

**KaufmanHall**

APRIL 2022

# Physician Flash Report

*Based on Data From More Than 100,000 Employed Physicians and  
Advanced Practice Providers In More Than 100 Specialties*

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# Key Observations

# Summary

Physician practices nationwide had a busy start to 2022. Physician productivity, compensation, and revenues rose in the first quarter as practices saw increased patient volumes compared to the last quarter of 2021.

However, higher volumes also contributed to higher investments/subsidies to support physician practices, as well as continued expense increases as practices contend with inflation and a tight labor market. For the first time in two years, the median Investment/Subsidy per Physician Full-Time Equivalent (FTE) surpassed levels seen during the start of the COVID-19 pandemic. Total Direct Expense per Physician FTE continued its upward trajectory, reaching a new two-year high.

## Investments, Compensation, and Productivity

The median Investment/Subsidy per Physician FTE jumped 14.4% from Q4 2021, climbing to \$288,227 in Q1 2022. This metric increased 1.5% compared to the pandemic's start in Q1 2020 and rose 8.9% from the first quarter of last year.

Investment/Subsidy per Physician FTE was up quarter-over-quarter (QOQ) across all regions and specialties. The most significant increases occurred in the West (23.9%) and Great Plains (39.5%). Obstetrics and Gynecology (Ob/Gyn) had the most significant increase by specialties, with the metric rising 20.8% QOQ to \$303,494 in the first quarter.

Physician compensation also reached its highest level in two years, driven primarily by increased productivity. Median Physician Compensation per FTE rose 3.6% QOQ to \$349,072 in Q1 2022. This metric was up 6.6% compared to the same quarter in the prior two years. However, increased physician productivity drove Physician Compensation per work Relative Value Unit (wRVU) down 5.8% QOQ after two quarters of increases, as improved productivity outpaced compensation.

Physician productivity, as measured by Physician wRVUs per FTE, increased 7.4% QOQ, 15.4% year-over-year (YOY), and 20.2% compared to Q1 2020. Ob/Gyn had the most significant QOQ

## Summary *(continued)*

increase at 16% for Q1 2022. At the start of 2021, the Centers for Medicare and Medicaid Services (CMS) made significant changes to Current Procedural Terminology (CPT) code wRVU values. Those changes especially affected select specialties such as Family Medicine and Internal Medicine, and they were a factor in the increase in wRVUs from 2020 levels.

### Revenue and Expenses

Higher patient volumes bumped up revenues for the quarter. Including advanced practice providers (APPs), Net Patient Revenue per Physician FTE rose 1% from Q4 2021 to \$636,674 in Q1 2022. This metric was up significantly YOY at 9.6%.

At the same time, the sizable increase in physician productivity caused Net Patient Revenue per Physician wRVU (including APPs) to decline 6.5% from Q4 2021 and 2.7% YOY to \$93.36 in the first quarter of this year.

Expenses continued to rise with increased patient demand, inflation, and a competitive labor market. Total Direct Expense per Physician FTE (including APPs) rose to a two-year high of \$946,602 for the quarter, up 7.1% QOQ and 10.5% YOY.

Physician practices continue to feel the effects of nationwide labor shortages. When adjusted for productivity, staffing levels declined following two quarters of moderate increases. Support Staff FTEs per 10,000 wRVUs were down 7.2% from Q4 2021 and down 6.3% compared to the first quarters of 2020 and 2021. In addition to labor shortages, higher patient volumes and an increase in wRVUs at the start of 2021 for Evaluation and Management (E&M) codes by CMS also contributed to the declines.

# Key Takeaways

- 1. Escalating labor costs and widespread staffing shortages continue to pressure physician practices.**  
Physician expenses rose to a new two-year high in the first quarter of 2022. A shortage of qualified healthcare workers and front office staff amid nationwide labor challenges contributed to the increases.
- 2. Investment/Subsidy levels per physician surged in the first quarter.**  
The median physician investment/subsidy rose from Q4 2021 to Q1 2022. While some of the increase might be attributed to annual bonuses and incentive payments that are paid annually in Q1, rising operational costs pushed this metric to its highest level since Q1 2020.
- 3. Higher patient demand drove significant increases in physician productivity and revenues.**  
A rise in patient volumes contributed to sizable increases in per-physician productivity and revenues in the first quarter, with both metrics rising quarter-over-quarter and compared to Q1 2021. These metrics also were well above lows seen early in the pandemic in Q1 2020.
- 4. Physician productivity increases outpaced revenue and compensation gains.**  
Physician productivity increases surpassed increases in physician revenues and compensation, as physicians worked to meet higher demand from increased patient volumes and increasingly stretched support staff. Both Net Revenue per Physician wRVU and Physician Compensation per wRVU declined from Q4 2021 to Q1 2022 as a result.

