Policy Research Perspectives

Recent Changes in Physician Practice Arrangements: Private Practice Dropped to Less Than 50 Percent of Physicians in 2020

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Introduction

Using data from the American Medical Association's (AMA's) Physician Practice Benchmark Surveys, this Policy Research Perspective (PRP) describes how physicians' practice arrangements have changed since 2012. It includes data up through the 2020 Benchmark Survey which was fielded in September and October 2020, roughly six months into the COVID-19 pandemic.

Although the 2020 data are largely consistent with observed trends since 2012, the magnitude of the changes since 2018 suggest that the shifts toward larger practices and away from physician-owned practices have accelerated. The Benchmark Survey data also make apparent the wide range of practices in which physicians work. No single practice type, ownership structure, or size can or should be considered the typical physician practice.

2020 was the first year in which less than half (49.1 percent) of patient care physicians worked in a private practice—a practice that was wholly owned by physicians. This marks a drop of almost 5 percentage points from 2018, when 54.0 percent of physicians worked in physician-owned practices, and a drop of 11 percentage points since 2012. In 2020, almost 40 percent of physicians worked directly for a hospital or for a practice at least partially owned by a hospital or health system.

The shift toward larger practice size, which has been ongoing for many years, also appears to have accelerated between 2018 and 2020. The percentage of physicians in practices with at least 50 physicians increased from 14.7 percent in 2018 to 17.2 percent in 2020.

Fifty percent of physicians were employed, 44.0 percent had an ownership stake in their practice, and 5.8 percent were independent contractors in 2020. The employee percentage was up from 47.4 percent in 2018 and 41.8 percent in 2012.

Data and methods

The AMA's Physician Practice Benchmark Surveys are nationally representative surveys of post-residency physicians who provide at least 20 hours of patient care per week, are not employed by the federal government, and practice in one of the 50 states or the District of Columbia. The Benchmark Surveys have been conducted in every other year starting in 2012. The samples for the last four surveys were drawn from the M3 Global Research panel.[1] At the time of the 2020 Benchmark Survey there were approximately 34,000 verified and "active" physicians in the M3 panel who met the survey eligibility criteria laid out above.[2]

Physicians' eligibility for the Benchmark Survey was determined based on AMA Physician Masterfile variables present in the M3 data.[3] These variables indicate whether physicians met the characteristics described above such as the state in which they were located. Eligible physicians who were selected for participation in the survey received an email invitation from M3 that included a unique link to the survey. Upon starting the survey each physician was presented with a series of screener questions to ensure that he or she met the eligibility criteria.[4] The survey was conducted in September and October 2020 and the final data included 3500 physicians with a response rate of 38 percent.

The Benchmark Survey's sample selection and weighting methodology was slightly altered in 2020 to improve specialty representation. In every year of the Survey, respondents are closely monitored by M3 to ensure that their characteristics, including specialty, line up closely with the physician population in the Masterfile.[5] There are over 250 "primary specialties" reflected on the Masterfile and, in the past, we mapped each of them to one of 13 broad specialty categories. In the 2020 survey, we targeted and monitored larger subspecialties within each of those categories. In total, we tracked 44 specialty categories rather than 13.[6]

The weighting methodology and the survey weights themselves were constructed by NORC at the University of Chicago to reflect the probability of selection from the M3 panel into the sample and to adjust for non-resolution of eligibility status, differences between respondents and non-respondents, and differences between the distributions of the sample respondents and the population. Using eligible physicians in the AMA Masterfile as the population, weights accounted for age, gender,

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[1] The 2012 sample was drawn from the ePocrates panel. See Kane and Emmons (2013) for more information on the 2012 Benchmark Survey.

[2] The definition of an "active" panel member is based on criteria set by the International Organization for Standardization (ISO).

[3] Established by the AMA in 1906, the Masterfile includes significant education, training and professional certification information on virtually all Doctors of Medicine (MD) and Doctors of Osteopathic Medicine (DO) in the United States, Puerto Rico, Virgin Islands and certain Pacific Islands. See https://www.ama-assn.org/physician-data-privacy for more information. M3 licenses the AMA Masterfile data and merges it with its panel member data.

[4] 7.8 percent of the physicians who started the survey were found to be ineligible. Federal employment was given most often as a reason for ineligibility, followed by seeing patients for fewer than 20 hours per week. Neither piece of information is available in the Masterfile.

[5] In addition to specialty, respondents are also monitored for alignment based on age, gender, whether an AMA member, census region, and present employment (an AMA Masterfile variable with broad practice type categories).

[6] We estimate that the change in weighting methodology had only a very minor impact on survey results, well under half a percentage point change for practice arrangement estimates in most specialties.

whether the physician was an AMA member, present employment, census region, and specialty. All estimates presented here are weighted.

