



integrity. independence. insight

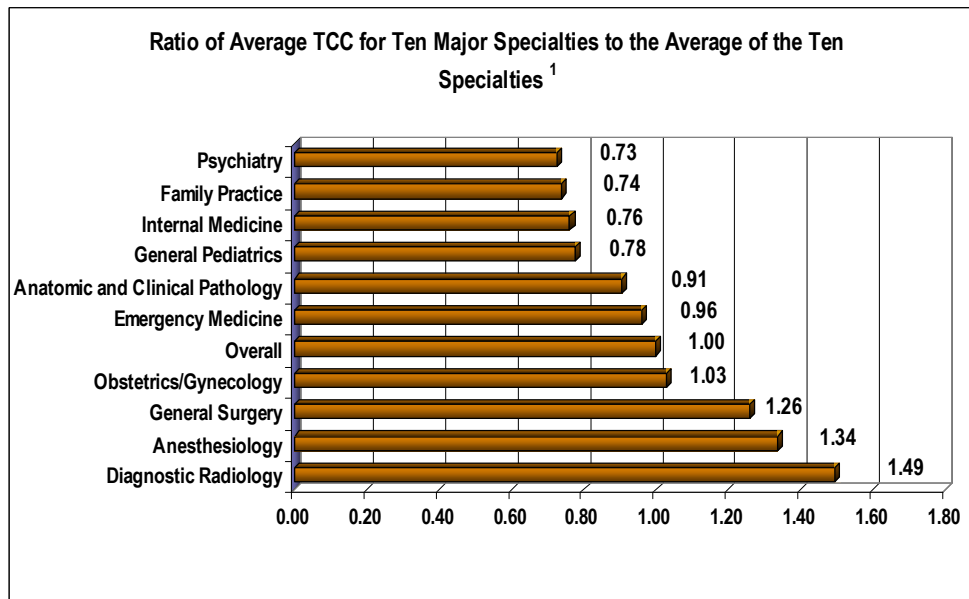
FOR IMMEDIATE RELEASE

PHYSICIAN COMPENSATION SURVEY REVEALS SHRINKING INCOME GAP BETWEEN PRIMARY CARE AND SPECIALTY PHYSICIANS

SullivanCotter Releases Results of 17th Annual Physician Compensation and Productivity Survey

DETROIT –May 5, 2010 - Sullivan, Cotter and Associates, Inc. (SullivanCotter), a compensation and human resource management consulting firm, has published its *2009 Physician Compensation and Productivity Survey Report*, the industry standard. Since the inception of the survey in 1992, SullivanCotter has tracked physician compensation trends and pay relationships for ten major specialties. The survey reports total cash compensation levels paid to 49,981 physicians, residents, PhDs, mid-level providers and medical group executives with data from 313 organizations.

This year, for the first time since the inception of the survey, SullivanCotter noticed a shift in the relative pay relationships between primary care specialties such as Family Practice, Internal Medicine and Pediatrics and specialists such as Anesthesiology and Radiology. For example, in 2009, the relative pay relationship between Family Practice to other physician specialties increased from .72 to .74 (with 1.0 representing the middle of the market), while Radiology decreased from 1.53 to 1.49. “This movement represents a slight decrease in the income gap between primary care physicians and specialists which we have not observed before. We suspect it could be linked back to the changes in reimbursement and the impending impact of healthcare reform,” said Kim Mobley principal of SullivanCotter and the director of the survey. With President Obama advocating better pay for primary care physicians, this is a trend that will be closely observed.



¹ The relative pay relationships between physician specialties falling below the overall 1.0 vary from previous years. The ratios for the primary care specialties showed the following increases : Family Practice increased from .72 to .74; Internal Medicine increased from .74 to .76; and General Pediatrics increased from .74 to .78. Diagnostic Radiology, the highest paid specialty in the sample decreased from 1.53 to 1.49 and Anesthesiology decreased from 1.37 to 1.34.

In 2009, about one-half (56%) of physician employers planned increases for their employed physicians, down from 2008, when almost three-fourths (73%) of employers provided increases. The survey also found that ten percent of employers planned to decrease physician compensation for select physicians last year. Such decreases are typically based on individual physician productivity and/or performance.

Seventy percent of physician employers have incentive-based compensation. The most common (71%) compensation method used today is based on work Relative Value Units (wRVUs). An emerging trend noted by SullivanCotter is the use of productivity incentives. In 2009, 54% of organizations reported using such measures, which are typically based on quality or patient satisfaction. According to Kim Mobley “the use of non-productivity aspects of physician performance reflects a potential evolution in the way that physicians are paid. However, the amount of compensation paid based on quality or patient satisfaction represents a small portion (usually 3-5%) of their total cash compensation. This may grow as organizations refine their ability to measure quality in a substantive way.”

Other emerging physician compensation trends include the use of bonuses for mid-level provider supervision (26%) as well as the use of retention bonuses (9%). “We expect the use of bonuses for mid-level provider supervision to increase. With the predicted physician shortages and as healthcare

organizations strive to improve the quality and efficiency of their delivery systems, we expect the use of mid-level providers to grow.”

The *2009 Physician Compensation and Productivity Survey Report* is available for purchase. The 2009 survey report contains cash compensation data obtained from 313 organizations comprising 190 physician, PhD and mid-level provider specialties as well as seven medical group executives. The physician specialty data are reported by level: staff, chief/medical director, and department chair. The survey results contain comprehensive information on physician productivity levels (gross patient charges, collections, wRVUs); the ratios of cash compensation to productivity; salary increases and decreases; physician incentive plans; and much more. The cost to healthcare organizations agreeing to participate in next year’s survey is \$950, while the cost of healthcare organizations not wishing to participate next year is \$2000. Non-healthcare organizations must call for the price. A CD containing the survey data tables is also available for purchase by the organizations which purchase the survey (costs vary). To order a copy of the survey, please visit the SullivanCotter website at www.sullivancotter.com or contact Elaine Tocco, Survey Coordinator, at 313-285-1491, or email elainetocco@sullivancotter.com.

SullivanCotter specializes in the development and implementation of strategic total compensation and reward programs for the healthcare industry. Since 1992, SullivanCotter has worked closely with healthcare organization executives, boards and compensation committees to devise innovative compensation solutions that attract and retain physician and leadership talent while satisfying not-for-profit missions and regulatory requirements. A leader in independent consulting, benchmarking, trends and analyses, SullivanCotter has also developed the most widely recognized physician and executive compensation surveys in the United States. SullivanCotter also provides a full range of physician compensation services: analyzing physician compensation and benefit levels to ensure they are within the bounds of fair market value; working with management to define the organization’s physician compensation goals, strategies and philosophy; developing physician incentive programs and on-call pay approaches; conducting market analyses of physician cash and non-cash compensation levels. SullivanCotter has offices in Atlanta, Boston, Chicago, Dallas, Detroit, Minneapolis, New York, Parsippany, San Francisco, Washington D.C. and Westport. For more information, visit www.sullivancotter.com or call **888-739-7039 toll-free**.

###

Note to media – For more information on the survey or to interview Ms. Mobley, please call Brooke Fochler at Winger Marketing 312-494-0422 or visit www.wingermarketing.com