



EVOLVING HEALTHCARE TALENT STRATEGIES: Compensation, Recruitment, *and* Retention

October 2026



Meet the Presenters



PETE MITCHELL

Director
Gallagher Physician
Compensation & Valuation



MARTINA YOUNG

Principal Consultant
Healthcare Compensation Consulting



Gallagher

Agenda

1 Total Cash Compensation

2 Quality / Incentives

3 Recruitment / Retention

4 Production / Compensation per wRVU Rates

5 Market Trends

6 Reimbursement and Affordability Trends

7 Rural Trends

8 Final Thoughts

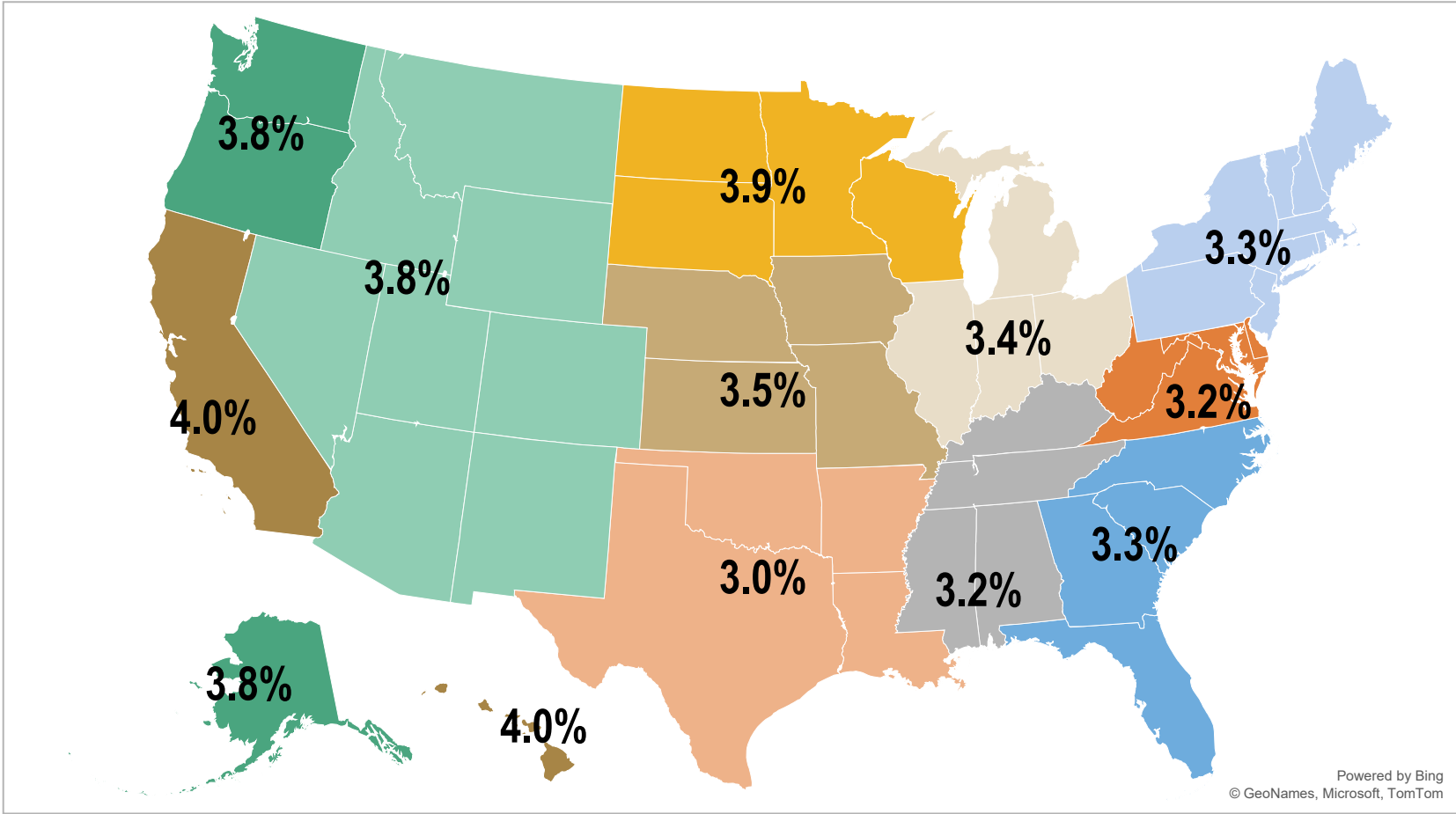


Gallagher

Total Cash Compensation

Average Total Increase –
2026 National Healthcare Staff Survey

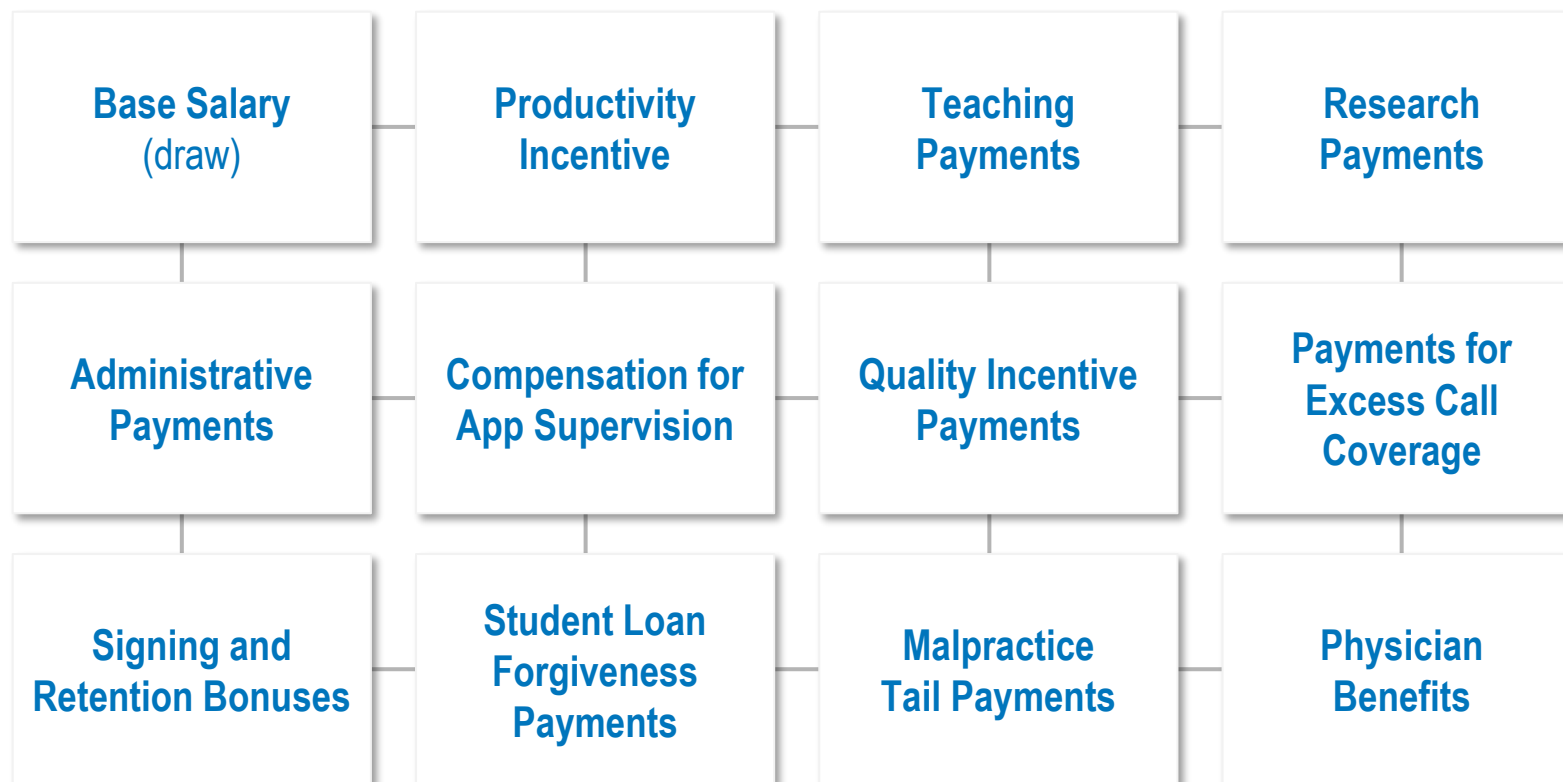
Overall **average** total increase across all organizations is 3.4%



