AMA member Nancy Fan, MD, an ob-gyn at Saint Francis Women’s Center Greenhill, in Wilmington, Delaware, has seen both sides of the physician employment debate. She spent 12 years in private practice before becoming employed in 2009.

“When I came out of residency, in 1997, almost everybody went into independent practice,” Dr. Fan said. “If you joined an employee practice, it was usually just because you wanted to work at an academic medical center.”

But being in independent practice meant negotiating with payers, running a human-resources function and, of course, making payroll. Over time, the stress of being both a doctor and a businessperson took its toll.

“I was really concerned about my ability to make sure that my very small staff of 10 were appropriately compensated and got the benefits they needed,” she said. “I was responsible for all those people.
That weighed on my mind, and it meant I had to work harder than I had expected.”

Still, by the time Dr. Fan got out of private practice, not even 15 years ago, the decision to go the employment route remained a relatively uncommon one.

“Being employed then was not like it is today, where pretty much everyone is considering it,” she said.

Indeed, the most recent AMA survey data (PDF) shows that in 2022, 49.7% of physicians were employees, 44% were owners and 6.4% were independent contractors. The same AMA survey, conducted in 2012, found that 41.8% of physicians were employed.

One of the upshots for the profession is that physician advocacy can differ greatly for employed physicians compared with doctors in independent practice—so much so that the AMA Board of Trustees in 2022 recommended the establishment of the AMA Employed Physician Caucus under the AMA Organized Medical Staff Section (AMA-OMSS), the member group that gives voice to and advocates for issues that impact physicians affiliated with medical staffs, whether employed or in private practice.

Dr. Fan was tapped as the Employed Physician Caucus’ inaugural chair, and at the top of her list of things to accomplish was developing a formal definition of an employed physician. The definition she co-wrote, along with some amendments, was adopted at the 2023 AMA Annual Meeting:

“An employed physician is any physician who derives compensation, financial or otherwise, from a contractual relationship with a practice, hospital or other funding entity and has no direct controlling interest in the entity.”

Dr. Fan took time to discuss the challenges of physician advocacy for employed physicians, the pros and cons of the employment setting and what the future holds for the caucus.

**AMA:** Why was setting the definition of an employed physician so important early on for the AMA Employed Physician Caucus?

**Dr. Fan:** I personally thought revising the definition should be one of the caucus’ top priorities, and I wanted to get it done as soon as possible. ... I do a lot of policymaking in my own state, and I thought if we were aiming to represent employed physicians, we should be putting out the best definition.

**AMA:** What else is the caucus tackling?

**Dr. Fan:** Lots of things have been discussed at length, including collective bargaining versus unionization and standardized employment contracts and what goes into them. The AMA has done a lot of work in these areas already. It has a written paper on employment contracts and what they should and shouldn’t include [the Annotated Model Physician-Group Practice Employment Agreement URL: https://www.ama-assn.org/medical-residents/transition-resident-attending/how-one-employed-physician-found-new-way-advocate Copyright 1995 - 2021 American Medical Association. All rights reserved.}
(PDF) and the Annotated Model Physician-Hospital Employment Agreement(PDF)].

The AMA has also had a couple of webinars regarding collective bargaining and unionization, not necessarily addressing any specific issues but recognizing that it's a trend and summarizing the pros and cons of it for physicians, as well as the history of physician unionization and how it's been looked at by both physicians and the public.

It's an open caucus, so anybody can come. We typically have around 10 physicians at each meeting, and we may meet monthly or every three months, depending on upcoming AMA meetings. We meet virtually, except for when we get together at the AMA Interim and Annual Meetings.

I believe a strong foundation is really important, and I've been in situations where you jump in with just your float and you haven't built the boat yet and then you're just kind of treading water until the boat gets built. So I prefer to build the boat first, and that means making sure we have things like a mission and a vision fleshed out because I want people to realize this is how we look at the work. If it doesn't jibe with what you think, we want to hear why, but we can't have multiple voices saying different things under the same banner.