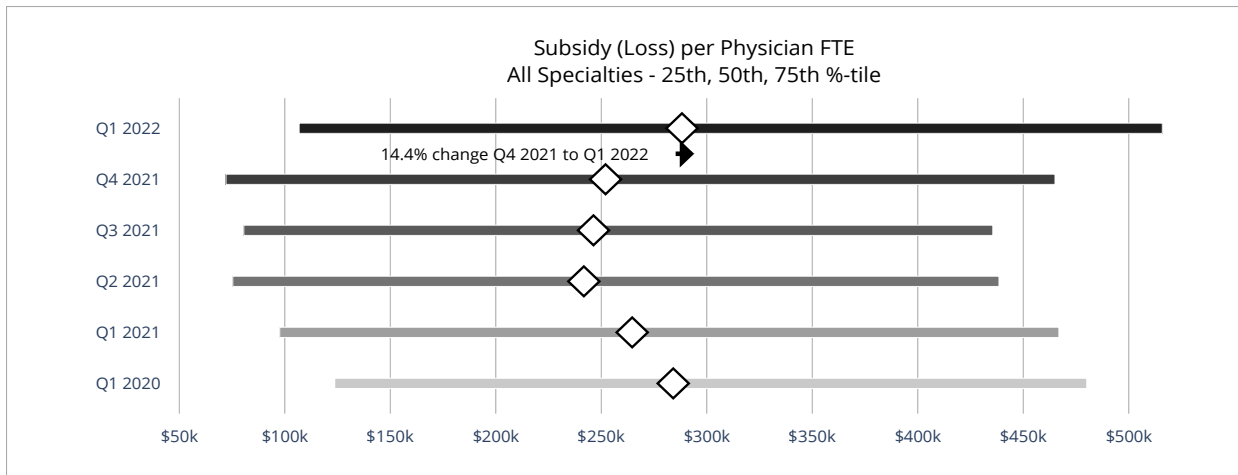
# Key Performance Metrics Summary

Key Performance Metrics (Median)	Q1 2022	Change from Q1 2021 to Q1 2022	Q1 2021	Change from Q1 2020 to Q1 2022	Q1 2020
Investment/Subsidy per Physician	\$288,227	9%	\$264,634	2%	\$284,090
Physician Compensation per FTE	\$349,072	7%	\$327,371	7%	\$327,501
Physician Compensation per wRVU	\$54.01	-7%	\$58.17	-12%	\$61.34
Physician wRVUs per FTE	6,289	15%	5,448	20%	5,232
Net Revenue per Physician FTE	\$636,674	10%	\$580,860	18%	\$540,769
Net Revenue per Physician wRVU	\$93	-3%	\$96	0%	\$93
Total Direct Expense (including APPs) per Physician FTE	\$946,602	11%	\$856,315	13%	\$838,495
Clinical and Front Office Support Staff per 10,000 wRVUs	2.82	-6%	3.01	-6%	3.01



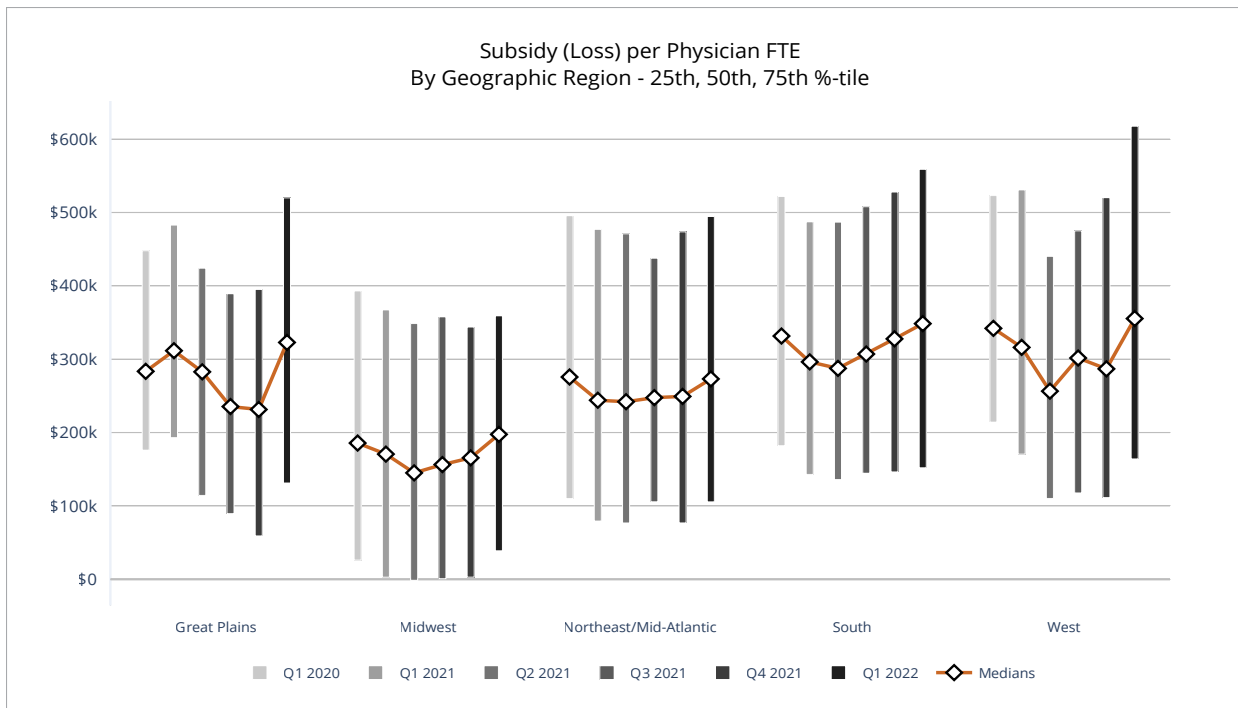
# Investment/Subsidy per Physician





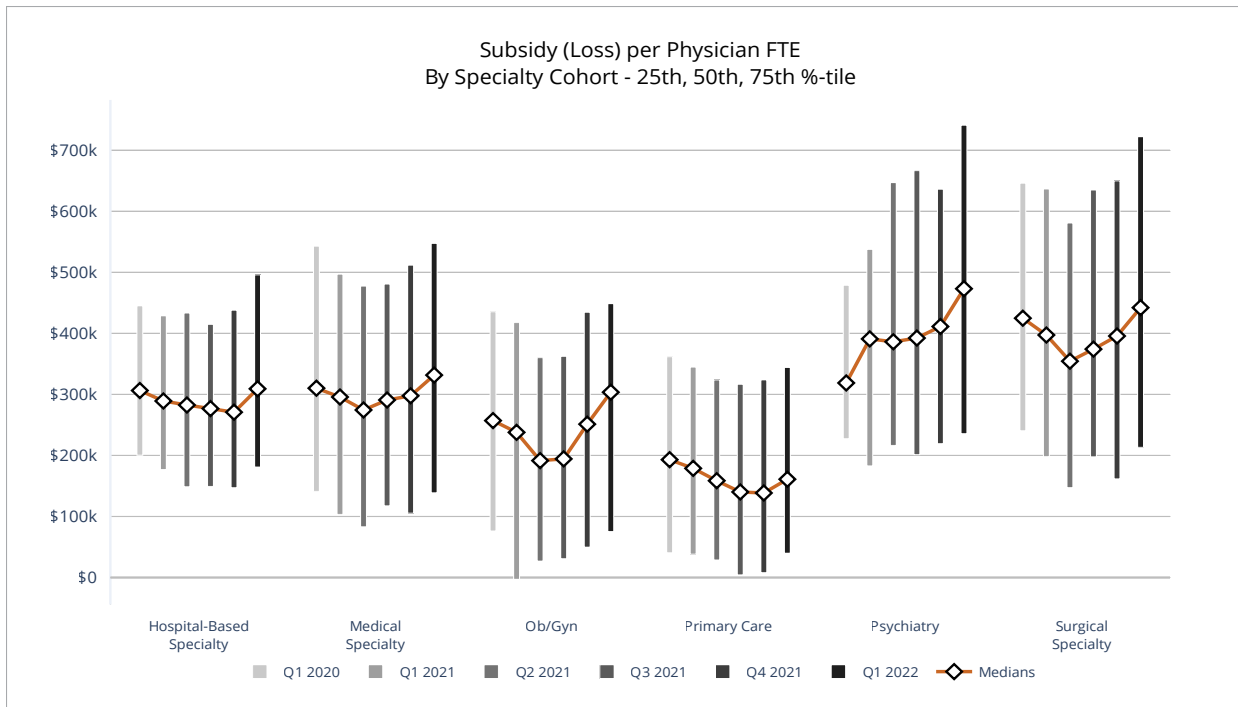
Source: Kaufman Hall *Physician Flash Report*, April 2022

