For first time, physician practice owners are not the majority

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Less than half of practicing physicians own their own practice, according to 2016 data collected in a nationally representative survey of 3,500 U.S.-based physicians who provide at least 20 hours of patient care per week and are not employed by the federal government.

2016 marks the first year in which physician practice ownership is no longer the majority arrangement. According to data drawn from the AMA’s Physician Practice Benchmark Surveys, 47.1 percent of physicians are practice owners. The same percentage of physicians are employed, while 5.9 percent are independent contractors.

The data reflect a trend that has been evident in recent years. In 2012, the first year in which this AMA survey was conducted, 53.2 percent of physicians were owners. That figure dropped three percentage points to 50.8 percent in 2014. The AMA conducted similar surveys in the 1980s, when physician practice ownership was the dominant arrangement. For example, in 1983, by comparison, 76.1 percent of physicians were practice owners, as noted in a 2015 report.

“Patients benefit when physicians practice in settings they find professionally and personally rewarding, and the AMA strongly supports a physician’s right to practice in the setting of their choice,” said AMA President Andrew W. Gurman, MD. “The AMA is committed to helping physicians navigate their practice options and offers innovative strategies and resources to ensure physicians in all practice sizes and setting can thrive in the changing health environment.”

Brandi Ring, MD, represents exceptions to the data. The 34-year-old ob-gyn from Denver is among just 27.9 percent of physicians under the age of 40 who owns her own practice and among 36.6 percent of female physicians who have an ownership stake.

For Dr. Ring, who completed her residency two years ago, opting to be an owner rather than an employed physician was about finding the flexibility she didn’t have during her life as a resident. But, she said, starting her career as a physician owner hasn’t been without its headaches.
“There’s so much more autonomy over your own daily life, which is phenomenal,” Dr. Ring said. “Some of the frustrations are the things that we don’t learn as medical students or residents. Figuring out how to run a practice is pretty challenging.”

Physicians working for physicians

The report indicates that “most physicians—55.8 percent in 2016—continue to work in practices that are wholly owned by physicians. This category includes the physicians who have an ownership stake in the practice as well as the employed physicians and independent contractors who work for them.”

While there was a small uptick in the number of physicians working at practices with more than 50 physicians—13.8 percent in 2016, up from 12.2 percent in 2012—the majority (57.8 percent) are still practicing in offices with 10 or fewer physicians. The most common practice type remains the single-specialty group, with 42.8 percent of physicians working in such arrangements in 2016. The second most popular form of practice setting was the multispecialty group, with 24.6 percent of physicians working in such settings.

With that, the structure of Dr. Ring’s office isn’t atypical. She works alongside five physicians in a single-specialty group. Four of those doctors are partners and one, a former partner, works half-time as a salaried physician.

“I wasn’t looking for a huge conglomerate,” Dr. Ring said. “I wanted to be able to know all my colleagues. I wanted to know who else would be caring for my patients when I wasn’t on call and when I was out of town. That was really important for me.”

Hospital employment levels off

After seeing an increase between 2012 and 2014, the number of physicians working directly for hospitals or in practices that were at least partially owned by hospitals leveled off at 32.8 percent in 2016. According to a recent Medscape article, consultants said the slowdown is related to hospitals having “as many practices as they can handle at this point.” Instead, hospitals’ focus has shifted to doing “a better job of organizing what they have.”

The AMA offers its members detailed guidance on the different practice arrangements available to physicians. The newest resource (login required) helps physicians determine whether this kind of setting is the right practice option for them. The guide covers types of physician-led integrated health systems; tips for assessing the performance of a system; checklists to help determine whether an integrated system is the right fit; and alignment options for independent or small practices.