



# Physician Marketplace Report

Center for  
Health Policy  
Research

## The Practice Arrangements of Patient Care Physicians, 2001

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This report describes the practice arrangements of allopathic patient care physicians in 2001. The information contained within was generated using two sources of information, the 2001 year-end AMA Physician Masterfile and the 2001 AMA Patient Care Physician Survey (PCPS).

The Masterfile provides information on all physicians in the U.S. The analysis in this report was limited to the 668,939 physicians who, at the end of 2001, were active (worked at least 20 hours per week) and spent most of their time in patient care. Patient care physicians report a major professional activity in one of the following categories: hospital based, graduate medical education, office based, or locum tenens. The report excludes 81,520 physicians who were inactive, 44,436 physicians who were in non-patient care, and 41,277 physicians who could either not be classified or whose address was unknown and whose major professional activity, therefore, could not be determined.<sup>1</sup>

The PCPS collects information from a sample, drawn from the Masterfile, of non-federal patient care physicians who have completed their graduate medical education (post-GME). The 2001 survey had a sample size of 3,592 and a 49.8% response rate. The PCPS data presented here have been weighted to correct for possible non-response bias.

While the Masterfile provides information about whether a patient care physician is federally employed and whether she has finished her graduate medical education, it does not provide more detailed information on practice arrangement. The PCPS, on the other hand, collects information on practice arrangement and size. Therefore, we used the PCPS distribution of physicians by practice arrangement to estimate the number of physicians who were self-employed, employees of physician owned groups, and institutional employees. Estimates of the number of institutional employees in various settings and the number of physicians in practices of different sizes were generated in a similar fashion.<sup>2</sup>

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<sup>1</sup> Non-patient care activities include medical teaching, administration, research, and other activities.

<sup>2</sup> For example, from the sample of physicians in the 2001 PCPS we estimated that 65.5% of non-federal, post-GME, patient care physicians were self-employed. Applying that percentage to the number of non-federal, post-GME, patient care physicians (559,393) from the Masterfile, we estimated that 366,403 physicians were self-employed.

## **PHYSICIANS' PRACTICE ARRANGEMENTS**

The three pie charts in Figure 1 allocate the 668,939 allopathic patient care physicians into successively more detailed categories.

### **Patient Care Physicians**

The first pie chart in Figure 1 allocates patient care physicians into the following three categories:

- *Federal Employees*: physicians in this category are employed by the military, the U.S. Public Health Service, or the Veterans Administration;
- *Non-Federal GME*: physicians who are not federally employed and are in residency training or clinical fellowship programs; and
- *Non-Federal Post-GME*: physicians who are not federally employed and have completed their graduate medical education.

Non-federal post-GME physicians account for the largest share of patient care physicians, 83.6% (559,393) in 2001. Fewer than 3.0% of patient care physicians were federally employed in 2001 and 13.9% were still completing their graduate medical education.

### **Non-Federal Post-GME Physicians**

In the second pie chart in Figure 1, the 559,393 non-federal post-GME physicians are allocated to the following three categories according to their practice arrangements:

- *Self-Employed*: physicians who report that they have a full or part ownership interest in their practice. Independent contractors are also included in this category;
- *Employees of Physician Owned Practices*: physicians who do not have an ownership interest in their practice but who work for a physician owned practice; and
- *Institutional Employee Physicians*: physicians who do not have an ownership interest in their practice and do not work for a physician owned practice.

Most non-federal post-GME physicians, 65.5% in 2001, are self-employed. Eight percent were employed in a physician owned practice, and the remaining 26.1% were employed in an institutional setting.

### **Institutional Employee Physicians**

The final pie chart in Figure 1 allocates institutional employees among the following types of employers:

- *Hospitals*: all hospitals not owned by medical schools, universities, state or local governments, or health maintenance organizations;
- *Medical Schools and Universities*;
- *State and Local Governments*;
- *Health Maintenance Organizations (HMOs)*;
- *Ambulatory Care Sites*; and
- *“Other” Institutional Employers*.

Hospitals and medical schools/universities each accounted for approximately 29.0% of institutional employment in 2001. Nine percent of institutional employees worked for state or local governments and

6.9% were employed by HMOs. Very few, 2.5%, worked in ambulatory care sites and the remaining 23.7% worked in other settings.