Measurement of practice arrangements in the Benchmark Surveys

The 2020 Benchmark Survey collected information on five aspects of physician practice arrangements:

- whether physicians are owners, employees, or independent contractors with their main practice (employment status);
- the type of practice in which they work (practice type);
- the number of physicians in their main practice (practice size);
- the ownership structure of their main practice (practice ownership); and
- the business structure of their main practice.

During the survey, physicians self-identify whether they are owners, employees, or independent contractors in their main practice. Of all the characteristics described in this report, employment status is the only one that focuses on the individual physician rather than on the practice in which he or she works.

In the survey, physicians indicate which one of nine categories best describes their main practice: solo practice, single specialty group practice, multi-specialty group practice, faculty practice plan, hospital, ambulatory surgical center, urgent care facility, health maintenance organization (HMO)/managed care organization (MCO), and medical school.

Physicians who indicate that their main practice is a hospital are asked to clarify whether they work *directly for a hospital* or for a practice *owned by a hospital*. Physicians who work directly for a hospital fall under the “direct hospital employee/contractor” category in the exhibits in this report. Physicians who indicate that they work for a practice owned by a hospital are asked a second time to identify their practice type (this time excluding the hospital category) and are categorized in this report according to that response.

For practice ownership structure, physicians are presented with six options: wholly owned by one or more physicians in the practice; wholly owned by a hospital, hospital system, or health system; jointly owned between physicians and a hospital, hospital system, or health system; wholly owned by an HMO/MCO; wholly owned by a not-for-profit foundation; and wholly or jointly owned by a private equity firm. Physicians who fall into the direct hospital employee/contractor category for practice type remain in that category for practice ownership structure. The private equity option was added in 2020.

For the first time in 2020, physicians in private practice were asked about their practice’s business structure with the following options: sole proprietorship, limited partnership or limited liability partnership (partnership hereafter), limited liability company (LLC), C corporation, and S corporation. The practice type, ownership structure, and business structure questions also allowed for fill-in responses.

Employment status

The AMA has been conducting nationally representative physician surveys since the early 1980s. Over this period there has been an almost continuous shift from physicians as practice owners to physicians as employees (Kane, 2019) and the last two years were no exception. In 2020, 50.2 percent of physicians were employees compared to 47.4 percent in 2018 and 41.8 percent in 2012 (Exhibit 1). Forty-four percent of physicians had an ownership stake in their practice in 2020, down over 9 percentage points since 2012 when 53.2 percent of physicians were owners. The percentage of physicians who worked as independent contractors has been steady, fluctuating in the narrow band between 5.0 percent (2012) and 6.7 percent (2018).

As we have found in previous years, women physicians and younger physicians are more likely than male physicians and older physicians to be employed (Exhibit 2). In 2020, 56.5 percent of women physicians were employed compared to 46.7 percent of men. Forty-two percent of physicians age 55 and older were employed compared to 51.2 percent of physicians age 40-54 and 70.0 percent of physicians under the age of 40.

Across physician specialty, the percentage of physicians who were employed ranged from less than 40 percent of surgical subspecialists and radiologists to around 58 percent of pediatricians and family medicine physicians (Exhibit 3). The differences across specialty in ownership were wider than that, ranging from less than 30 percent of emergency medicine physicians who had an ownership stake in their practice to more than 60 percent of surgical subspecialists. Independent contractors accounted for less than 10 percent of physicians in all specialty groups except emergency medicine, where more than 20 percent of physicians had that employment status, and anesthesiology and psychiatry, where more than 10 but less than 15 percent did.

Practice type

Changes in practice type between 2012 and 2020 were smaller than the changes in physician employment status (Exhibit 1). In 2020, single specialty group practice accounted for the largest share of physicians (42.6 percent). Although there was a slight decrease in the prevalence of this practice type between 2012 (45.4 percent) and 2014 (42.2 percent), it has changed little since then. The next largest share of physicians—26.2 precent—were in multi-specialty practice. This practice type had a small increase in share between 2012 and 2014 but also experienced little change after that year.

Fourteen percent of physicians were in solo practice in 2020. This practice type has also become less prevalent, decreasing in share from 18.4 percent in 2012. This is a result of small changes from one survey year to the next. Nine percent of physicians worked directly for a hospital in 2020. This share was up from 5.6 percent in 2012, also the result of small changes over time.

There are wide differences across physician specialty in solo practice and single specialty practice (Exhibit 4). The share of physicians in single specialty practice was at its highest in radiology (52.8 percent) and anesthesiology (55.2 percent) and lowest in general internal medicine (27.0 percent). The share of physicians in solo practice was at its highest in psychiatry (25.6 percent) and its lowest (below 5 percent) in emergency medicine and radiology. The differences across specialty in multi-

specialty practice were narrower, with the prevalence of this practice type at its lowest (between 16 and 20 percent) in emergency medicine, psychiatry, and anesthesiology and its highest (between 30 percent and 34 percent) in general internal medicine, general surgery, and family medicine.