SOURCE: Gallagher 2026 National Healthcare Staff Compensation Survey

Physician Compensation Overview

Compensation Components

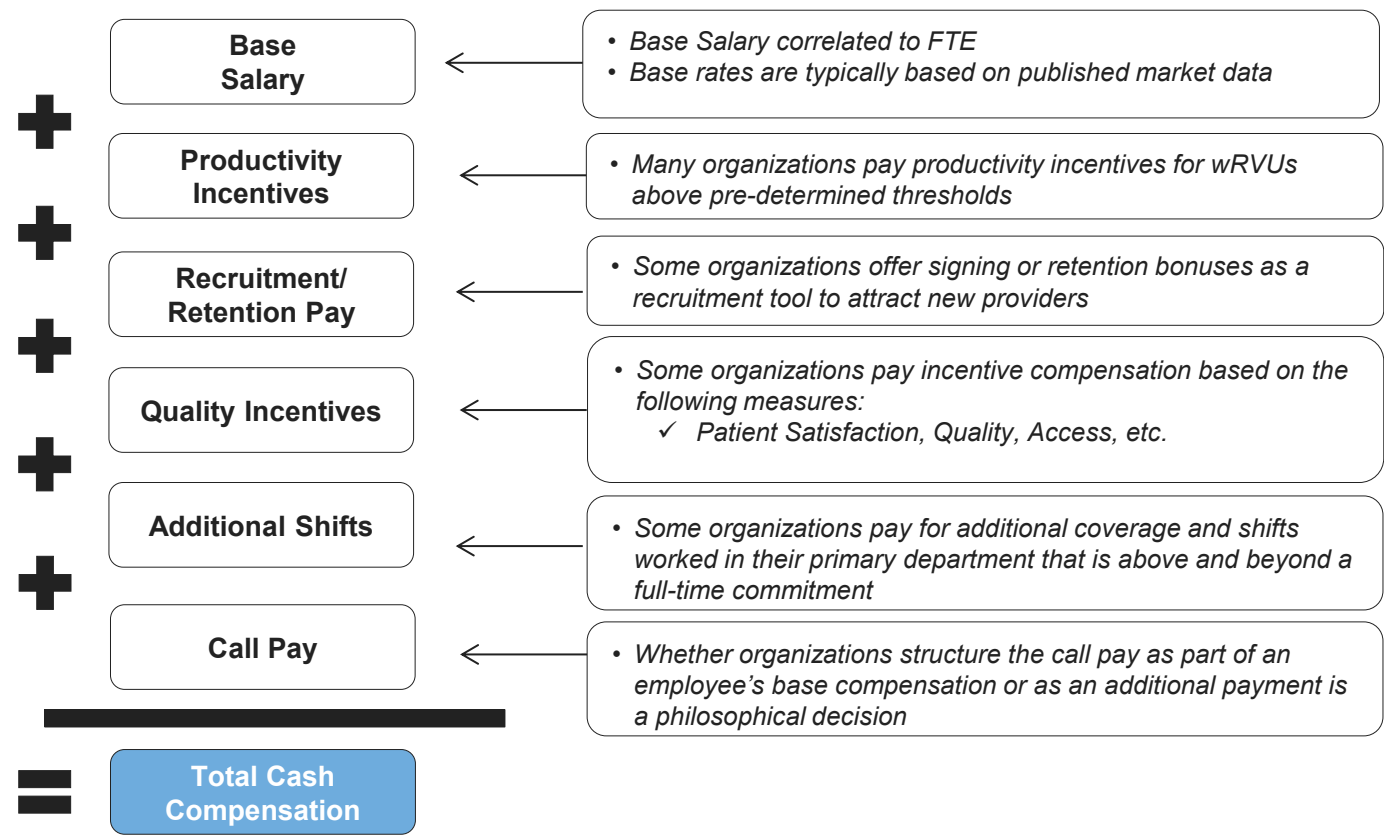


Physician Compensation Overview

Common Employed Physician Compensation Structure

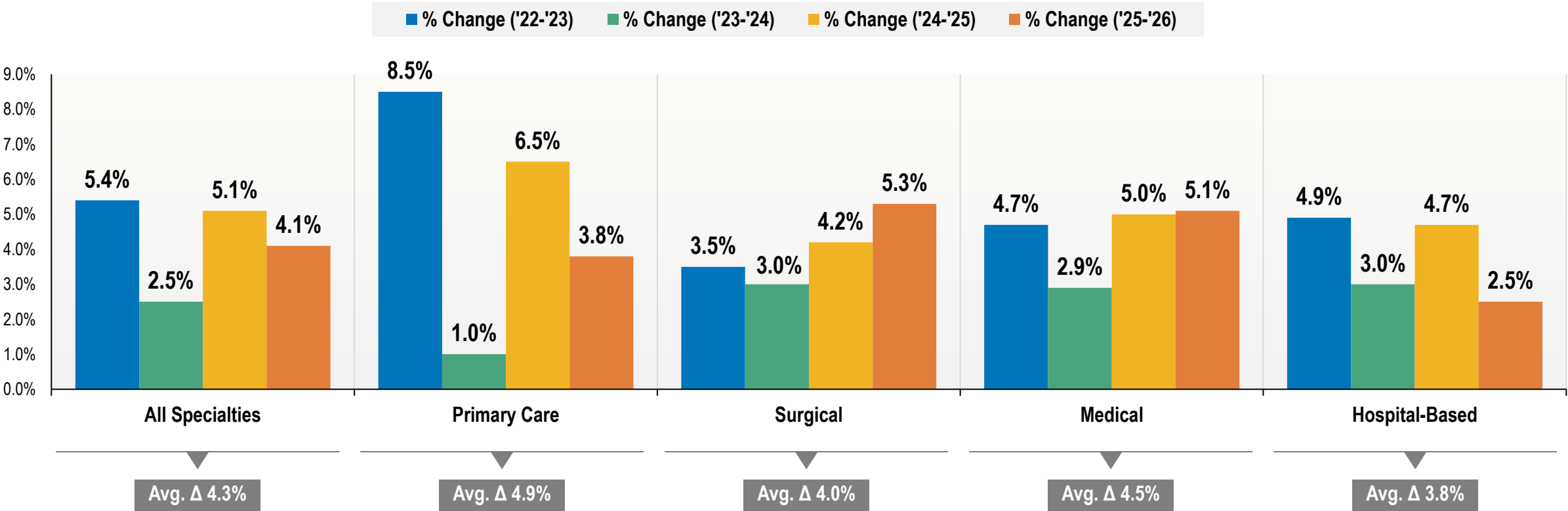
Compensation Components

The following components of compensation are prevalent in physician compensation plans



Change in Physician Annual Total Cash Compensation

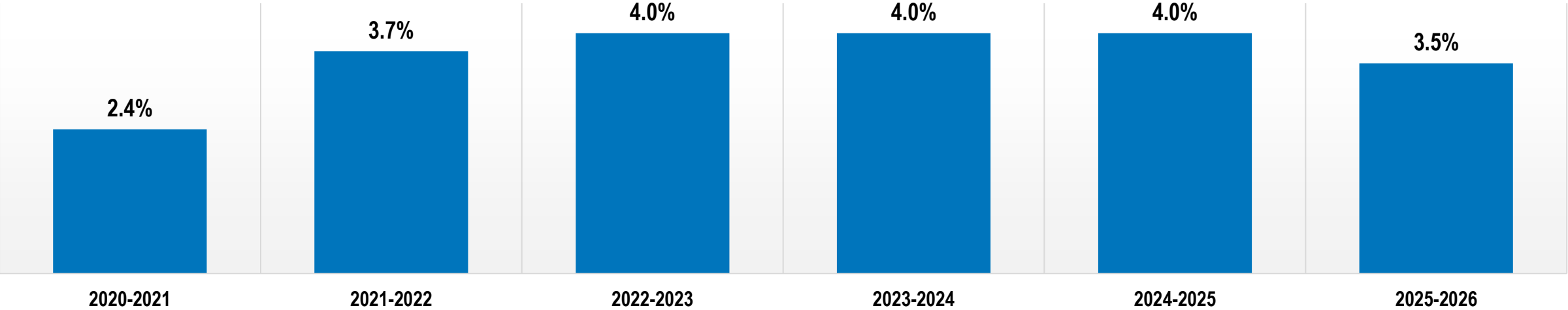
The following chart shows the weighted average percent change in median annual total cash compensation over the past five years



Leadership Salary Market Movement Physician Practices / Medical Groups



Matched Incumbent Salary Movement Median | 2020 to 2026
Physician Practices



Salary levels increased all positions at a median rate of 3.5%.

This is down from the last four years, suggesting that actual increases may be more closely aligned with projected / budgeted increases than prior years

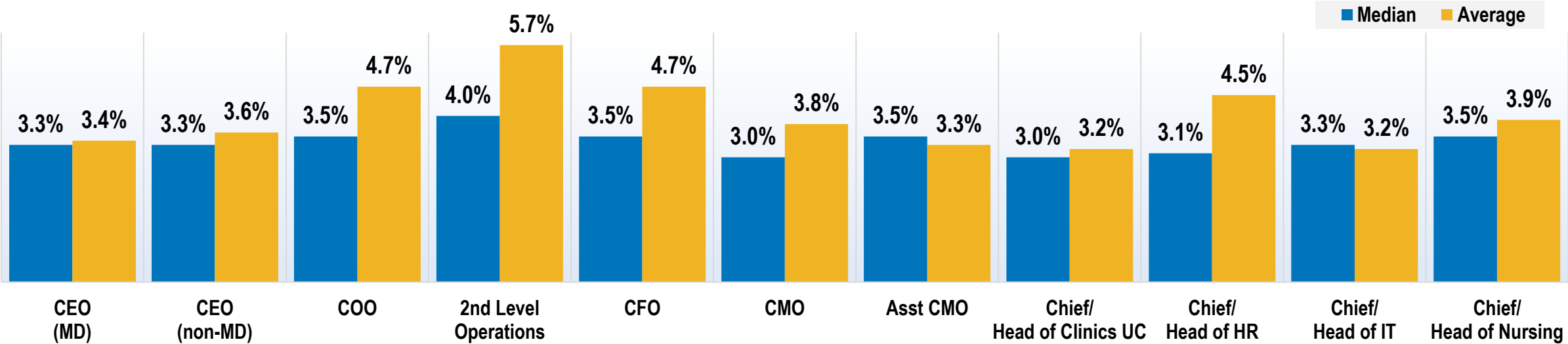
SOURCE: Gallagher 2026 Executive Compensation Survey for Clinics & Medical Groups (Stratum Med)

Leadership Salary Market Movement

Physician Practices/Medical Groups

To determine how salaries have changed over this period, we compared incumbent salary levels in February 2026 to incumbent salary levels in February 2025, using a same-incumbent matched-sample analysis and annualizing the data to twelve months

Matched Incumbent Salary Movement | 2025 to 2026
Physician Practices

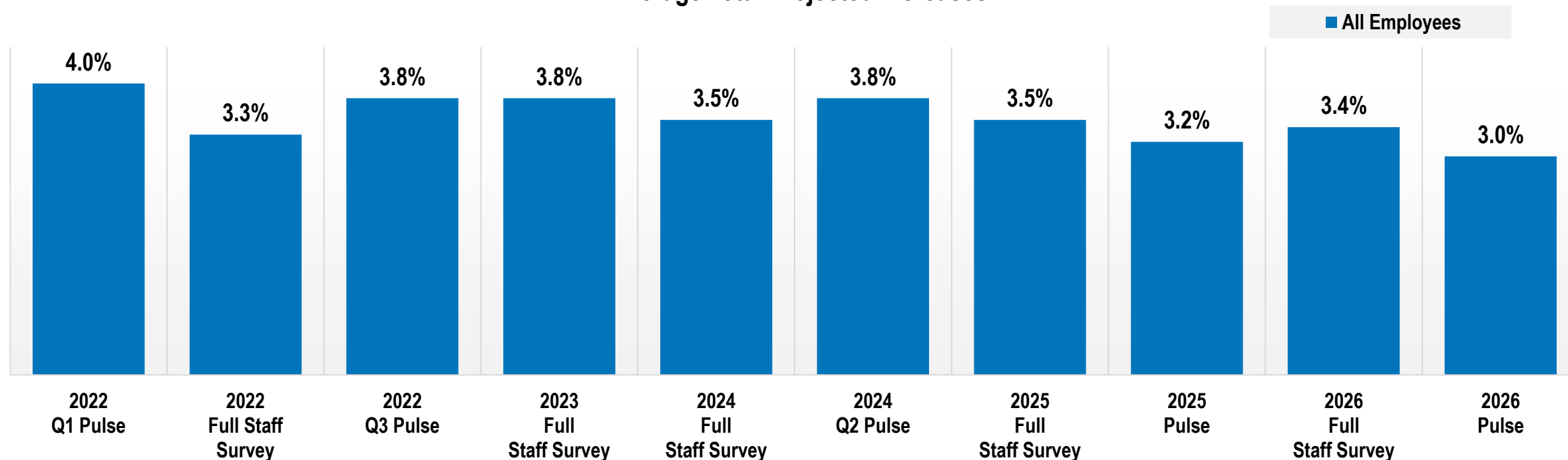


We excluded organizations that participated in one year but not the other or those in which the incumbent changed from one year to the other to eliminate the impact of changes in survey participation and employment from one year to the next

SOURCE: Gallagher 2026 Executive Compensation Survey for Clinics & Medical Groups (Stratum Med)

