Navigating Challenges for Hospitals in OB/GYN Physician Workforce and Compensation

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The supply of obstetrics and gynecology (OB/GYN) physicians is expected to decline, even as demand for their services continues to rise.[1] At the same time, OB hospitalist (or laborist) programs are becoming increasingly prevalent within health systems.[2] As a result, competition for OB/GYN physicians—and the level of their compensation—is expected to intensify. Given these trends, healthcare leaders should examine the unique workforce and compensation challenges hospitals face in recruiting and retaining OB/GYN physicians, along with potential strategies to address them.

What is one of the most critical challenges related to the OB/GYN physician workforce?

PYA consistently and increasingly hears from our health system clients that independent and employed OB/GYN physicians no longer wish to participate in call coverage for unassigned patients. OB/GYN physicians carry some of the highest malpractice insurance premiums in medicine and, as part of their already intense call coverage obligations, often care for patients emergently, many times with no or limited prenatal care and perhaps with no health insurance. The combination of these factors increases clinical risk and workload without corresponding payer reimbursement and compensation.

How can the OB/GYN physician workforce call coverage challenge be addressed?

Laborist programs are becoming increasingly utilized by health systems to combat OB/GYN call coverage shortages by employing OB/GYN physicians specifically dedicated to providing the emergent obstetrics care that the traditional OB/GYN physicians hope to reduce. In these instances, traditional OB/GYN physicians can focus on office-based care and scheduled births or surgeries, leading to improved physician work-life balance, satisfaction, and retention. Further, studies have shown that laborist programs can allow for faster response times in emergencies and lower rates for labor induction and preterm births.[3]

Despite the potential of absorbing the financial risk from independent physicians (the health system already holds this risk for employed physicians), health systems with laborist programs may avoid the significant and reoccurring recruiting costs for OB/GYN physicians, thus potentially offsetting any additional financial investment needed to establish and operate a laborist program.

What is one of the most critical challenges related to OB/GYN physician compensation?

Determining fair market value (FMV) for physician compensation is inherently complex—and even more so for OB/GYN physicians, where the nuances are especially distinct. Unlike many other specialties, OB/GYN physicians operate in a hybrid clinical-surgical setting that includes unpredictable hours, high-risk care, and collaborative team structures. Despite these dynamics that can make aligning compensation with productivity challenging, many health systems compensate their employed OB/GYN physicians based on wRVU productivity.

Many payers reimburse obstetric care globally with one bundled payment for prenatal services, delivery, and postnatal services. Because of this reimbursement methodology, all wRVUs associated with obstetric care services are attributed to the physician that performs the delivery, even if other providers performed all or portions of prenatal and postnatal care. In these instances, the delivering physician may receive wRVU credit (and thus compensation, if compensated on a per wRVU basis) for services for which they did not personally perform.

How can the OB/GYN compensation challenge be addressed?

For many health systems, technological or operational limitations make tracking personally performed services difficult in the context of the global obstetrics care continuum (i.e., prenatal care, delivery, and postnatal care). As such, global obstetric wRVUs can first be pooled among all delivering physicians. Then, based on internal analysis, the pool of wRVUs is reduced by a factor to account for the portion of the aggregate global obstetric wRVUs estimated to be personally performed by certified nurse midwives or other advanced practice providers. Finally, the reduced wRVU pool can be allocated among contributing physicians based on work schedules, full-time equivalency, or other means. Taking these steps to allocate wRVUs based on estimated personally performed services can align compensation with true physician productivity and mitigate potential compliance risks.

Final Thoughts

Recruiting OB/GYN physicians and developing compliant, sustainable compensation models are becoming increasingly complex. Addressing these challenges requires a deep understanding of the specialty's distinct clinical, operational, and financial dynamics. Implementing a laborist program can be an effective strategy to stabilize the OB/GYN workforce. Additionally, accurately attributing global obstetric wRVUs among providers supports fair, competitive, and compliant compensation structures—ultimately enhancing physician satisfaction and promoting high-quality patient care.

[1] "OB-GYN Salary: Trends to Watch," <https://psdconnect.org/journal/ob-gyn-salary-trends-to-watch>, accessed July 17, 2025.

[2] Ibid.

[3] "Evaluating the Impact of the Laborist Model of Obstetric Care on Maternal and Neonatal Outcomes," <https://repository.upenn.edu/server/api/core/bitstreams/cdedd20b-fa5a-4e0b-a41f-e94e966cceb3/content>, accessed July 17, 2025.