### **THE SIZE OF PHYSICIANS' PRACTICES**

Figures 2 and 3, respectively, show the distribution of physicians by practice size for self employed physicians and physicians who are employees of practices owned by other physicians. From the figures, it is evident that practice size differs among those two groups. Self-employed physicians tend to be concentrated in smaller practices than employed physicians. In 2001 37.3% of self-employed physicians were in solo practice and another 25.8% worked in practices of two to four physicians. Approximately 16.0 percent worked in practices of five to nine physicians and of 10 to 49 physicians. In contrast, among physicians employed in physician owned practices, fewer than 1.0% were in solo practice and 31.6% worked in practices with two to four physicians. While fewer than 6.0% of self-employed physicians worked in practices with 50 or more physicians, nearly 21.0% of employed physicians worked in practices that large.

When one looks at self-employed physicians together with physicians employed in practices owned by other physicians, the practice size distribution (Figure 4) appears very similar to that of self-employed physicians. This is because self-employed physicians accounted for 88.6% of physicians, be they owners or employees, who worked in physician owned practices in 2001.

### **PRACTICE ARRANGEMENT AND PHYSICIAN AGE**

In addition to including the information in Figures 1 through 4, Table 1 also describes how physicians' practice arrangements vary according to their age. The leftmost four columns simply show the number of physicians in each practice arrangement and age category. The middle four columns show, within each age category, the number of physicians in each specific practice arrangement as a percentage of physicians in the practice arrangement category "one level up." For example, the section titled "Institutional Employee Physicians" gives the percentage of physicians employed by each type of institution as a share of all physicians of the same age employed by institutions. The rightmost four columns show the number of physicians in each specific practice arrangement and age category as a percentage of all patient care physicians. For example, in the section titled "Institutional Employee Physicians," it gives the percentage of physicians employed by each type of institution as a share of all patient care physicians. While the 15,960 physicians under the age of 40 who worked in hospitals in 2001 represented 35.1% of all institutional employees in that age category, they represented 2.4% of all patient care physicians.

Figure 1 showed that few patient care physicians are federally employed. In Table 1 we see that this is true for physicians in each age category. The percentage of patient-care physicians in non-federal graduate medical education, for obvious reasons, decreases sharply with age. Commensurately, the percentage of physicians in non-federal post-GME practice increases with age. Fifty-seven percent of physicians under age 40 were in non-federal post-GME practice. This increases to more than 95.0% among patient care physicians age 40 and over.

The choice of practice arrangement and practice size varies by age cohort. Older physicians tend to be self-employed and to work in smaller sized practices than younger physicians. Forty-eight percent of physicians under age 40, 66.0% of physicians age 40 to 54, and 78.0% of physicians age 55 and over were self-employed in 2001. The percentage of physicians employed in institutions decreased from 37.1% among physicians under age 40 to 16.1% among physicians age 55 and older. The percentage of physicians employed in physician owned practices also decreased with age.

Among physicians employed by institutions, age effects are also apparent. Physicians in the youngest age cohort were most likely to be employed by private hospitals, 35.1%, and physicians in the oldest age cohort least likely, 23.0%. The trend for employment with state and local governments runs in the opposite direction, with 6.0% of physicians under age 40 and 14.6% of physicians over age 54 working in that setting.