Staff Salary Increases

Average Total Projected Increases



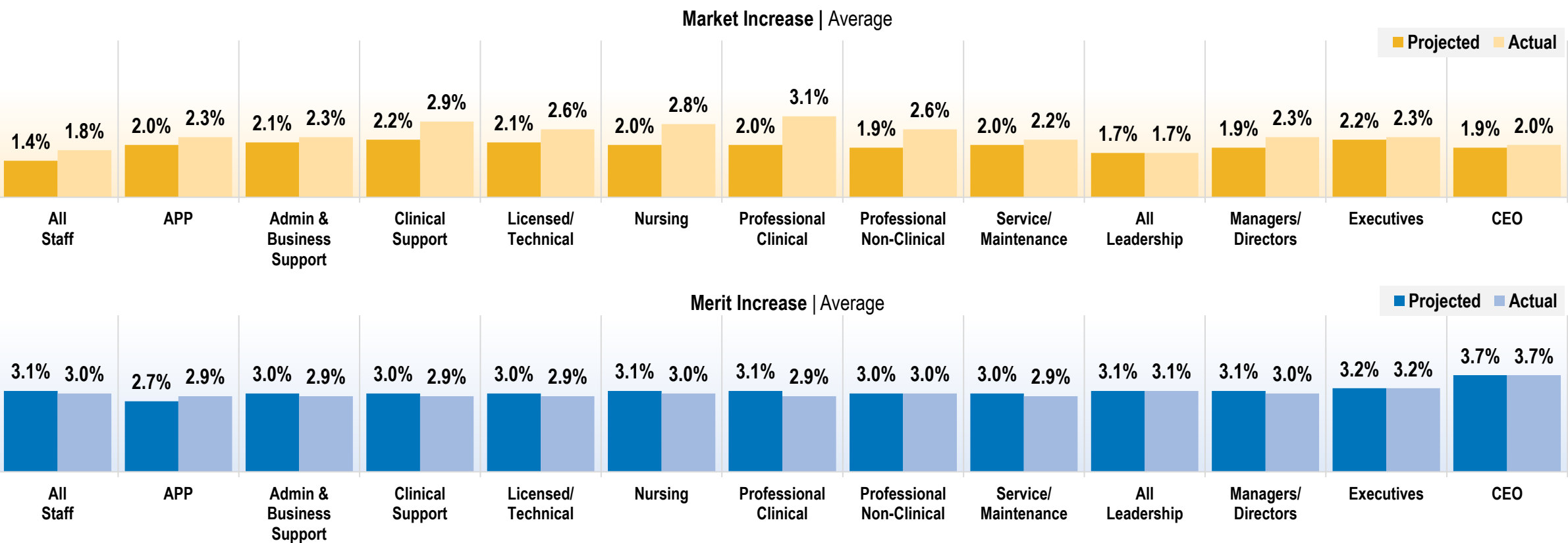
Given national economic conditions and our consulting experiences in 2026, Gallagher predicts projected 2027 staff salary increases to decline slightly, with average projected increases (including merit and market adjustments) of about **3.0% for 2027**

Gallagher published results in July from the 2026 National Healthcare Staff Survey in which organizations solidified their increase budgets at 3.4% for 2026

SOURCE: Gallagher 2022-2026 National Healthcare Staff Compensation Survey and Q1 and Q3 2022, Q2 2024, and 2025-2026 Wage Increase Pulse Surveys

Salary Increases – Market & Merit Average

In 2026, organizations that participated in Gallagher’s Healthcare Salary Increase Pulse Survey paid market increases slightly higher than originally projected, but merit increases were the same or slightly lower than initial projections

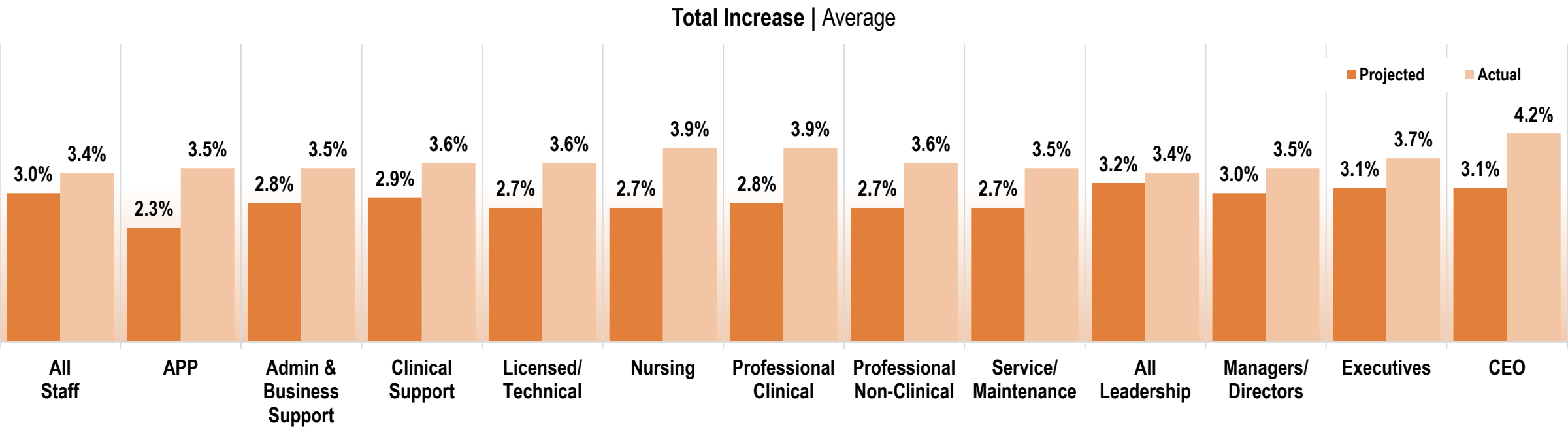


SOURCE: Gallagher 2026 Healthcare Salary Increase Pulse Survey

Salary Increases – Total Average



In 2026, organizations that participated in Gallagher’s Healthcare Salary Increase Pulse Survey paid total actual increases slightly higher than original projections across job families

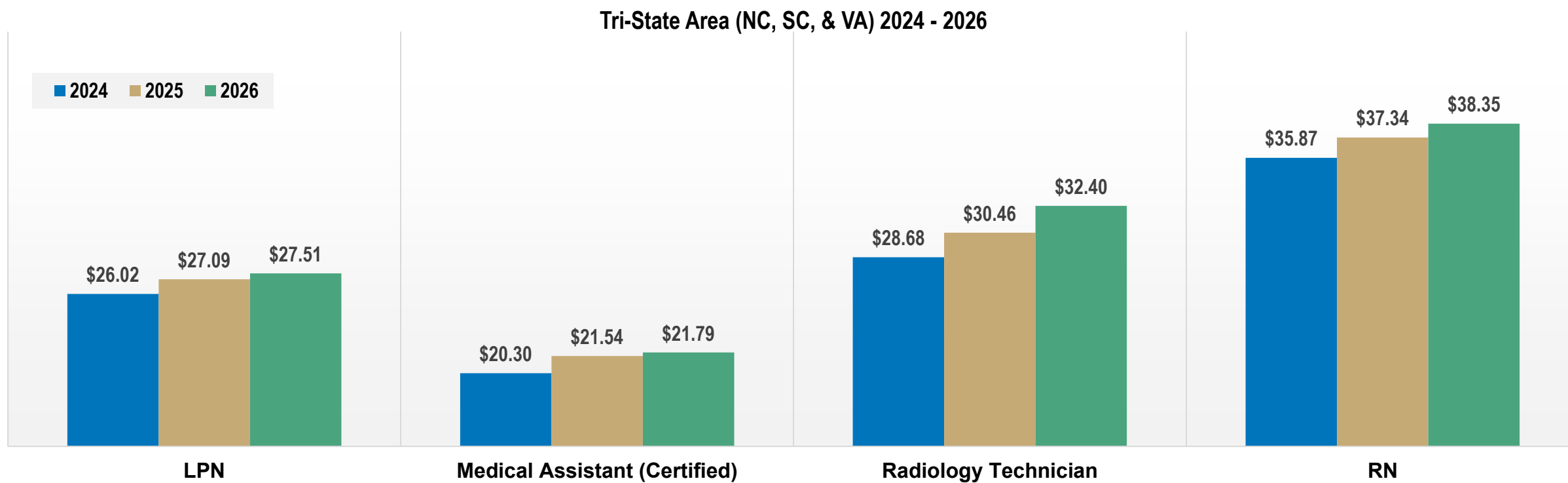


Per the 2026 Tri-State Area Compensation Survey, median projected increases were 3% for both North and South Carolina

SOURCE: Gallagher 2026 Healthcare Salary Increase Pulse Survey

Tri-State Area Survey Key Jobs 2024 - 2026

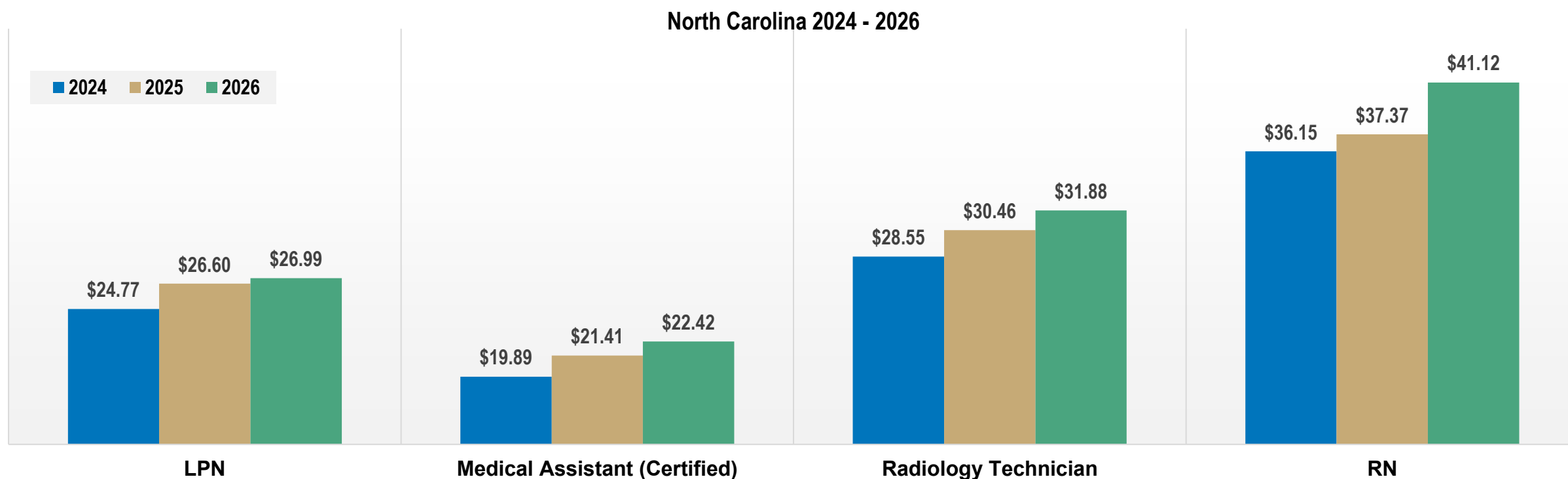
- The average increase from **2024-2025** for these key jobs was 5.1%
- The average increase from **2025-2026** for these key jobs was 3%