The median Investment/Subsidy per Physician Full-Time Equivalent (FTE) increased 14.4% from Q4 2021 to \$288,227 in Q1 2022. That is up 8.9% from Q1 2021 and up just 1.5% from the first quarter of 2020.



Source: Kaufman Hall *Physician Flash Report*, April 2022

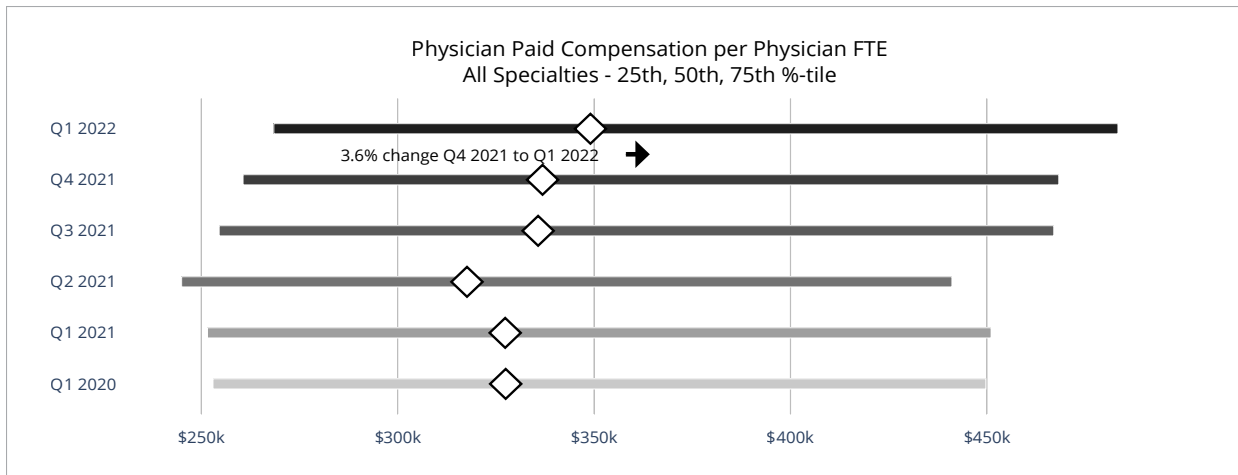
Investment/Subsidy per Physician FTE increased from Q4 2021 to Q1 2022 across all regions. The Great Plains had the biggest increase, rising 39.5% to a median of \$322,815 for the quarter.



Source: Kaufman Hall Physician Flash Report, April 2022

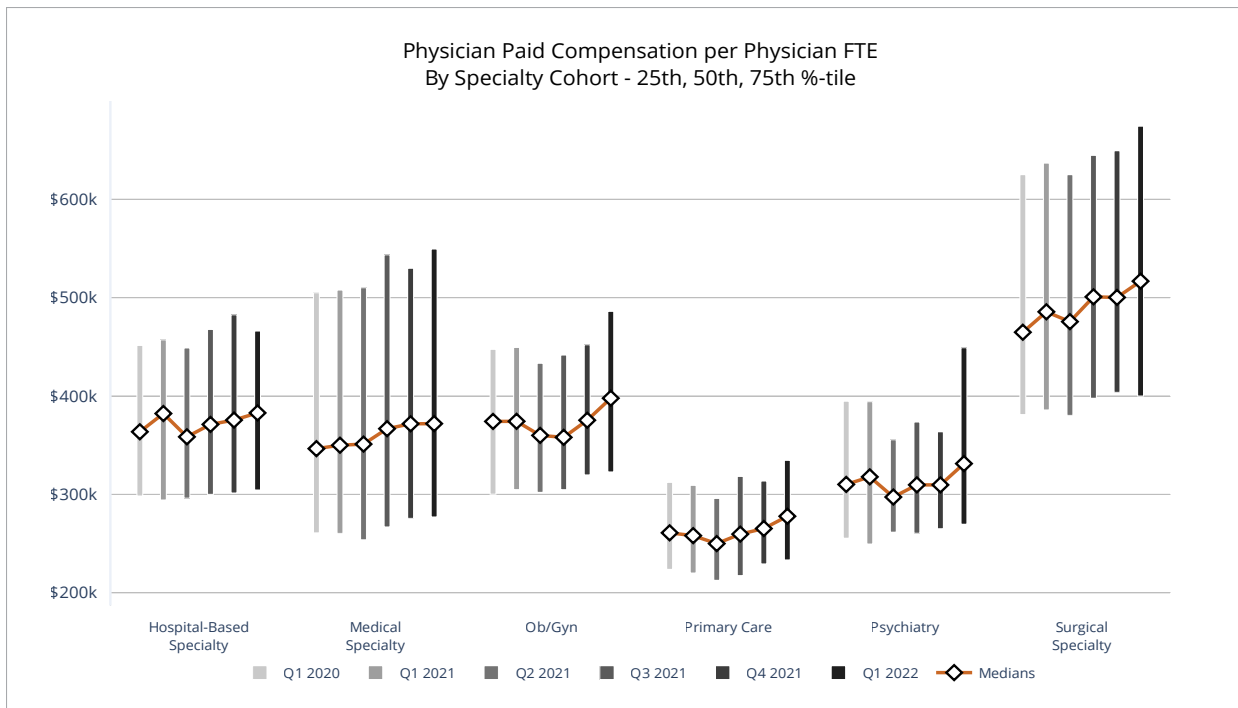
Investment/Subsidy per Physician FTE rose across all specialties from Q4 2021 to Q1 2022. Obstetrics and Gynecology (Ob/Gyn) had the biggest change, with the metric rising 20.8% to \$303,494 in the first quarter.