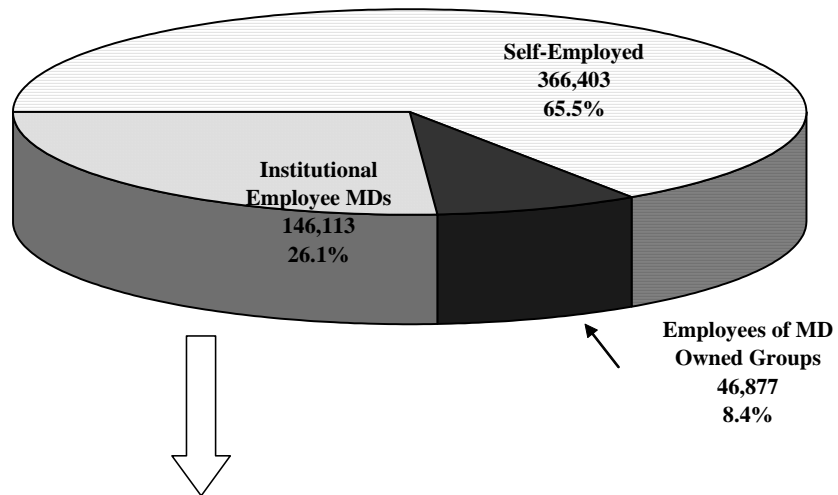
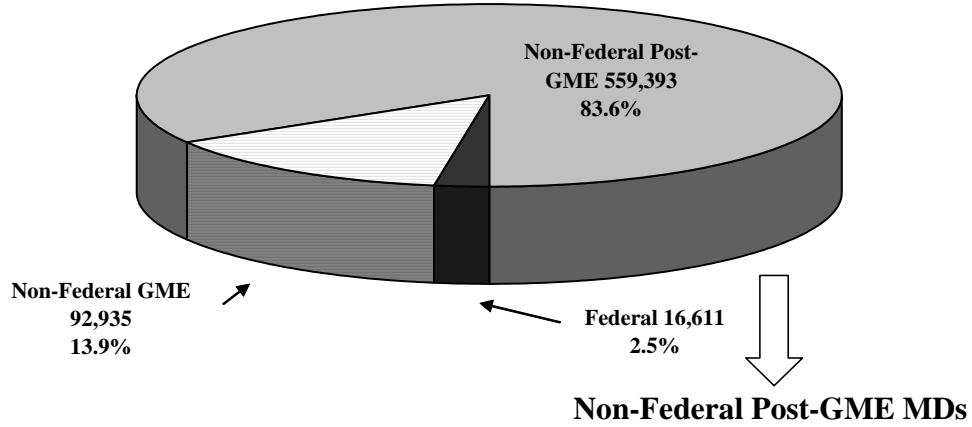
Among physicians who were self-employed or who were employed in a practice that another physician owned, physicians over age 54 were two and a half times as likely to be in solo practice than physicians under age 40. Forty-nine percent of physicians over age 54 and 19.0% of physicians under age 40 were in solo practice.

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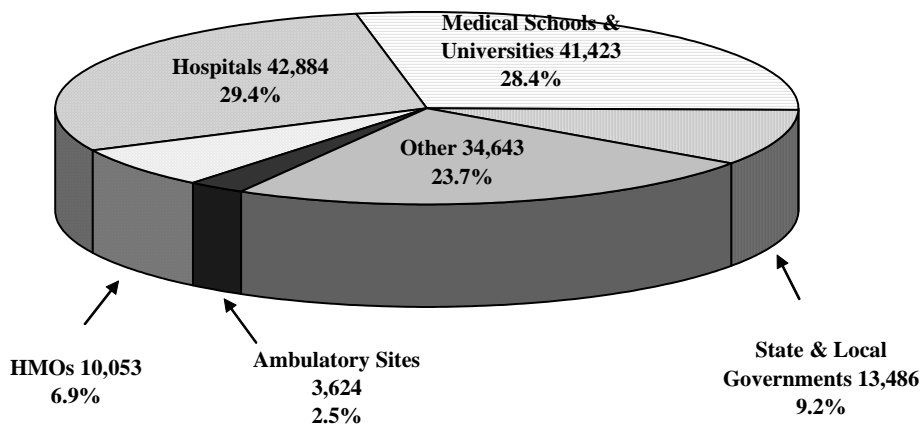
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**Figure 1**  
**Distribution of Patient Care Physicians by Employment Status, 2001**