SOURCE: 2024 – 2026 Tri-State Compensation Survey Report

Tri-State Area Survey Key Jobs 2024 - 2026

- The average increase for these key jobs in North Carolina for **2024-2025** was 6.3%
- The average increase for these key jobs in North Carolina for **2025-2026** was 5.2%

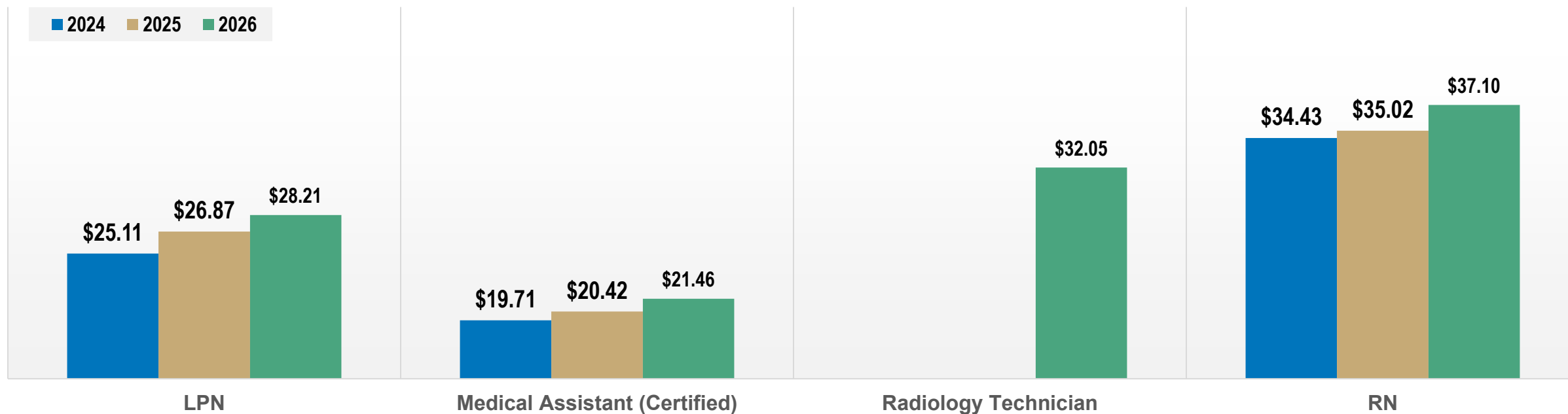


SOURCE: 2024 – 2026 Tri-State Compensation Survey Report

Tri-State Area Survey Key Jobs 2024 - 2026

- The average increase for these key jobs in South Carolina for **2024-2025** was 4.1%
- The average increase for these key jobs in South Carolina for **2025-2026** was 5.3%

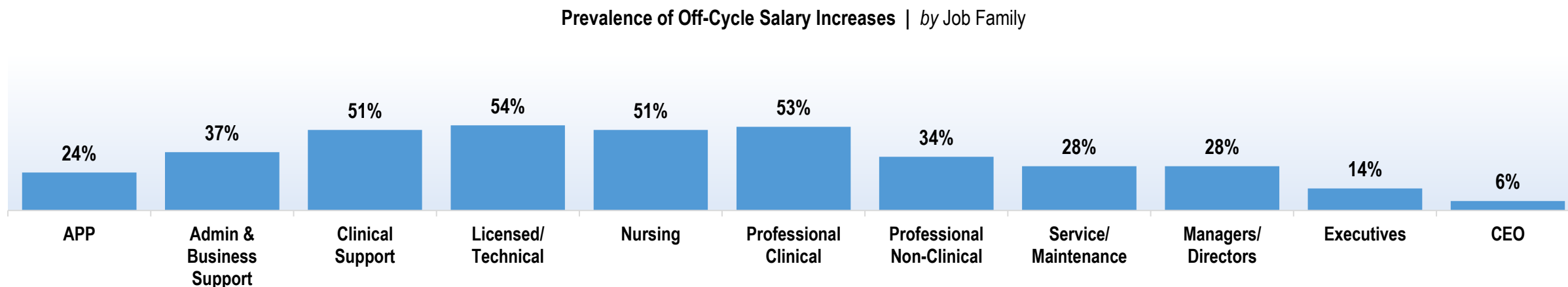
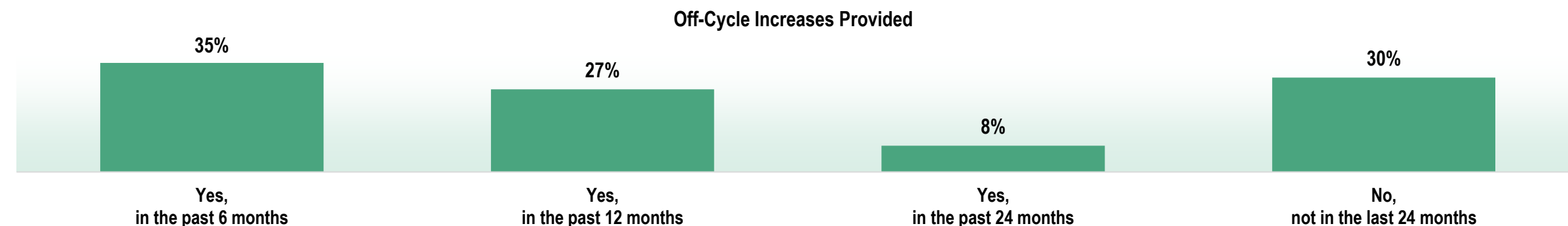
South Carolina 2024 - 2026



SOURCE: 2024 – 2026 Tri-State Compensation Survey Report

Off-Cycle Salary Increases

More than a third (35%) of organizations have used off-cycle salary increases in the past 6 months to respond to rapidly changing market conditions, labor demands, or unique situations

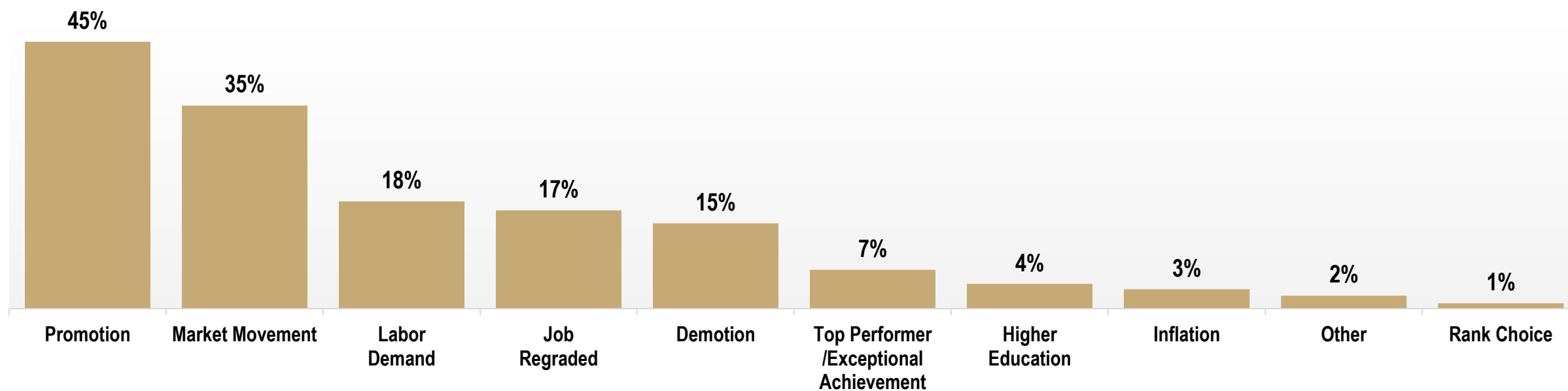


SOURCE: Gallagher 2026 Healthcare Salary Increase Pulse Survey

Off-Cycle Salary Increases

Salary adjustments for promotions, market movement, and labor demand are most frequent

Frequency of Using Off-Cycle Salary Increases | by Type of Adjustment



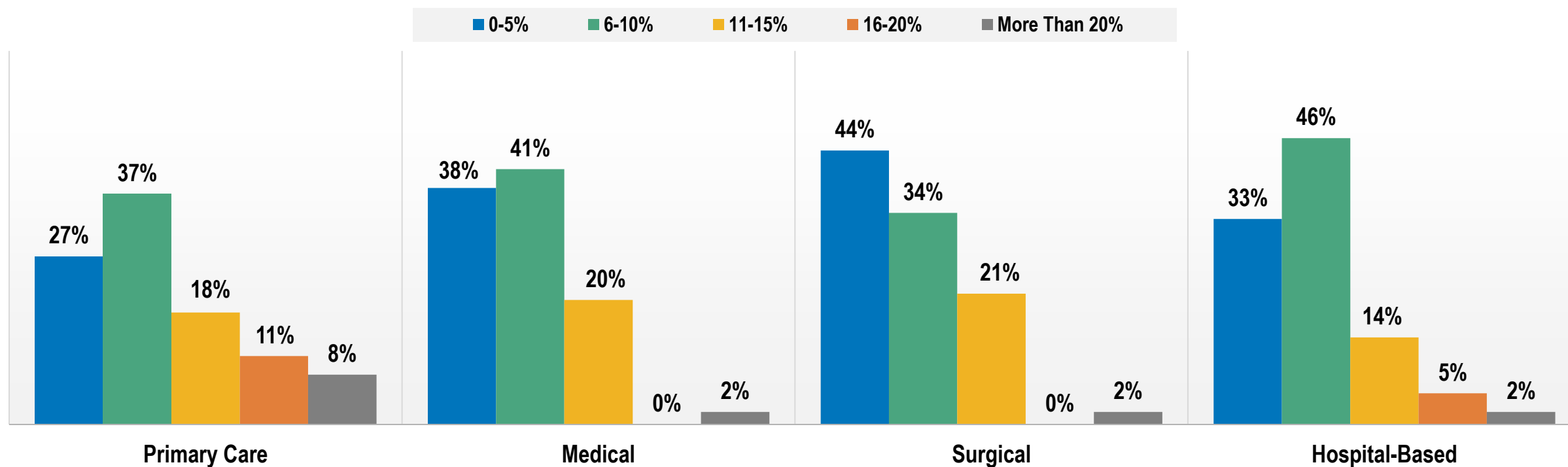
SOURCE: Gallagher 2026 Healthcare Salary Increase Pulse Survey

Quality / Incentives

2026 Market Trends – Quality Incentives

Quality/operational incentives remain highly prevalent with 91% of organizations including a qualitative component in at least some physician compensation plans

