

Shifts away from smaller and private practices pick up speed

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What's the news: Most U.S. physicians providing patient care are working outside doctor-owned medical practices, according to data the AMA collected from 3,500 physicians in the 2020 Physician Practice Benchmark Survey conducted last fall.

The AMA Policy Research Perspectives report, "Recent Changes in Physician Practice Arrangements: Private Practice Dropped to Less Than 50 Percent of Physicians in 2020," marks the first time the share of physicians in private practices has dropped below 50% since the AMA analysis of these practice arrangements began in 2012.

The AMA survey data show 49.1% of patient care physicians worked in physician-owned practices, down from 54% of physicians in the 2018 AMA survey. The drop of nearly five percentage points is the largest two-year change measured since the AMA survey began in 2012. The ongoing shift toward larger practice size also appears to have accelerated between 2018 and 2020. The share of physicians in practices with at least 50 physicians rose from 14.7% in 2018 to 17.2% in 2020, also the largest two-year change measured by the AMA survey since 2012.

"There are several contributing factors to the ongoing shifts in practice size and ownership that include mergers and acquisitions, practice closures, physician job changes, and the different practice settings chosen by younger physicians compared to those of retiring physicians," said AMA President Susan R. Bailey, MD.

"To what extent the COVID-19 pandemic was a contributing factor in the larger than usual changes between 2018 and 2020 is not clear. Physician practices were hit hard by the economic impact of the early pandemic as patient volume and revenues shrank while medical supply expenses spiked," Dr. Bailey added. "The impact of these economic forces on physician practice arrangements is ongoing and may not be fully realized for some time."

Why it's important: The new AMA analysis illustrates the wide variety of practice types, sizes and ownership arrangements in which physicians work. Due to this diversity, no single practice type, size

or ownership structure can or should be considered the typical physician practice, according to the analysis.

Private practices have been under intense pressure for years, and the COVID-19 pandemic has exacerbated financial strain and highlighted the extensive regulatory burdens faced by physician practice owners. Learn about AMA advocacy, resources and research to help make private practice a viable option for physicians.

Despite the trend toward larger practices, most physicians (53.7%) still work in small practices of 10 or fewer physicians, says the new AMA report. This share has fallen continuously from 61.4% in 2012. The survey found that physicians 55 and older were more likely to work in small practices than physicians under 40. The large difference between age groups suggests that one reason for the shift in practice size is that retiring physicians who leave small practices are not being replaced on a one-for-one basis by younger physicians. The same reason also appears to be a factor in the shift in practice ownership.

Read about the AMA's new support for private practices in a challenging landscape.

Learn more: It takes the same kind of astute judgement and effective collaboration with colleagues to succeed in an independent setting that it does to successfully care for patients, and the AMA offers the resources and support physicians need to start and sustain success on the path to private practice .?

The new AMA Private Practice Physicians Section seeks to preserve the freedom, independence and integrity of private practice so that physicians who choose to practice in that setting can provide compassionate personal medical care for their patients.