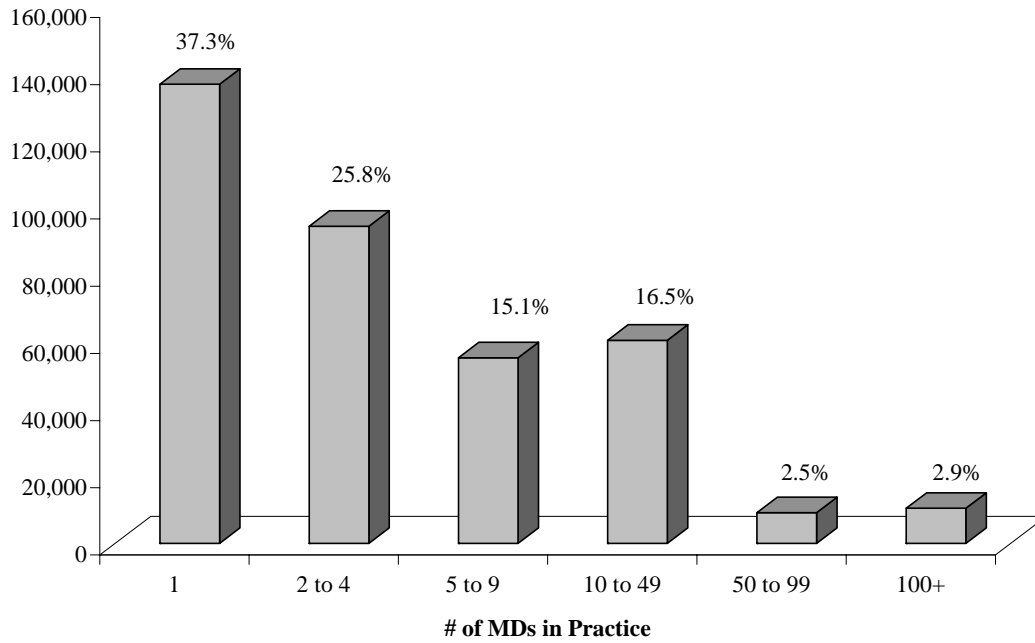
**Patient Care MDs**  
**N=668,939**



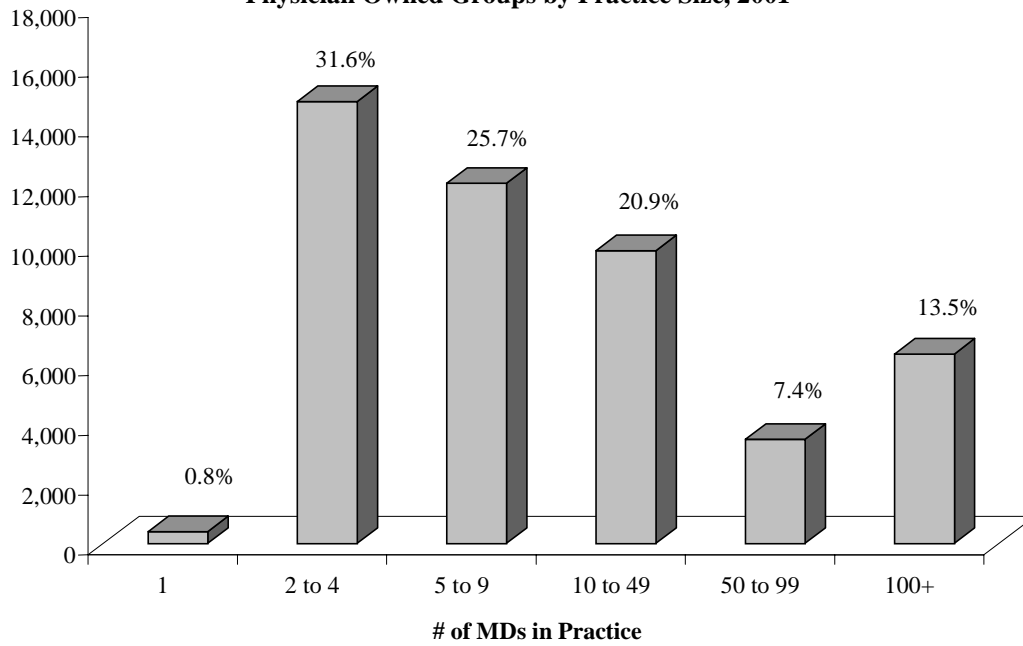
**Institutional Employee MDs**



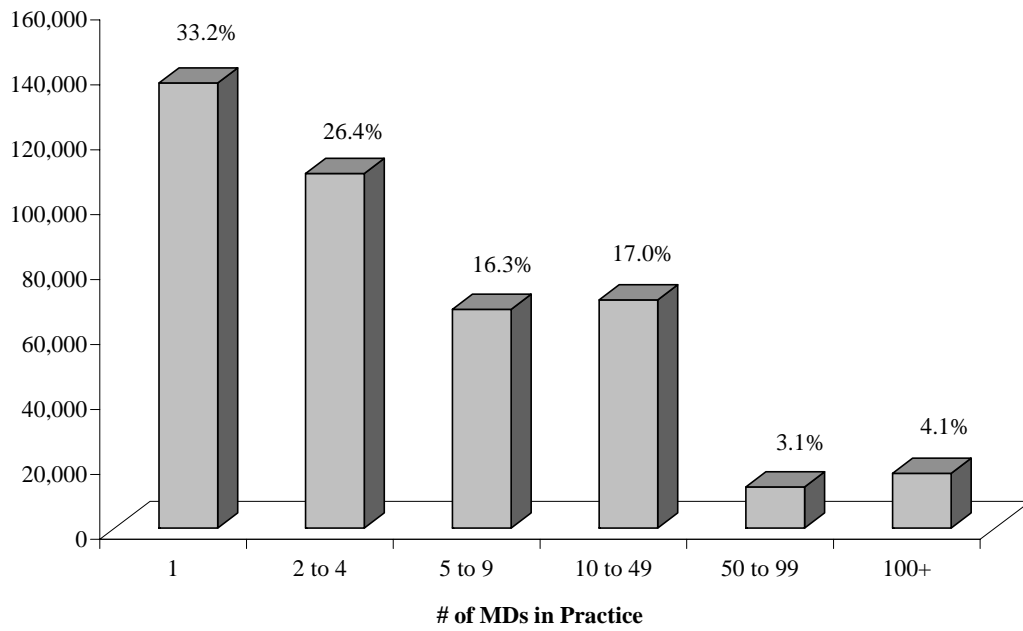
**Figure 2**  
**Distribution of Self-Employed Physicians by Practice Size, 2001**



**Figure 3**  
**Distribution of Physicians Employed in Physician Owned Groups by Practice Size, 2001**



**Figure 4**  
**Distribution of Self-Employed Physicians and Physicians Employed in Physician Owned Groups by Practice Size, 2001**



**Table 1. Practice Organization of Patient Care Physicians With Respect to Physician Age, 2001**

	Number of Physicians				As a Percent of Category				As a Percent of All Patient Care Physicians			
	Age Less Than 40	40 – 54	55 +	Total	Age Less Than 40	40 – 54	55 +	Total	Age Less Than 40	40 – 54	55 +	Total
<b>Total</b>	<b>215,155</b>	<b>280,925</b>	<b>172,859</b>	<b>668,939</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>32.2</b>	<b>42.0</b>	<b>25.8</b>	<b>100.0</b>
Federal	5,211	7,393	4,007	16,611	2.4	2.6	2.3	2.5	0.8	1.1	0.6	2.5
Non-Federal GME	87,584	5,224	127	92,935	40.7	1.9	0.1	13.9	13.1	0.8	0.0	13.9