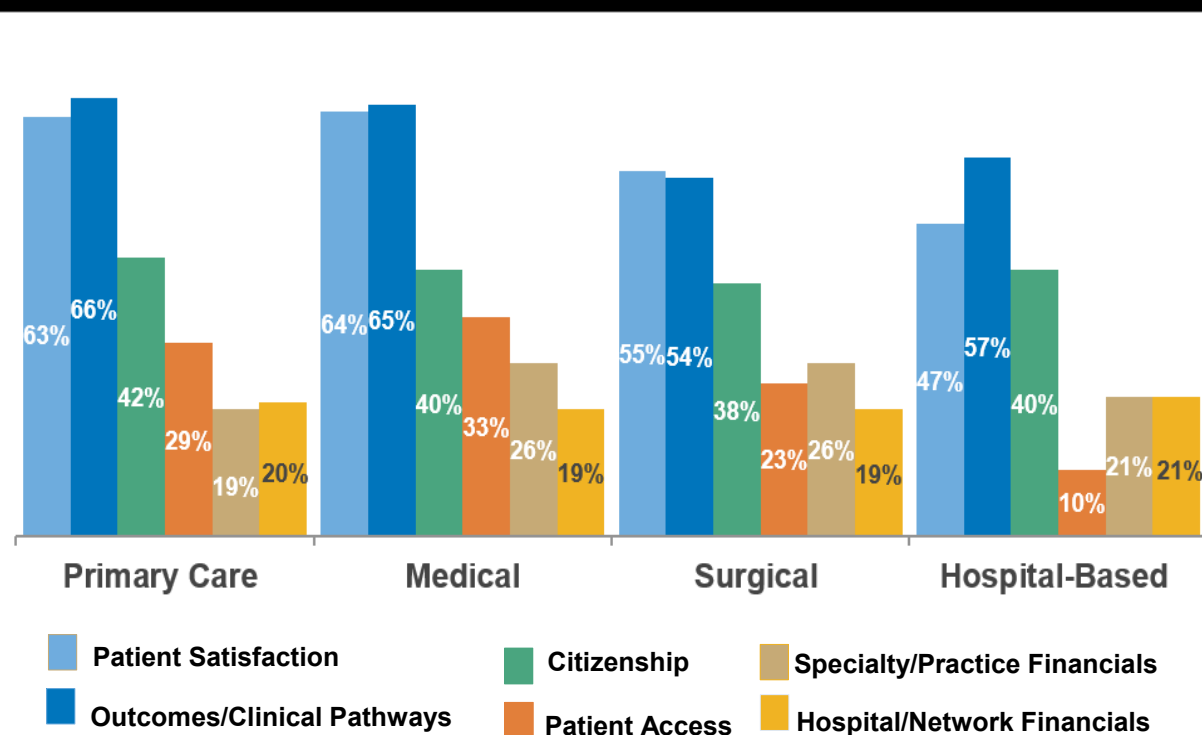
The below bar graph illustrates the average maximum incentive opportunity offered as a percentage of the clinical base salary plus productivity-based pay



2026 Market Trends – Quality Incentives

Patient satisfaction and clinical outcomes were the most common metrics used by healthcare organizations to determine a physician's quality/operational incentive

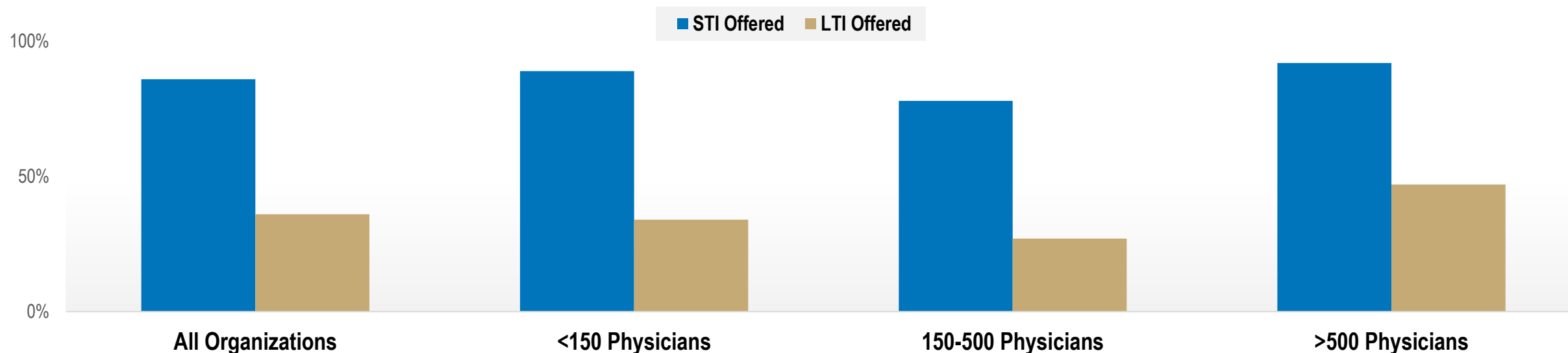
Quality/Performance Incentives



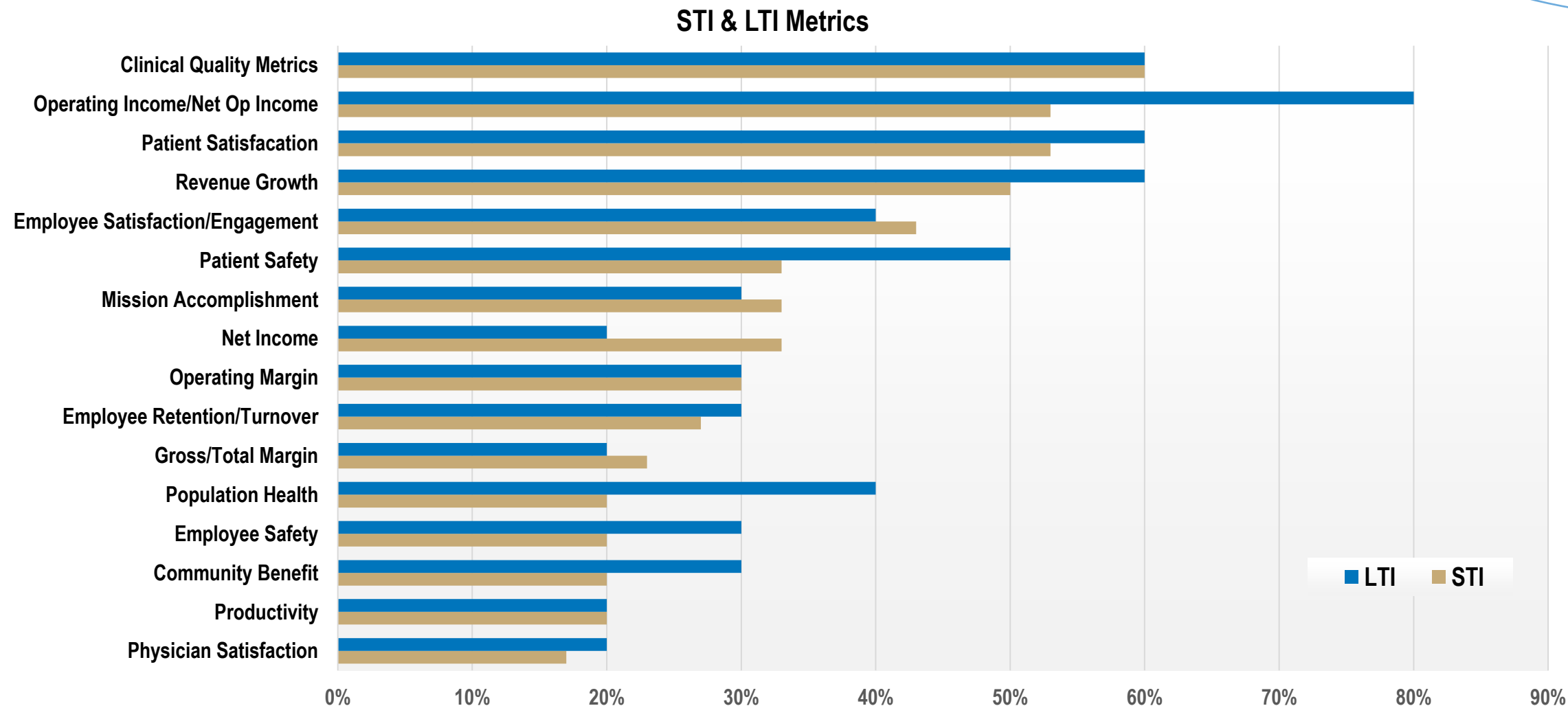
Leadership Incentives

86% of Medical Groups/Physician Practices report offering an annual/short-term incentive program to their executives – targets vary from about 20%-40% depending on level

STI/LTI Provided by Ownership Type	STI / Annual Offered	LTI Offered
Independent/Physician-Owned	83%	24%
Health System/Integrated Delivery System Owned	87%	40%



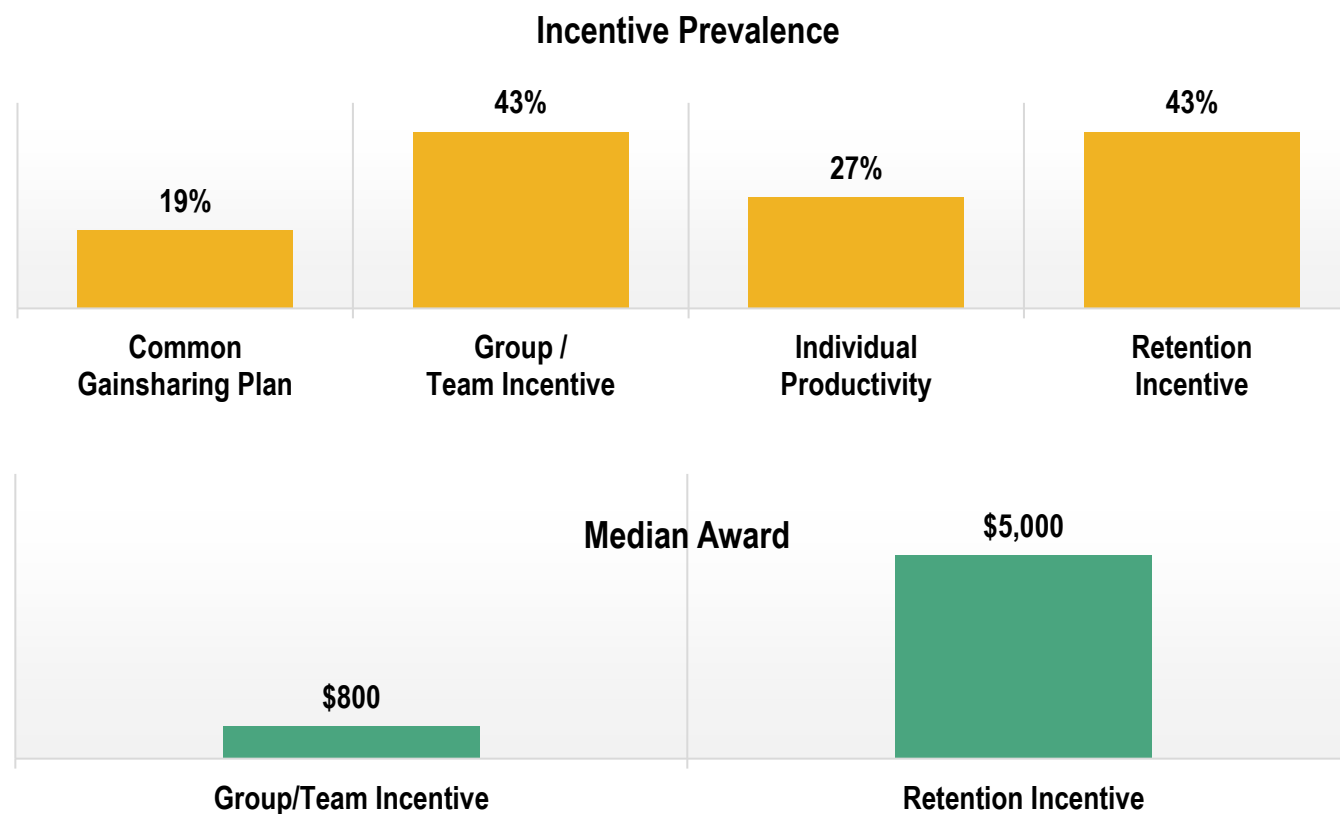
Metrics Used for Leadership Incentives



SOURCE: Gallagher 2026 Executive Compensation Survey for Clinics & Medical Groups (Stratum Med)