**AMA:** How does physician advocacy differ for employed physicians compared with doctors in independent practice?

**Dr. Fan:** I read an article recently about how residents at a large academic medical center had voted to unionize, and one of the things that came out in that article was that the main reason they felt they had to unionize was that their employer wasn't listening to them. The employer held town halls and gave them lip service but didn't really end up changing anything. This is one of the risks of being employed.

At the same time, employed physicians are shielded from certain conflicts. For example, we don’t have to deal with payers because we don’t write our payer contracts; our employers do. But that's a very big deal for physicians in private practice.

So there's a big difference in who you're advocating for and against. One of the things I enjoyed about being in independent practice was I wasn't beholden to some big third party. I could make my own administrative decisions, even down to who I hired and how.

**AMA:** What advice you would give to physicians entering practice about the pros and cons of being employed?

**Dr. Fan:** I still tell physicians I loved private practice. I really did. For me, being employed is a better fit, but I know plenty of employed physicians who are very unhappy, and I mention that to physicians coming out of residency. The problem is that they’re a different generation. They have different values
and their debt load is astounding. One’s income in independent practice often cannot compete with the salaries being offered by health care systems.

Plus, they are used to being employed. They are used to not having to worry about filling medical assistant or nurse positions or whether the people they employ are actually competent. What’s high on their lists is the number of hours they work, how they’re getting compensated and who they’re working with.

It’s important to note that when you’re an employed physician, your employer can make performance metrics part of the way they pay you. For example, if your practice doesn’t perform well—if you’re not making enough relative value units or your cost is too high relative to your salary—you might not get a productivity incentive or you might need to pay 5% back because the employer is losing money on your practice. At the same time, you don’t have to go through the whole human-resources thing, figuring out how much your personnel are going to get paid and what their benefits are going to be.

AMA: How does that compare with the advice you would give to midcareer physicians considering employment?

Dr. Fan: Someone considering employment in midcareer has already been in independent practice. So I would ask them to look long and hard about what they enjoyed about independent practice and what they would be giving up. In the end, you may make less money and have a lot of administrative challenges, but independent practice may still be of more value than being employed.

Because when you become employed, there are still challenges and conflicts—but just different. Instead of struggles with payers and reimbursement negotiations, there are struggles with employers over contract and employment negotiations. With your employer though, it may end up with a termination of employment and not just bad reimbursement terms.

I also tell midcareer physicians that it might not be all they thought it would be. Everybody thinks the grass is always greener on the other side. The attrition rate of people who went from midcareer private practice to employed practice is higher than the number of people who started out employed and then go into independent practice. One study I saw found that over 55% of physicians who had been in independent practice for five years or more and then switched to an employed model left their jobs after three years—they left after their first contract.

But anyone considering the employment route should also evaluate organizations individually. That’s one of the nuances that people need to understand when we talk about employed physicians. I think...
there are general concerns that apply to all employed physicians, but I also think who employs you actually matters. One of the places this shows up is in contracts. Look at your tail. Look at your restrictive covenant. Many health care systems now, both big and small, use a contract template. You can take it or leave it. It’s almost non-negotiable for them.

AMA: Are there any realistic alternatives to traditional private practice and employment?

Dr. Fan: Yes, there are some private practice options available today that weren't very common or feasible when I was in independent practice. For example, the concierge practice is becoming very popular. As a health care policy person, I don't like it because it diminishes access for patients, but it definitely has made a lot of physicians a lot happier.

AMA: So what does the future hold for the AMA Employed Physicians Caucus?

Dr. Fan: What I would like every physician to know is that you have a voice and that voice is the AMA. You have to be able to leverage that voice to make change—it doesn't matter if you're independent or employed. I think the reason employed physicians lack cohesiveness is because they don't feel like they have a voice that will speak to everybody, and I feel like the AMA really is trying to do that for them.

The members of the caucus and the staff of the OMSS really want to be able to address your needs. There might be employed physicians out there who have very different needs than the ones I’ve mentioned and might really be struggling. If we're trying to set policy for the AMA through reports to the Board of Trustees or through resolutions, we can't do that if we don't know what we need to do. I look at the Employed Physician Caucus as a forum for investigating those issues and putting solutions into action.