Non-Federal Post-GME	122,360	268,308	168,725	559,393	56.9	95.5	97.6	83.6	18.3	40.1	25.2	83.6
<b>Non-Federal Post-GME</b>	<b>122,360</b>	<b>268,308</b>	<b>168,725</b>	<b>559,393</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>18.3</b>	<b>40.1</b>	<b>25.2</b>	<b>83.6</b>
Self-Employed	58,377	176,420	131,606	366,403	47.7	66.0	78.0	65.5	8.7	26.4	19.7	54.8
Employees of MD Owned Groups	18,538	18,334	10,005	46,877	15.2	7.2	5.9	8.4	2.8	2.7	1.5	7.0
Institutional Employee Physicians	45,445	73,554	27,114	146,113	37.1	26.9	16.1	26.1	6.8	11.0	4.1	21.8
<b>Institutional Employee Physicians</b>	<b>45,445</b>	<b>73,554</b>	<b>27,114</b>	<b>146,113</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>6.8</b>	<b>11.0</b>	<b>4.1</b>	<b>21.8</b>
Hospitals	15,960	20,680	6,244	42,884	35.1	28.3	23.0	29.4	2.4	3.1	0.9	6.4
Medical Schools & Universities	12,570	21,521	7,332	41,423	27.7	29.0	27.0	28.4	1.9	3.2	1.1	6.2
State & Local Governments	2,718	6,801	3,967	13,486	6.0	9.3	14.6	9.2	0.4	1.0	0.6	2.0
HMOs	2,618	4,843	2,592	10,053	5.8	6.7	9.6	6.9	0.4	0.7	0.4	1.5
Ambulatory Sites	1,036	1,878	710	3,624	2.3	2.5	2.6	2.5	0.2	0.3	0.1	0.5
Other	10,543	17,831	6,269	34,643	23.2	24.1	23.1	23.7	1.6	2.7	0.9	5.2