# Compensation



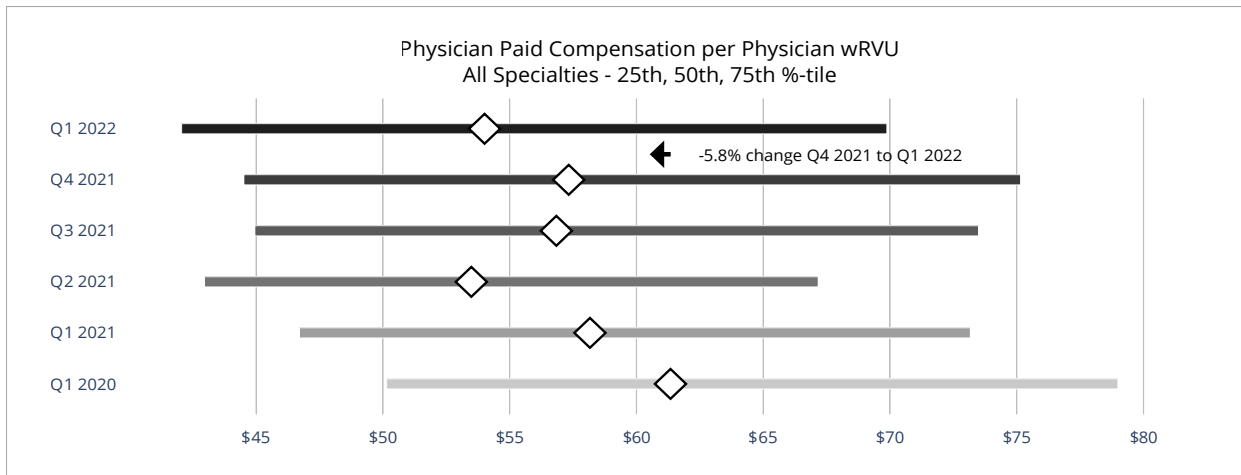
Source: Kaufman Hall Physician Flash Report, April 2022

The median Physician Compensation per FTE rose to \$349,072 in Q1, up 3.6% from the previous quarter. The metric was up 6.6% compared to compensation levels seen in both Q1 2020 and Q1 2021.



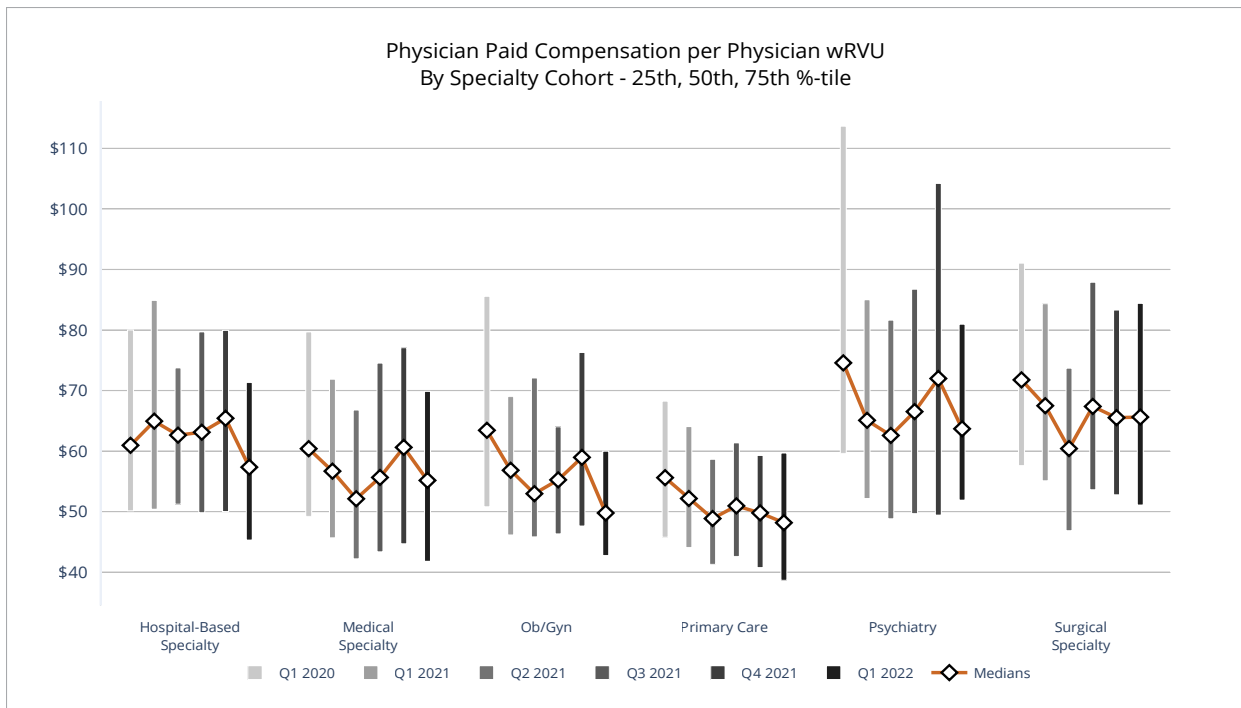
Source: Kaufman Hall Physician Flash Report, April 2022

Physician Compensation per FTE increased across all specialties from Q4 2021 to Q1 2022. Psychiatry had the largest quarter-over-quarter increase, rising 7% to \$331,301 for the first quarter of this year.



Source: Kaufman Hall Physician Flash Report, April 2022

Physician Compensation per Work Relative Value Unit (wRVU) decreased 5.8% from Q4 2021 to Q1 2022, following two quarters of increases. The metric was down 7.2% versus Q1 2021 and down 11.9% from Q1 2020.