Staff Incentives

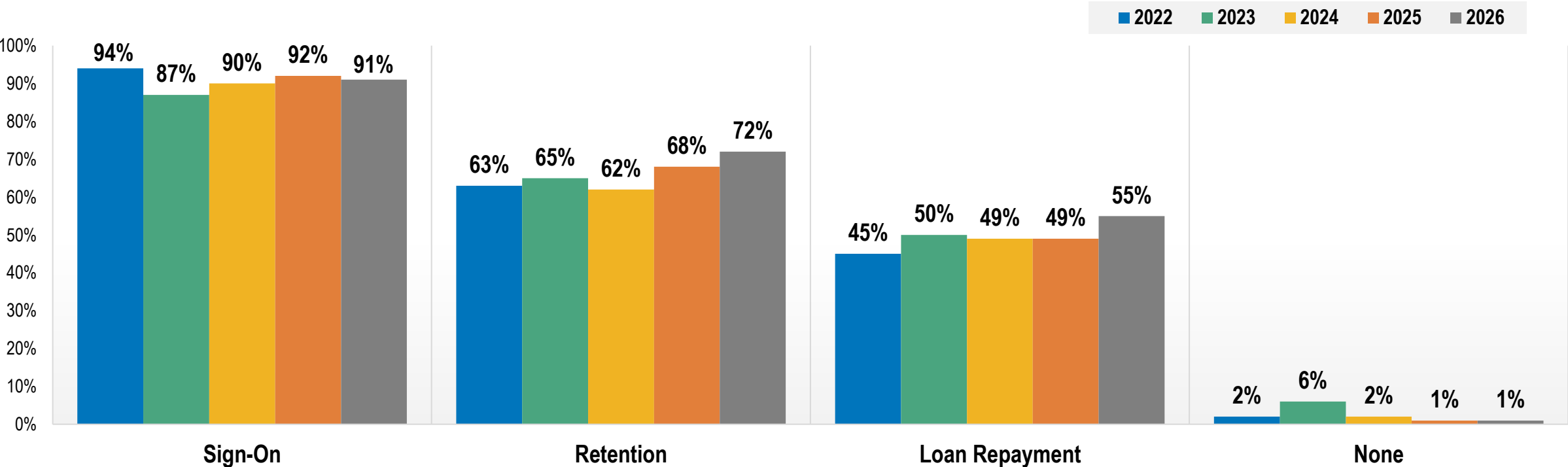
Less than on-third (31%) of responding organizations indicate providing some type of incentive to all employees (down from 33% in 2005)



SOURCE: Gallagher 2026 Executive Compensation Survey for Clinics & Medical Groups

Recruitment / Retention

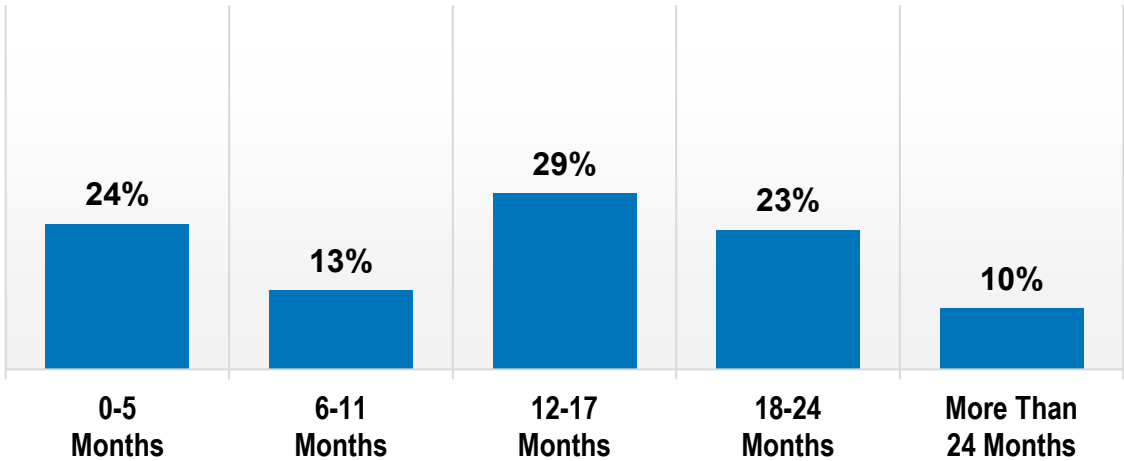
With the growing physician shortage and aging population, not only are organizations needing to offer higher starting salaries, but organizations are continuing to utilize recruitment incentives, as shown below



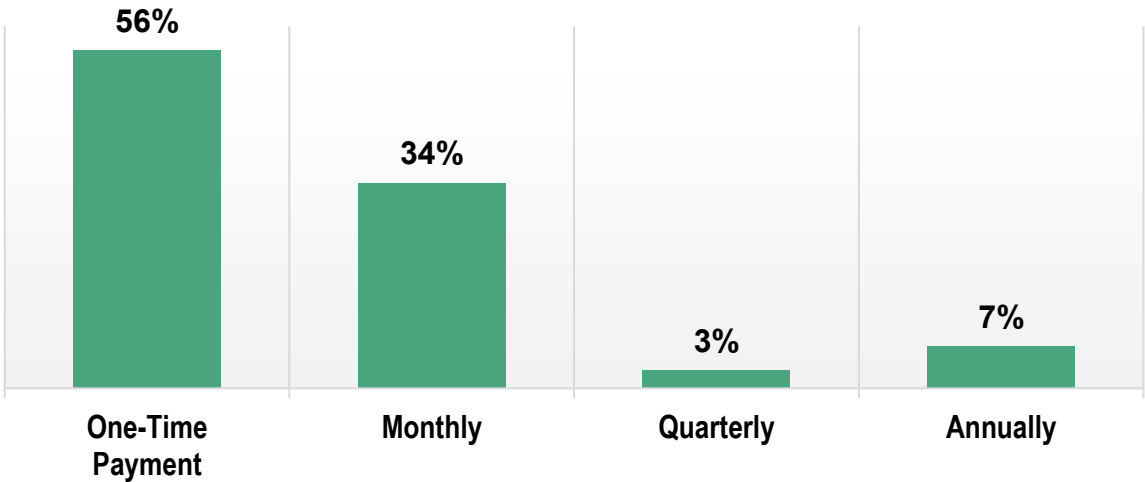
Resident / Fellow Sign-On Bonuses

The following graphs outline the length and frequency of sign-on bonuses to resident and fellows

While, in our experience, organizations would typically provide sign-on bonuses to residents and fellows approximately 12 months prior to the start of employment, our survey indicates that this timing has now extended to 18 months or more.



If a sign-on bonus is paid to residents or fellows, it is commonly issued as a one-time lump-sum payment.



Leadership Recruitment & Retention

47% of organizations are offering signing bonuses for leadership positions

Position	Eligibility	Median Bonus
Top Executives	84%	\$20,000
Directors	90%	\$10,000
Managers	77%	\$7,000

20% of Clinics and Medical Groups provide retention bonuses and the top reasons for those retention bonuses are leadership change and for new hires

Position	Eligibility
CEO	61%
CFO	36%
COO	36%
Other C-Suite	39%
Other Executives	61%
Directors	46%

Retention Bonus Basis	Percent
Leadership Change	42%
Major Project Completion	26%
Mergers/Acquisitions	19%
New Hire	35%
Succession Planning	29%
Other	19%

SOURCE: Gallagher 2026 Executive Compensation Survey for Clinics & Medical Groups

Staff Recruitment & Retention

90% of organizations are offering signing bonuses

Area	Eligibility	Median Bonus
Nursing	93%	\$10,000
Pharmacy	47%	\$7,000
Radiology	67%	\$5,300
Rehabilitation	53%	\$8,750
Other	37%	\$5,000

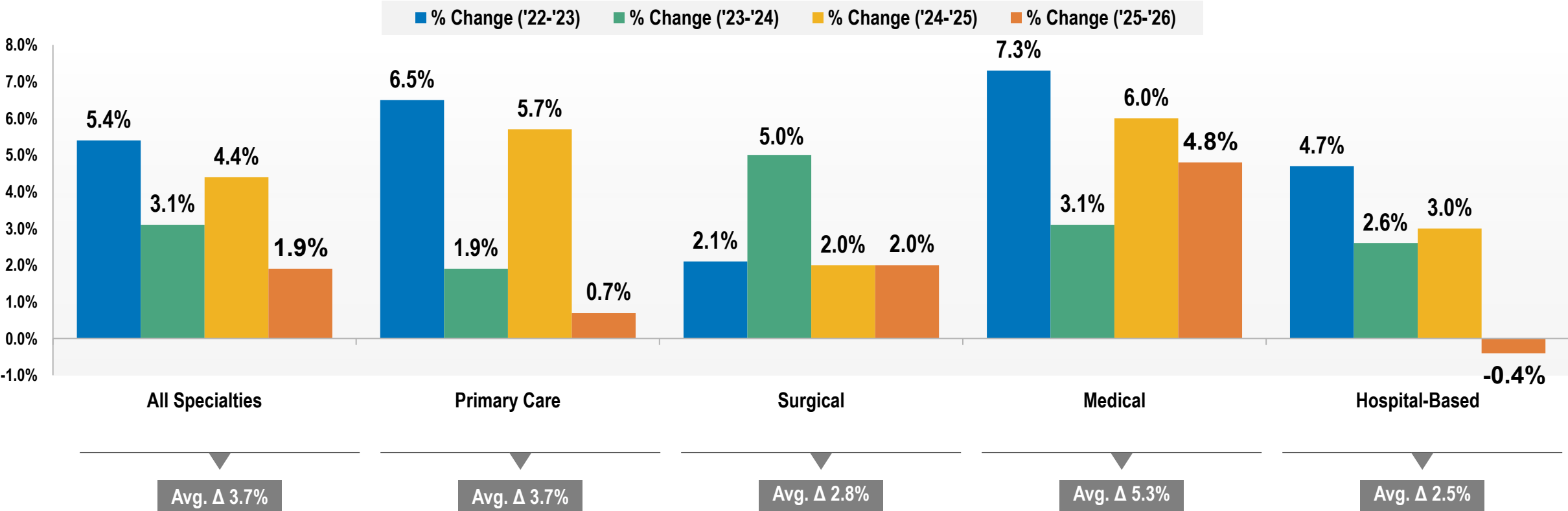
- When determining starting rates, 94% of organizations use years of experience (24% have a formal pay grid)
 - Most credit between 2% to 2.5% per year of experience
 - Most organizations are hiring all the way up to the maximum of the pay grade or around 13.5 years of experience
- Just under three-quarters of organizations stated that they have implemented a living wage – Median \$15.00