**Table 1 (continued). Practice Organization of Patient Care Physicians With Respect to Physician Age, 2001**

	Number of Physicians				As a Percent of Category				As a Percent of All Patient Care Physicians			
	Age Less Than 40	40 – 54	55 +	Total	Age Less Than 40	40 – 54	55 +	Total	Age Less Than 40	40 – 54	55 +	Total
<b>Self-Employed MDs (by practice size)</b>	<b>58,377</b>	<b>176,420</b>	<b>131,606</b>	<b>366,403</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>8.7</b>	<b>26.4</b>	<b>19.7</b>	<b>54.8</b>
1 MD	14,437	53,732	68,500	136,669	24.7	32.6	52.1	37.3	2.2	8.0	10.2	20.4
2 to 4 MDs	17,501	48,441	28,480	94,422	30.0	26.9	21.6	25.8	2.6	7.2	4.3	14.1
5 to 9 MDs	10,601	29,374	15,279	55,254	18.2	16.2	11.6	15.1	1.6	4.4	2.3	8.3
10 to 49 MDs	12,837	33,063	14,556	60,456	22.0	18.0	11.1	16.5	1.9	4.9	2.2	9.0
50 to 99 MDs	1,658	5,567	1,935	9,160	2.8	3.0	1.5	2.5	0.2	0.8	0.3	1.4
100+ MDs	1,343	6,243	2,856	10,442	2.3	3.4	2.2	2.9	0.2	0.9	0.4	1.6
<b>Employees of MD Owned Groups (by practice size)</b>	<b>18,538</b>	<b>18,334</b>	<b>10,005</b>	<b>46,877</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>2.8</b>	<b>2.7</b>	<b>1.5</b>	<b>7.0</b>
1 MD	139	0	255	394	0.8	0.0	3.3	0.8	0.0	0.0	0.0	0.1
2 to 4 MDs	8,123	3,677	2,995	14,795	43.8	23.5	29.2	31.6	1.2	0.5	0.4	2.2
5 to 9 MDs	4,573	5,066	2,422	12,061	24.7	27.1	24.2	25.7	0.7	0.8	0.4	1.8
10 to 49 MDs	2,881	4,791	2,130	9,802	15.5	24.7	21.3	20.9	0.4	0.7	0.3	1.5
50 to 99 MDs	1,261	1,477	745	3,483	6.8	7.9	7.5	7.4	0.2	0.2	0.1	0.5
100+ MDs	1,561	3,323	1,458	6,342	8.4	16.9	14.6	13.5	0.2	0.5	0.2	0.9
<b>Self-Employed MDs and MDs Employed in MD Owned Groups (by practice size)</b>	<b>76,915</b>	<b>194,754</b>	<b>141,611</b>	<b>413,280</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>11.5</b>	<b>29.1</b>	<b>21.2</b>	<b>61.8</b>
1 MD	14,576	53,732	68,755	137,063	19.0	27.6	48.6	33.2	2.2	8.0	10.3	20.5
2 to 4 MDs	25,624	52,118	31,475	109,217	33.3	26.8	22.2	26.4	3.8	7.8	4.7	16.3
5 to 9 MDs	15,174	34,440	17,701	67,315	19.7	17.7	12.5	16.3	2.3	5.1	2.6	10.1
10 to 49 MDs	15,718	37,854	16,686	70,258	20.4	19.4	11.8	17.0	2.3	5.7	2.5	10.5
50 to 99 MDs	2,919	7,044	2,680	12,643	3.8	3.6	1.9	3.1	0.4	1.1	0.4	1.9
100+ MDs	2,904	9,566	4,314	16,784	3.8	4.9	3.0	4.1	0.4	1.4	0.6	2.5