competition for the shrinking pool has created several casualties. In particular, small practices in rural areas often can't compete for the available talent, he says. The aging population is creating demand and exacerbating the shortage.

Many urologists are nearing retirement and starting to cut back on their practices. **Shannon Penney**, director of recruiting at Delta Physician Placement in Dallas, says 42% are aged 55 or older.

Big pay for new urologists

Although overall compensation growth remains steady, pay offered to new urologists is climbing dramatically, says Rutherford.

More years of experience doesn't necessarily translate into commensurately higher pay, Nolen says. "In general, we're seeing much less disparity between what is being offered to in-practice physicians and those coming out of training, which has been pervasive in the past," he says. "The shortages have gotten to the point where facilities, in many situations, are comfortable paying whatever they need to pay to ensure their vacancy is filled, regardless of the experience of the candidate."

In particular, Nolen reports a higher demand for physicians with robotics expertise.

Penney says there is better compensation for urologists under 47 years of age with training in minimally invasive techniques. These techniques allow surgeries to be performed in outpatient surgery centers, resulting in increased volume and compensation.

Although experts agree, quantifying this trend has been a challenge. Rutherford notes that MGMA's first-year compensation data aren't necessarily limited to urologists fresh out of training.

Accordingly, the AUA has launched its own first-year compensation survey of urology residents. Results should be in by the end of the year.

Strong temp market

The physician shortage has created more demand for locum tenens coverage while hospitals recruit a permanent urologist, says **Mike Beckman**, director of recruiting at Delta Locum Tenens in Dallas.

"Locums docs have more options to choose from at this point. They know they can get higher rates, pick locations. They are driving the process instead of the recruiters," Beckman says.

Delta reports that between 2006 and 2008, its average per diem rates for locum tenens physicians increased about \$200 per eight-hour day, excluding any additional call-coverage compensation. The average billed rate for this year's second quarter was \$1,743 per day.

Call coverage

Not surprisingly, call coverage continues to be a hot issue. It's compounded by the aging pool of urologists; as they approach retirement, many are dropping call coverage, says Rutherford. Some urologists have successfully negotiated with hospitals to receive compensation for call on unassigned patients in the form of a per diem or guaranteed reimbursement for services for uninsured emergency cases.

"It is not yet prevalent for urologists, but as the shortage worsens, it will continue to be an issue raised by physicians in the specialty," Rutherford says.

For now, most urologists still take call as a routine part of their hospital practice.

Nonphysician providers

The urologist shortage is driving the expanded use of nonphysician providers (NPP), Rutherford says.

In fact, many also help with on-call demands by taking first call for the physicians in small practices. It generally takes about one year for the NPP to achieve optimum efficiency in seeing urology patients. But once that happens, "they can be a valuable asset to see postoperative patients and office follow-up patients on day one," Rutherford says.

PCR sources

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