SOURCE: Gallagher 2026 Executive Compensation Survey for Clinics & Medical Groups (Stratum Med)

Production / Compensation per wRVU Rates

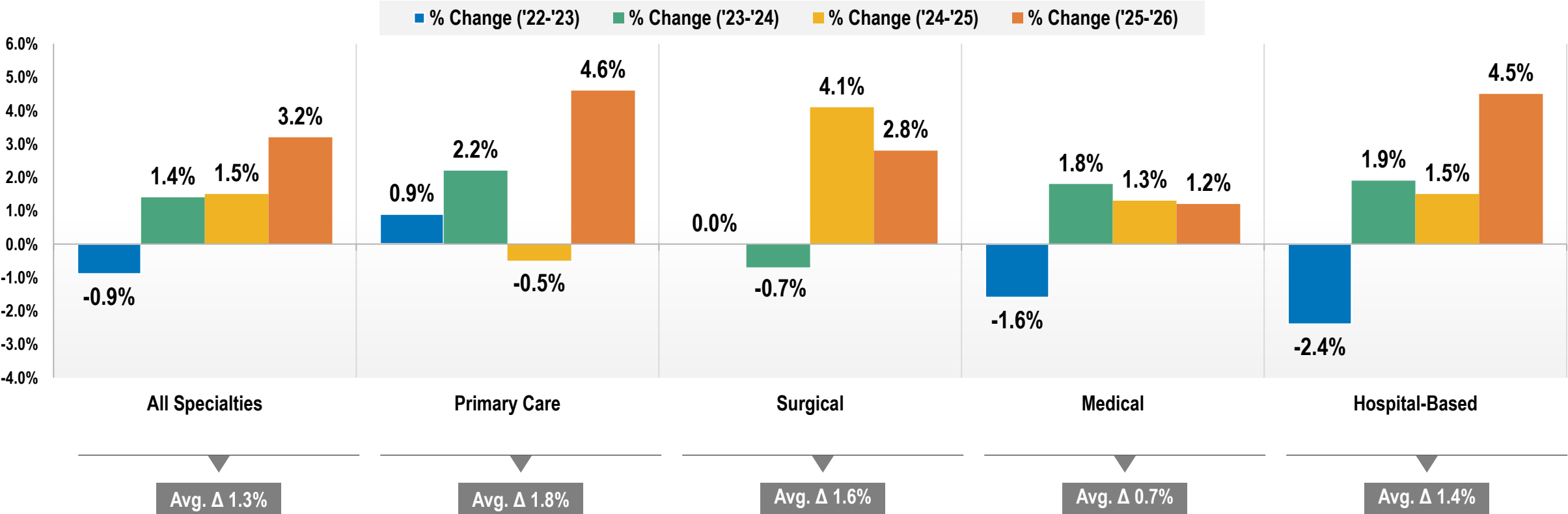
Change in Work RVU Production

The following chart shows the weighted average percent change in median production over the past five years



Change in Cash Compensation per Work RVU Rates

The following chart shows the weighted average percent change in median compensation per Work RVU rates over the past five years



Market Trends

Ten Healthcare Workforce Challenges Defining 2026

Becker's Hospital Review asked over 100 healthcare leaders,
"What do you anticipate being the most pressing workforce challenge in 2026, and how are you preparing to address it?"

The Human-AI Integration Challenge

- Cultural adoption
- Job redesign

Sustaining Engagement In An Era Of Constant Change

- Frontline collaboration on new processes and technologies

Physician Workforce Shortages

- Service line expansion
- Multidisciplinary teams

There Is No Overnight Talent Pipeline Solution

- Sustained, long-term investment in training
- Academic partnerships and residency program expansion
- Strategic obligation, not an HR initiative

Labor Cost Pressures Mount Amid The Quest For Financial Stability

- Workforce agility – align staffing with patient acuity and demand
- Leveraging automation and AI tools

All Eyes Are On Retention

- Reinforce mission and shared purpose
- Focus on clinician satisfaction
- Introduce peer support and coaching

Workplace Violence As A Workforce Threat

- Expand partnerships with law enforcement
- Improve mental health support for staff

Generational Workforce Shifts

- Tailor leadership development programs to generation of leader
- Turn generational differences into points of strength

Burnout Persists As Health Systems Rush To Automate

- Reduce administrative burden and return clinician time to patient care
- Pair automation with upskilling and reskilling staff

Lack Of Middle Management Leads To High Turnover

- Expand coaching, mentoring, and structured leadership programs
- Enhance leadership accountability and performance measurement

SOURCE: Dyrda, L. "10 healthcare workforce challenges defining 2026." *Becker's Hospital Review* (February 24, 2026).

Additional Considerations Impacting Physician Alignment

Paying for Services That Provide “Value”

- Organizations revisiting compensation philosophy and plans to focus on driving performance/efficiency/access to create financial opportunities (e.g., linking incentives to value-based reimbursement)

Technology

- Organizations are investing in AI to help improve patient care, streamline/reduce administrative tasks, and decrease clinical burnout

Recruitment and Retention

- Some organizations starting their own residency programs to train (and hopefully retain) new young talent. Others focusing more on retention (not just recruitment) by reverting back to years-of-service type bonuses and/or benefits

Rural Premiums

- We are seeing increased utilization of rural premiums (typically 5% to 10%) in order to entice physicians to work in less desirable (and often less productive) locations

More Than Just Compensation

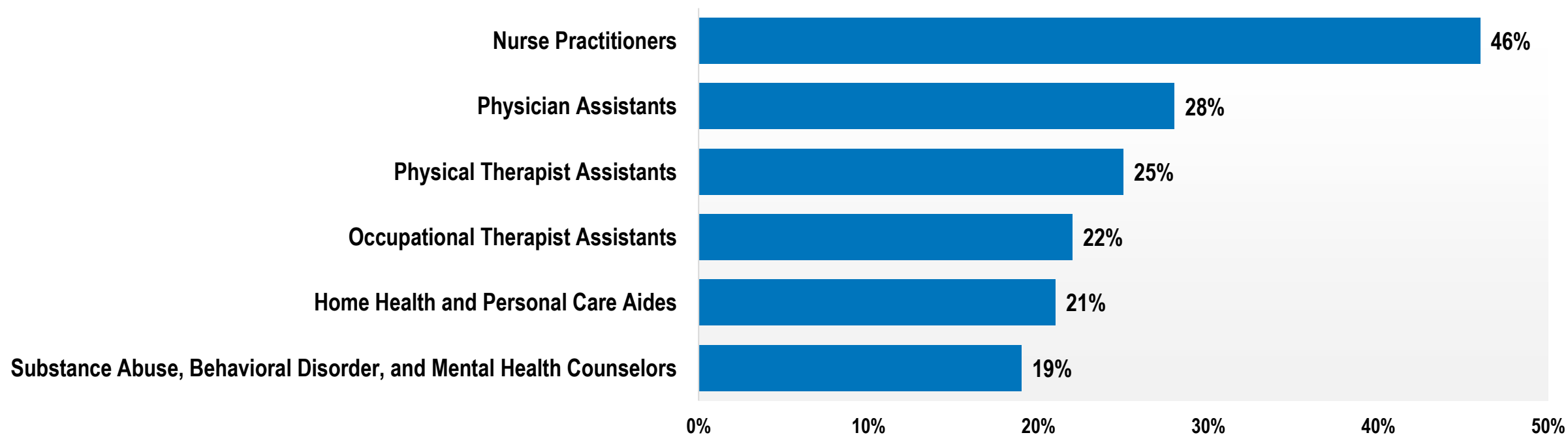
- Organizations are focusing on benefits, clinical support e.g., increased support or utilization of APPs, and work-life balance through fixed schedules, more use of the “ists”, telehealth, etc.

Fastest Growing Healthcare Jobs

The number of nurse practitioners is expected to grow significantly over the next decade

The Bureau of Labor Statistics is projecting a 46% increase by 2033

Projected Growth Rate | 2023 - 2033

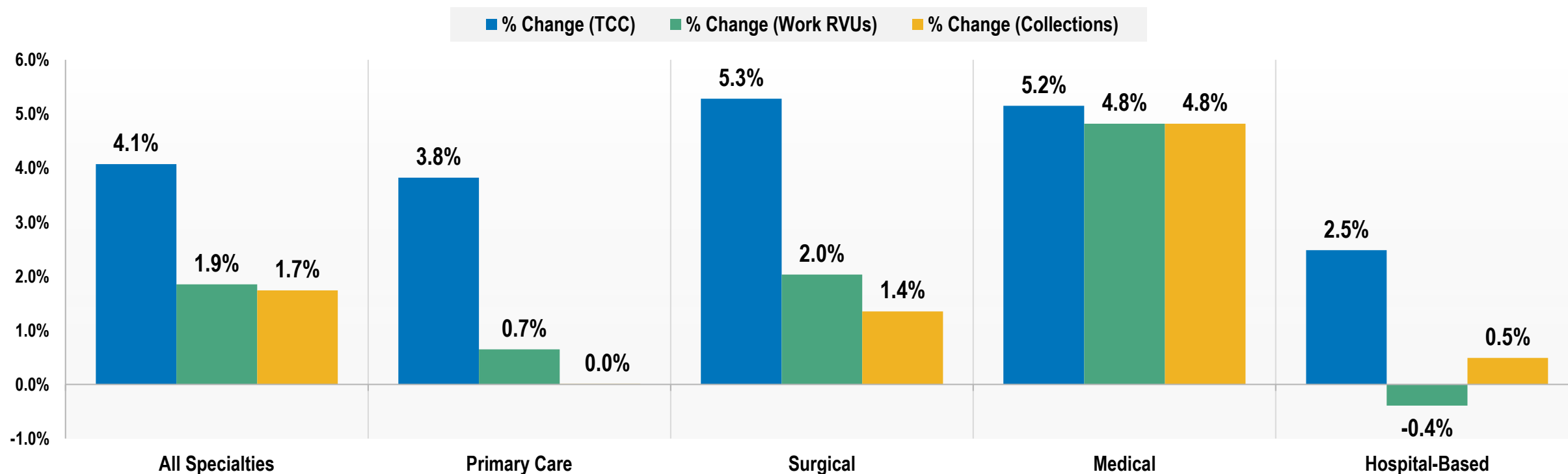


SOURCE: U.S. Bureau of Labor Statistics, Fastest Growing Occupations (April 18, 2025)

Reimbursement and Affordability Trends

Change in Collections and Productivity Relative to Annual Total Cash Compensation