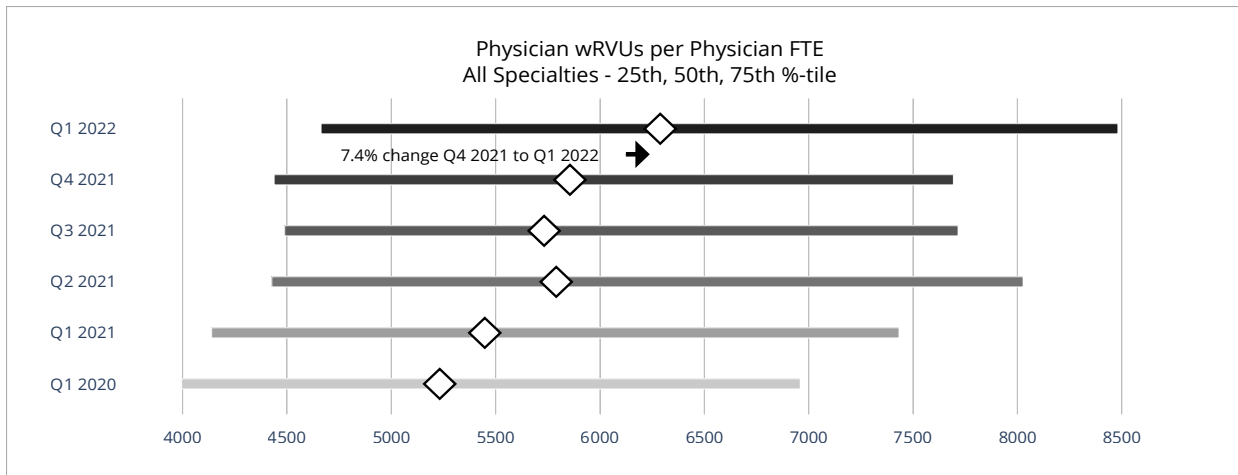


Source: Kaufman Hall Physician Flash Report, April 2022

Physician Compensation per wRVU decreased across five specialty cohorts from Q4 2021 to Q1 2022. Ob/Gyn had the biggest decline at 15.6%. Surgical Specialties was the only cohort to see an increase, with the metric up just 0.2%.

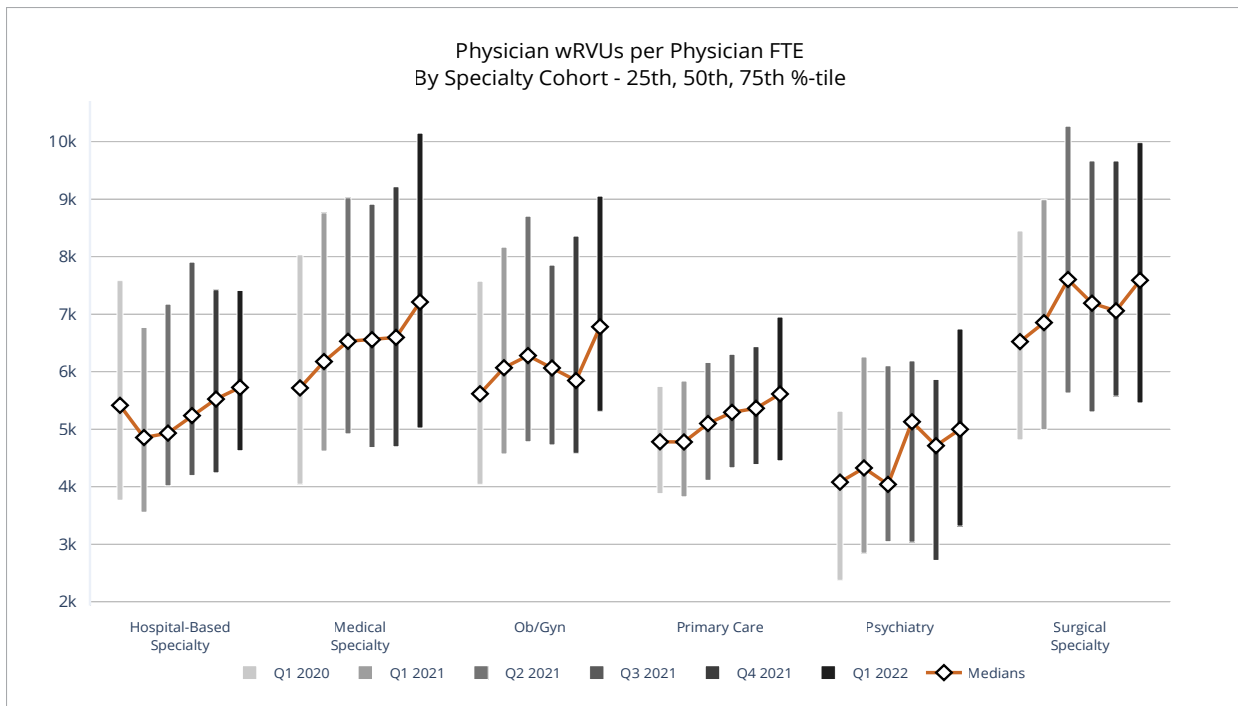
# Productivity and Revenue





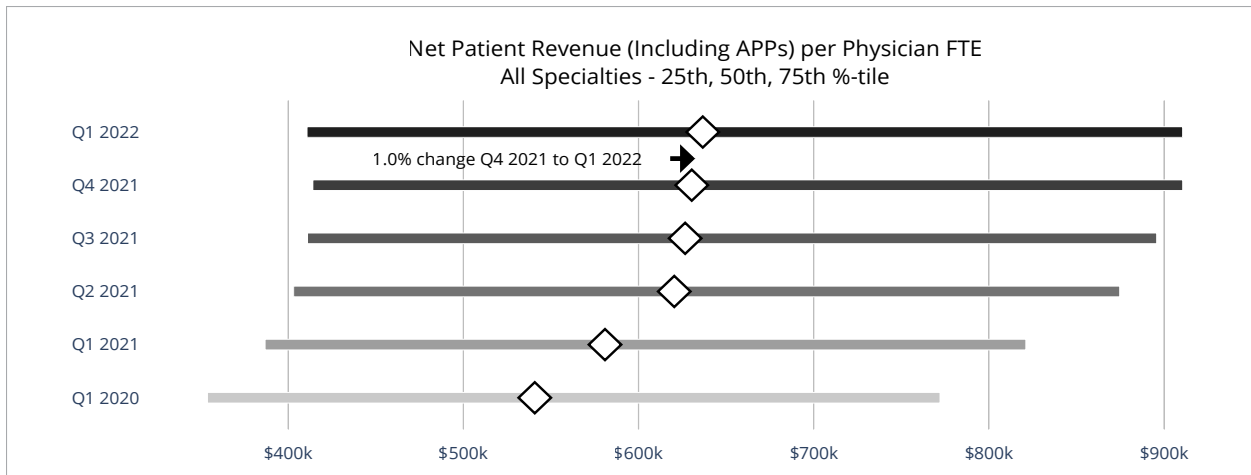
Source: Kaufman Hall Physician Flash Report, April 2022

Physician wRVUs per FTE increased 7.4% from Q4 2021 to 6,288.62 in Q1 2022. The metric was up 15.4% from the first quarter of 2021 and up 20.2% from the start of the pandemic in Q1 2020.



