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DOCTORS RUSH TO CORPORATE EMPLOYMENT ... AS CORPORATE AMERICA LAYS OFF WORKERS

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He was laid off. How long would it take to find a job? What about the kids and their education? What would his wife say? That he should never have taken that job with the hospital in the first place?

In the economy in general, businesses are rushing to cut full-time employment. They are using temps. They are outsourcing. They are replacing workers with technology. Yet physicians are turning to hospital and hospital-affiliated medical groups employment at a rapid rate.

From my discussions with anesthesia residents, work with anesthesiologists on their careers and experience with groups considering disbandment to become hospital employees, this phenomenon is not simply a trend for office-based physicians—it's affecting the world of anesthesia, too. And many anesthesiologists are leaving truly private practice for jobs with large national and regional groups and other anesthesia staffing companies.

So why the disconnect? Why do many physicians believe that employment in hospitals, hospital-captive medical groups or large staffing-model groups provides safety or stability when the world around them for other employees—unskilled, skilled and professional—is in turmoil?

Corporations 101

Corporations exist to make a profit. There's nothing wrong with that. It's a fact of life. But because all corporations, and that includes hospitals and especially staffing service model groups, exist to make a profit, they will always seek to lower their costs. Of course, costs include employment costs, which includes salaries.

Welcome to the Team ... but Not Really

It makes little difference whether it's the added burden of providing health insurance imposed by Obamacare, the overall uncertainty in the economy or the harsh new employment reality, employers across the country, from large corporations to smaller entities, are turning to part-time and temporary workers. Full-timers are retiring or being laid off. In the several weeks before writing this article, a small sample of announced layoffs included Merck: more than 100 employees; Heinz: 600 employees; and Cisco: 4,000 workers.

At the same time, the number of involuntary part-time employees—that is, those who would rather have full-time jobs—remains high.

Part-time workers enable employers to escape the coming Obamacare burden and, in general, many of the employee benefit expenses that employers incur in connection with full-time workers.

And, as to temporary workers, the key is that they can be terminated almost immediately. That flexibility is an advantage in the marketplace akin to that gained by the lower costs of offshore personnel and the fact that employers do not have to pay nearly as much for personnel-related costs such as health insurance and other benefits. If business expands, hire temps; if business contracts, fire temps.

According to a recent Associated Press article, employers are increasingly reliant on temps and part-time labor. Nearly 17 million people, or approximately 12% of everyone with a job, is either a temporary worker or a contracted worker or consultant. That represents a 50% increase in the number of temporary workers since the end of the recession.

And, despite the government's touting of the upswing in employment, only 23% of the approximately 950,000 jobs the economy added from January to July 2013 are full-time. The remaining 730,000 of those jobs are part-time positions.

Physicians

Many anesthesiologists and other physicians see advantages in hospital or large-group employment. Here are a few of the usual reasons:

- It's less complicated than running a group.
- My employer will find work for me.
- There is no need to compete for the exclusive contract.
- I may earn less, but at least I'll have stability.

Sure, running your own medical practice or group may be complicated. It is easy just working and collecting a paycheck.

But health care employers are not substitute parents. Sure, parents may kick you out of the house, but employers fire you or lay you off and never invite you back for the holidays.

The same trends affecting industry in general, leading to layoffs, part-time and temp work, also are affecting health care.

Again, in the several-week period preceding this writing, layoffs were reported at Crestwood Medical Center in Alabama, Baptist Memorial Health Care in Tennessee, King's Daughters Health Systems in Kentucky, Maine Medical Center, Alameda Health System in California and Samaritan Medical Center in New York, to name just a few.

Although physicians were not included in those layoffs, the fact is that hospitals are employers, too.

Although the health care sector of the economy is more vibrant than some others, it's not immunized against downturns or against the need to reduce costs. With more physicians employed by large organizations, it is only a matter of time before they, too, are affected by cutbacks.

The fact that many hospitals are nonprofit does not alter the equation. Nonprofit corporations are corporations, too. And, remember that they are not really nonprofit. They are simply about not paying taxes. These organizations are under the same pressure as employers in general to cut expenses, and that means cutting employment costs.

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Look at the rest of the corporate world: If robots can build cars, the number of factory workers goes down. If robot doctors can treat your patients, you involuntarily go part-time, or are unemployed.

The urge to seek security is entirely human and virtually universal. But what appears safe in today's health care economy, what appears less complicated in today's health care economy and what is clearly the trend in today's economy—employment by hospitals—is far more risky than it appears.

There is no real security in depending on a pseudo-parent employer.

So why are so many physicians falling for this same story in regard to hospital employment?

Unfortunately, the answer is simple. They're not fooling you. You're fooling yourself.

The reality is that the only safety that exists is within you. The reality is that you are self-employed no matter whether your paycheck comes from the largest hospital chain in the nation or from your solo practice. The only difference is who can tell you when to stop working.

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