

How much physician burnout is costing your organization

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Physician burnout is expensive to an organization, contributing to direct costs of recruitment and replacement when physicians leave or reduce their clinical work hours. For an organization, the cost of physician burnout can range from \$500,000 to more than \$1 million per doctor. This estimate includes recruitment, sign-on bonuses, lost billings and onboarding costs for replacement physicians.

The cost of physician burnout also includes indirect costs such as medical errors, higher malpractice risk, reduced patient satisfaction and damage to the organization's reputation and patients' loyalty. To determine the projected cost of physician burnout related to turnover, the AMA STEPS Forward™ module on joy in medicine offers a calculator for organizations.

By filling out the calculator with specific information—the number of physicians, rate of burnout and current turnover—users can discover the cost of physician burnout at their organization. Organizations can also use the calculator, which is customizable to size, revenue and other factors, to determine the return on investment for interventions to reduce physician burnout.

Committed to making physician burnout a thing of the past, the AMA has studied, and is addressing, issues causing and fueling physician burnout—including time constraints, technology and regulations—to better understand the challenges physicians face.

These are the different ways that physician burnout costs an organization and the negative impact on the system.

Financial strains of physician turnover

Physician burnout is a major driver of turnover, resulting in direct costs associated with recruitment. It also contributes to lost revenue during recruitment, onboarding and the time it takes for a new physician to reach optimal efficiency within a new system. Replacing a physician often costs a practice two to three times the annual salary of the physician who left.

For example, if nothing were done to address burnout, almost 60 physicians would leave Stanford Medicine within two years. The cost of recruitment for each physician—depending on the specialty and rank of faculty—would range from more than \$250,000 to almost \$1 million. And, for those 58 physicians, Stanford's economic loss over two years would range from a minimum of \$15.5 million to a maximum of \$55.5 million.

Lost patient care revenue

Larger organizations are often aware of the cost of physician turnover. However, academic medical centers frequently believe they are immune to these costs because of their ready pool of residents and fellows to recruit from. Some might even think they will save money because the salary of a new junior faculty member is lower than the senior or mid-career physician being replaced.

What often goes untallied in the equation is lost patient-care revenue. Even if a physician completing training can be placed into a position left by a midcareer faculty member, there is a failure to account for the greater efficiency and expertise of the more senior doctor. Failure to recognize the different skill sets, productivity and mentorship associated with midcareer to senior physicians compared with trainees causes academic medical centers to miscalculate the costs of turnover associated with their organization.

Lower productivity

Physician burnout also costs an organization through productivity. Estimating lost revenue associated with lower productivity from physicians experiencing burnout is difficult, but it means fewer patients are seen or fewer elective surgery cases are performed.

A longitudinal study examined the payroll records of 2,500 physicians at Mayo Clinic. In the 24 months after a one-point rise in burnout (on a seven-point scale), or a one-point drop in professional satisfaction (on a five-point scale), there was a 30–50 percent greater chance that physicians would reduce their professional work effort.

The AMA's STEPS Forward collection offers free online modules that help physicians and system leaders improve well-being, including learning about the organizational changes that lead to physician

satisfaction and improving resiliency.

Several modules have been developed from the generous grant funding of the federal Transforming Clinical Practices Initiative (TCPI), an effort designed to help clinicians achieve large-scale health transformation through TCPI's Practice Transformation Networks.

The AMA, in collaboration with TCPI, is providing technical assistance and peer-level support by way of STEPS Forward resources to enrolled practices. The AMA is also engaging the national physician community in health care transformation through network projects, change packages, success stories and training modules.