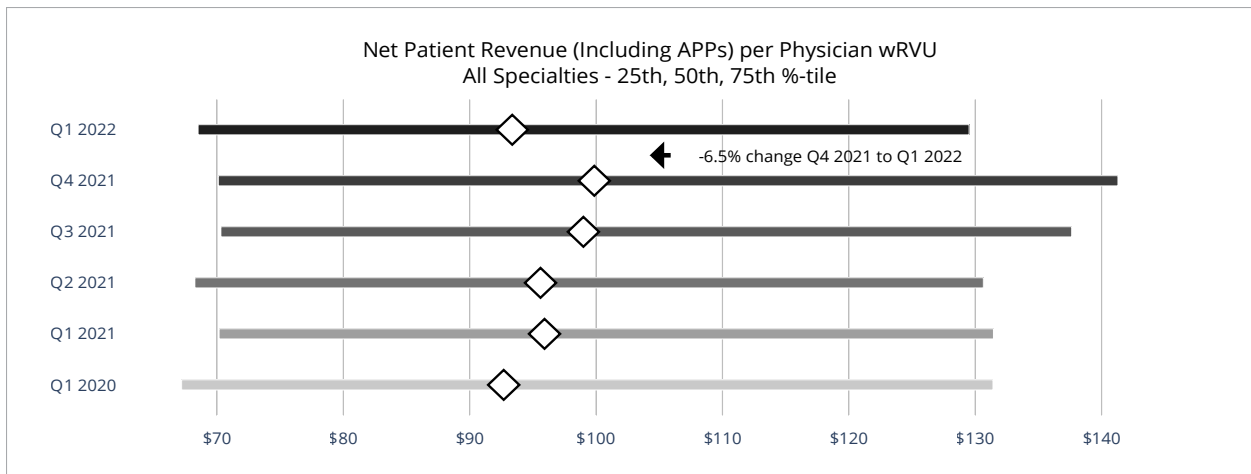
Source: Kaufman Hall Physician Flash Report, April 2022

Physician wRVUs per FTE were up from Q4 2021 to Q1 2022 across all six specialties. Ob/Gyn had the biggest increase, rising 16% to 6,780.09 in the first quarter of this year.



Source: Kaufman Hall Physician Flash Report, April 2022

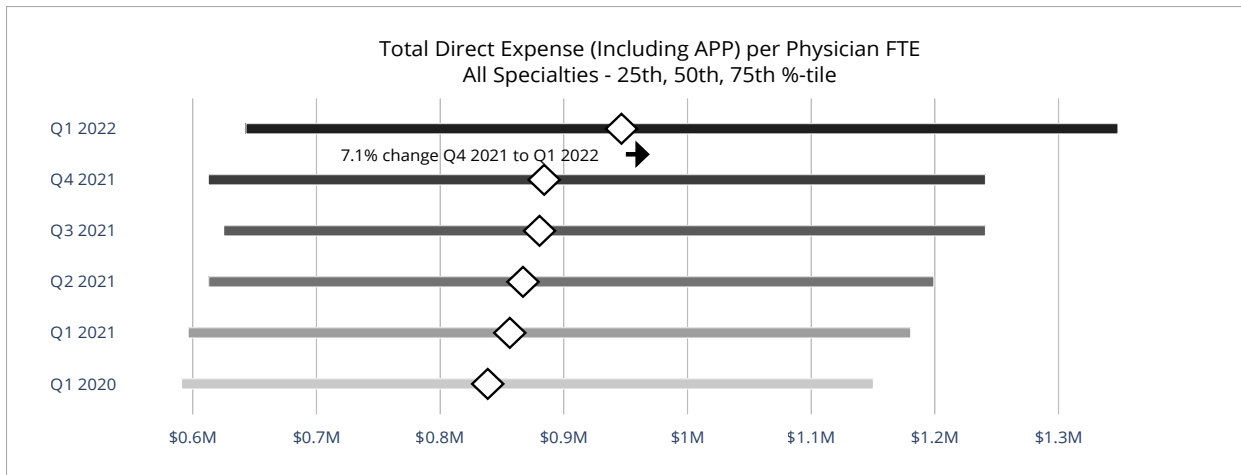
Net Patient Revenue per Physician FTE (including advanced practice providers or APPs) was \$636,674 in Q1, up just 1% from Q4 2021. The metric rose 9.6% versus Q1 2021 and was up 17.7% from \$540,769 in Q1 2020.