The following chart shows the weighted average percent change in median Work RVUs and professional collections over the past two years relative to the weighted average percent change in annual total cash compensation at median over the past two years

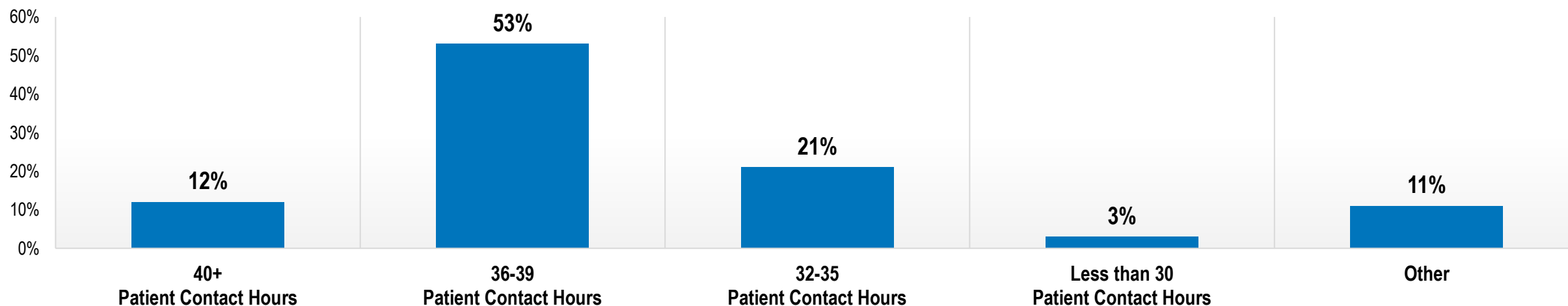


Know How to Benchmark

Know the Job Expectations – All Work Expectations Are Not The Same

Gallagher asked organizations to define “full-time” work effort, as well as their annual clinical hours requirement for a 1.0 clinical FTE physician (excluding PTO), for the shift-based specialties as outlined below

Specialty	25th %ile	50th %ile	75th %ile	90th %ile
Anesthesiology	1,840	2,060	2,080	2,167
Critical Care/Intensivist	1,840	1,932	2,080	2,170
Emergency Medicine	1,560	1,714	1,840	2,080
Hospitalist	1,914	2,080	2,160	2,184
OB/GYN: Laborist	1,840	2,008	2,080	2,186
Urgent Care	1,800	1,880	2,080	2,090



Rural Trends

Rural Workforce by the Numbers

Rural America Carries a Fifth of the Population and a Fraction of the Physicians

POPULATION	PHYSICIANS	SHORTAGE AREAS	TIME TO FILL
~20% Share of Americans living in rural communities	~10% Share of U.S. physicians who practice in those communities	~70% Of the ~90 million people in primary care shortage areas live rurally	12-18 mos Months to fill a rural primary care role; 18-36 months for specialty

Recruiting challenges to rural locations are very common due to many reasons

- Education and Amenities
- Dating and Social Life
- Career limitations for Spouses
- Isolation & Long Work Hours
(e.g. specialties consist of only a few physicians)
- Broader Scope of Practice

SOURCE: National Rural Health Association (2025); NCSL / National Center for Health Workforce Analysis (December 2025); Stroudwater Associates with NRHA and NOSORH (2025).

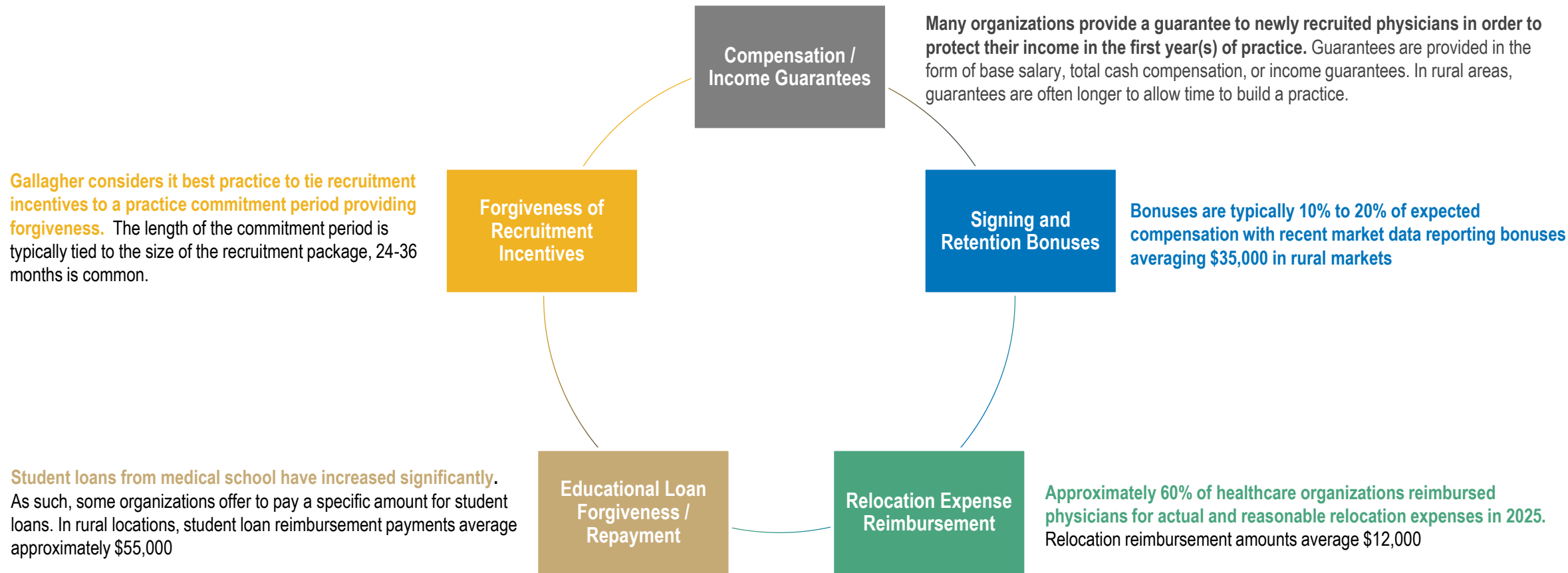
Regional Solutions

- Adding incentives (performance and/or production based), not just a base salary approach
- Specifying work expectations
 - Some organizations reduce annual clinical hours expectations and increase call responsibilities
- Removing inpatient based specialties / areas
- Utilizing APPs and CRNAs to the 'top of license'
- Utilizing residents and fellows, creating partnerships with nearby SOMs for rotations at rural locations

System Solutions

- Some organizations try to mitigate/distribute rural coverage through outreach requirements for new hires in metro hubs, requiring rotations through 'satellite' locations and paying for drive time
 - Challenging from a sustainability perspective and challenging for specialties with only a few providers
 - Not an option for smaller organizations

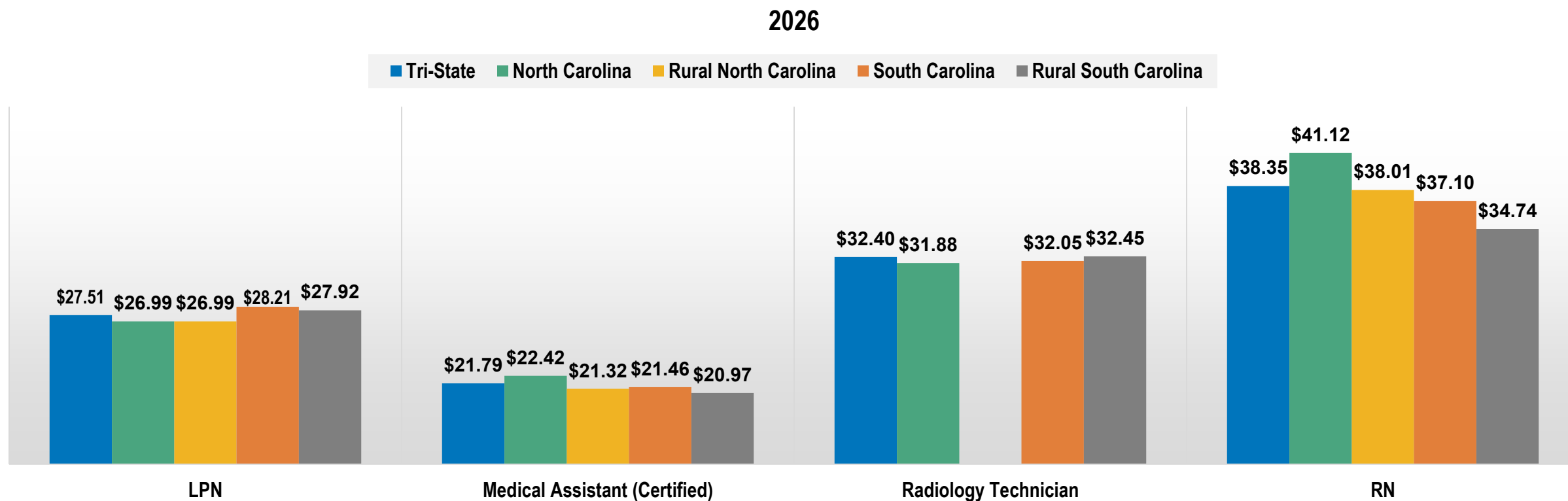
Employed Physician Recruitment / Retention
Organizations utilize various methods for recruiting and retaining physicians including



SOURCES: Stroudwater Associates with NRHA and NOSORH (2025), Gallagher 2026 Proprietary Data, AMH Healthcare, 2025 Review of Physician and Advanced Practitioner Recruiting Incentives

Tri-State Area Survey Key Jobs 2024 - 2026

- 2026 Comparison All, North Carolina, and South Carolina
- The difference between rural and state average is largest for RNs



SOURCE: 2024 – 2026 Tri-State Compensation Survey Report

Final Thoughts

Final Thoughts

Things to Keep an Eye On



Physician compensation continues to increase across most specialties, with median annual total cash compensation rising approximately 4% year-over-year despite growing reimbursement and affordability pressures



Compensation growth continues to outpace both Work RVU production and professional collections, creating increasing financial challenges for healthcare organizations



Effective compensation benchmarking requires consideration of all compensation elements, specialty-specific trends, and recruiting incentives



Overall, leadership and staff compensation is leveling out around 3% - 3.5% with 2027 projected to be very similar



Pay for key clinical roles and nursing positions are increasing at a faster pace, between 4% and 6%
About 90% of medical groups are offering hiring bonuses for these positions

for any questions, please contact us at

Pete Mitchell: pete_micthell@ajg.com

Martina Young: martina_young@ajg.com

THANK YOU

Get in touch to let us know how we can help.

PETE MITCHELL | Director

Gallagher

Physician Compensation & Valuation

pete_mitchell@ajg.com

MARTINA YOUNG | Principal Consultant

Gallagher

Total Compensation & Rewards

martina_young@ajg.com

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc. is a licensed insurance agency that does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services." Neither Arthur J. Gallagher & Co., nor its affiliates provide accounting, legal or tax advice.



Gallagher

Insurance | Risk Management | Consulting