Source: Kaufman Hall Physician Flash Report, April 2022

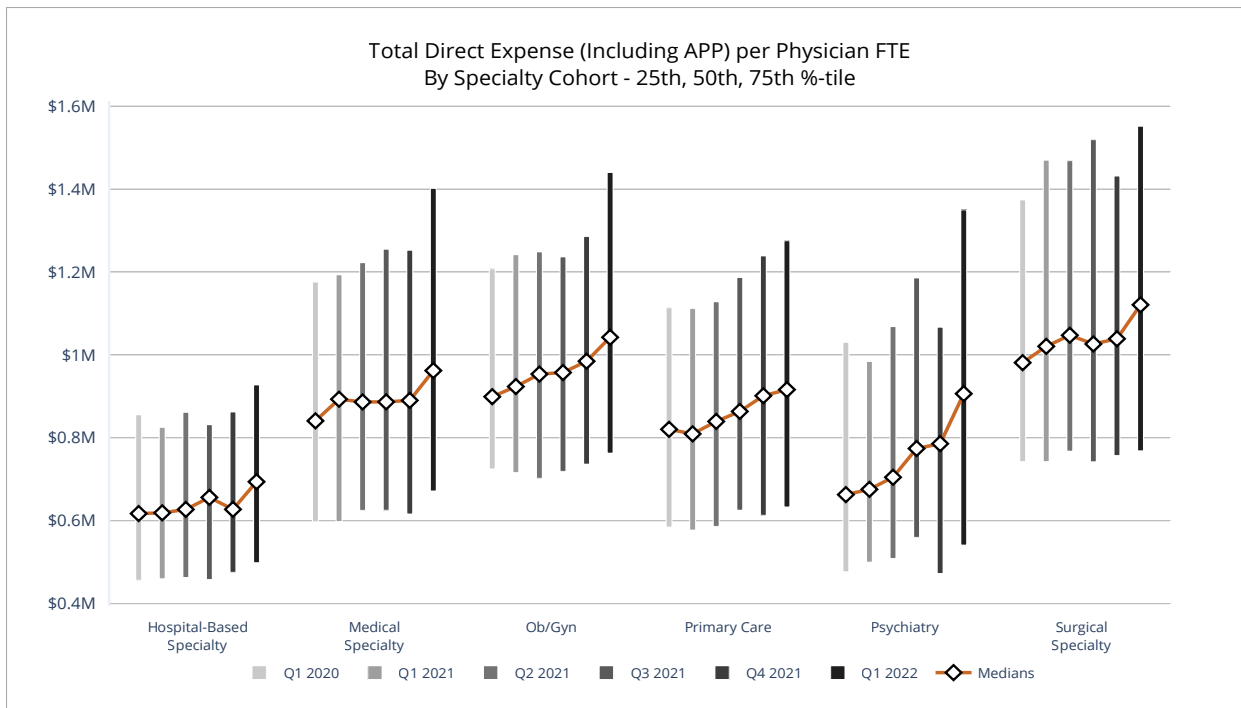
Net Patient Revenue per Physician wRVU (including APPs) decreased 6.5% from Q4 2021 to \$93.36 in Q1 2022. Year-over-year, it was down 2.7% from Q1 2021 but up 0.7% from Q1 2020.

# Expenses and Support Staff



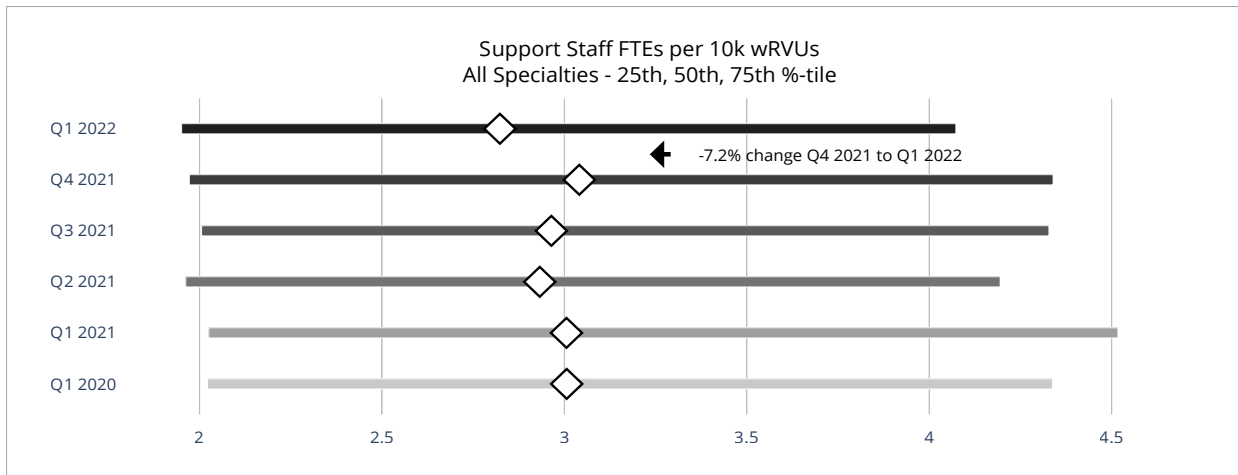
Source: Kaufman Hall Physician Flash Report, April 2022

Total Direct Expense per Physician FTE (including APPs) rose 7.1% from Q4 2021 to \$946,602 in Q1 2022. Compared to prior years, it was up 10.5% from the first quarter of 2021 and up 12.9% from Q1 2020.



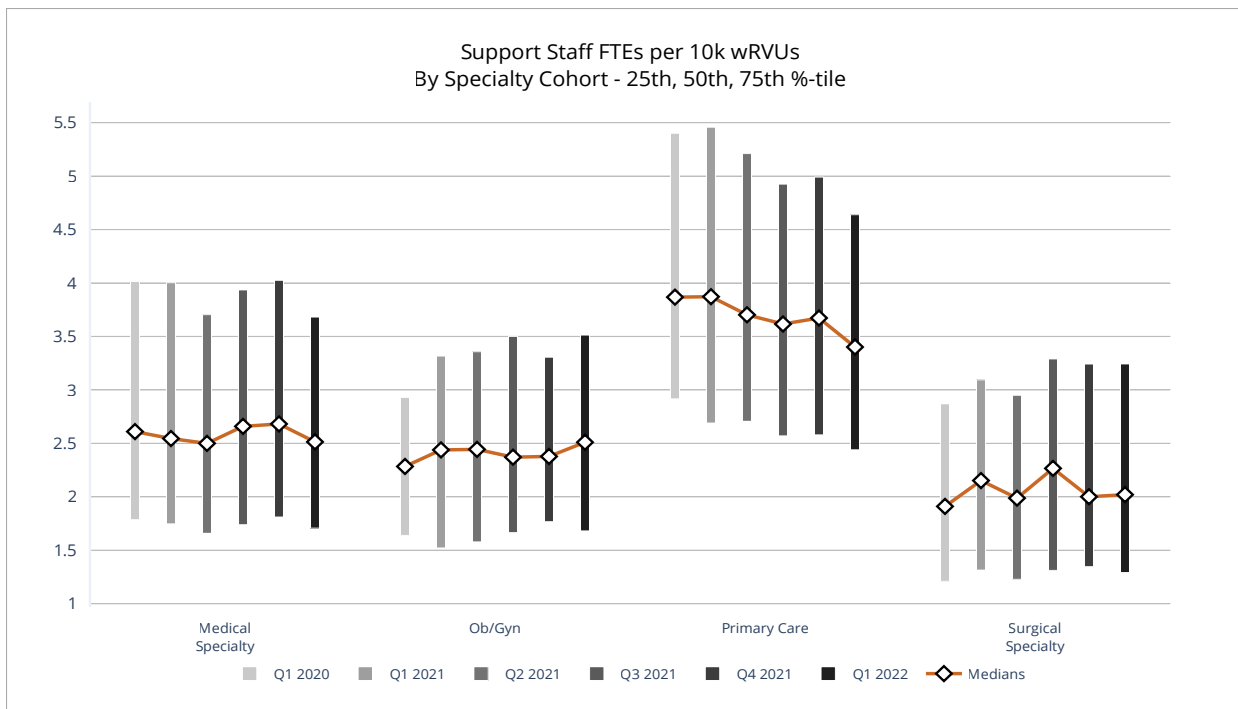
Source: Kaufman Hall Physician Flash Report, April 2022

Total Direct Expense per Physician FTE (including APPs) increased across all specialties from Q4 2021 to Q1 2022. Psychiatry had the biggest increase with the metric up 15.4% at \$906,392 for the first quarter.



Source: Kaufman Hall Physician Flash Report, April 2022

Support Staff FTEs per 10,000 wRVUs decreased 7.2% from Q4 2021 to 2.82 in the first quarter of this year. The metric was down 6.3% compared to the first quarters of both 2020 and 2021.



Source: Kaufman Hall Physician Flash Report, April 2022

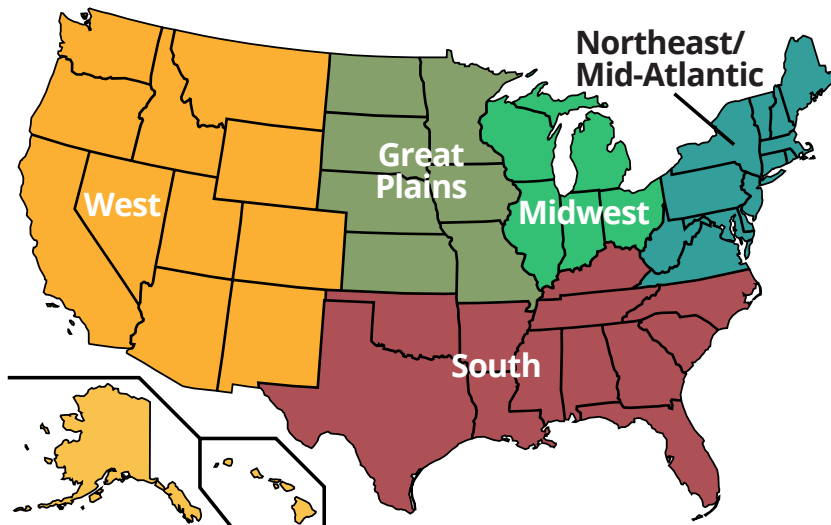
Support Staff FTEs per 10,000 wRVUs decreased across two specialties and increased for two from Q4 2021 to Q1 2022. Ob/Gyn had the biggest increase at 5.5%, and Primary Care had the biggest decrease at 7.4%.

# About the Data

The *Physician Flash Report* uses actual data over the last three years sampled on a recurring monthly basis from Syntellis Performance Solutions. The dataset contains more than 100,000 providers (physicians and APPs) from 100 different specialties. The sample includes physician data from across the United States from a range

of practices, from family medicine physicians to neurosurgeons, and from single physician practices to large academic physician groups. Advanced statistical techniques are used to standardize data, identify and handle outliers, and ensure statistical soundness prior to inclusion in the report.

## Map of Regions

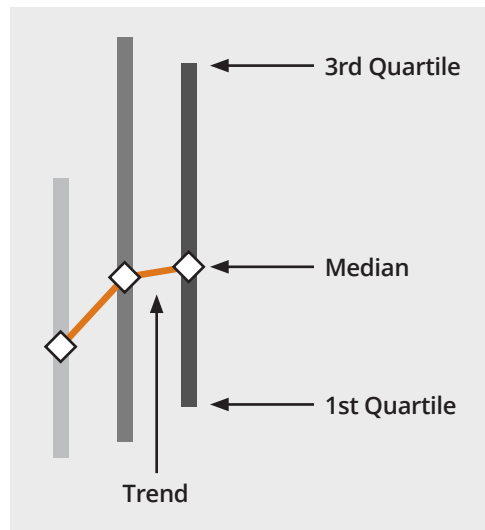


## General Statistical Terms

- **Range:** The difference in value between the maximum and minimum values of a dataset
- **Average (Mean):** The average value of an entire dataset
- **Median:** The value that divides the dataset in half, the middle value
- **1st Quartile:** The value halfway between the smallest number and the median
- **3rd Quartile:** The value halfway between the median and the largest number
- **Interquartile Range (IQR):** The difference between the 3rd Quartile and the 1st Quartile (Q3 – Q1).



# About the Data *(continued)*



## What Is a Box Plot?

A box plot is a graphical description of the distribution of data through three quantities of the dataset: 1st quartile, median, and 3rd quartile. The trend line does not represent a particular value but is present to highlight the trend in medians between bars.

## Evaluating the Plot

The box plot to the left contains three related vertical bars:

- The bottom of each bar represents the 1st quartile (25th percentile)
- The diamond between the top and bottom of the bar is the median value of the dataset.
- The top of each bar represents the 3rd quartile (75th percentile)
- The orange line shows the trend between the bars

## Measure Definitions:

- **Investment/Subsidy per Physician FTE:** Subsidies represent net patient service revenue minus total direct expense. Subsidies are divided by physician FTEs.
- **Physician Compensation per wRVU:** Total physician compensation divided by Work RVUs.
- **Physician Compensation per FTE:** Total actual compensation paid for the period divided by physician FTEs; does not account for accrued physician incentives.
- **Physician wRVUs per FTE:** Physician Work RVUs divided by physician FTEs.
- **Net Revenue per Physician wRVU:** Net revenue divided by Work RVUs.
- **Net Revenue per Physician FTE:** Net revenue divided by physician FTEs.
- **Total Direct Expense per Physician FTE:** Total expense divided by physician FTEs.
- **Support Staff FTEs per 10,000 wRVUs:** Support Staff FTEs divided by 10,000 Work RVUs. Support Staff includes front office and clinical support staff. Work RVUs are adjusted by provider FTEs to assess productivity.

## For more information contact



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