Emergency medicine is the only specialty in which more than twenty percent of physicians worked directly for a hospital. This share ranged between 5 percent and 13 percent in all other specialties except family medicine, where only 1.6 percent of physicians worked directly for a hospital.

Practice size

In 2020, about one-third (33.6 percent) of physicians worked in practices with fewer than 5 physicians (Exhibit 5). Another 20.0 percent worked in practices with 5 to 10 physicians, for a total of 53.7 percent who worked in practices with 10 or fewer physicians. Since 2012 the share of physicians in small practices has fallen continuously, with 61.4 percent of physicians in practices with 10 or fewer physicians in 2012 and 56.5 percent in 2018. This appears to be driven by movement away from the smallest practices, those with fewer than 5 physicians. The share of physicians in practices with at least 50 physicians increased from 12.2 percent in 2012 and 14.7 percent in 2018 to 17.2 percent in 2020. In contrast, the percentage of physician in mid-sized practices has remained relatively stable over this period.

To better understand the shift away from small practice size, this year's report includes a new exploration of how practice size varies across physicians in different age groups (Exhibit 6). More than 60 percent of physicians age 55 and older worked in practices with 10 or fewer physicians. In contrast, only 40.9 percent of physicians under the age of 40 worked in similarly sized practices and 38.1 percent worked directly for a hospital or in a practice with 50 or more physicians. This 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 after they finish their residency programs.

Practice ownership

2020 was the first year in which less than half (49.1 percent) of physicians worked in practices that were wholly owned by physicians (i.e., private practice) (Exhibit 7). This percentage includes the physicians who are private practice owners (38.4 percent of all physicians), the employed physicians who work for them (8.2 percent), and the physicians who are on contract with the practice (2.5 percent). This share has steadily declined since 2012 when 60.1 percent of physicians were in private practice and reflects an almost 5 percentage point drop since 2018 when 54.0 percent of physicians were in private practice.

As the number of physicians in private practice has fallen, the share of physicians who work directly for a hospital or for a practice at least partially owned by a hospital or health system has increased. Nine percent of physicians worked directly for a hospital (as either an employee or a contractor) in 2020 compared to 5.6 percent in 2012. Twenty percent of physicians worked in practices wholly owned by a hospital in 2020 compared to 14.7 percent in 2012. Including physicians who worked in practices that had joint ownership by physicians and a hospital system—whose numbers remained steady at around 6 to 7 percent—as well as physicians who were unsure of whether their practice

was wholly or jointly owned, the share of physicians working directly for a hospital or for a practice at least partially owned by a hospital or health system increased from 29.0 percent in 2012 to 39.8 percent in 2020.

In the 2020 Benchmark Survey an option for private equity was added in the practice ownership question. Four percent of physicians indicated that their practice was owned by a private equity firm. Although this was not an explicit option prior to 2020, based on other "fill in" responses to the ownership question, this share was about 2 percent in 2018. Thus, part of the decrease between 2018 and 2020 in the percentage of physicians in the "other" category may be due to physicians selecting "private equity" who would have otherwise selected "other."

There were differences in practice ownership across physician specialty. In most specialties, the percentage of physicians in private practice fell in the range between 44.1 percent (internal medicine subspecialists and psychiatrists) and 55.4 percent (radiologists) with only surgical specialists (66.1 percent) or emergency medicine physicians (33.6 percent) either higher or lower (Exhibit 8). Private equity ownership remained well under 10 percent in all specialties except emergency medicine and anesthesiology where it was between 10 and 15 percent (data not shown).

Fifty-five percent of physicians age 55 and over but only one-third of physicians under the age of 40 worked in a private practice in 2020 (Exhibit 6). As with practice size, the age of physicians in private practice and the career choices of younger physicians may be a contributing factor to the decrease in private practice.

Business ownership structure

New in the 2020 Benchmark Survey physicians in private practice were asked about their business structure. A practice's business structure determines how (and much) taxes are paid and the liability of practice owners (Small Business Association, 2021; Medscape, 2021). Together, two business structures accounted for over half of physicians in private practice: limited liability companies (LLCs) (27.8 percent) and S corporations (24.7 percent) (Exhibit 9). Fifteen percent of physicians in private practice indicated that that their business was a C corporation. The share of physicians in partnerships and in sole proprietorships were similar, each around 10 percent. To our knowledge, this report provides the only available data on this aspect of private practice.

The choice of business structure varied greatly according to the number of physicians in the practice. S corporations appeared to be favored by very small practices (i.e., those with fewer than 5 physicians) and LLCs by larger practices.

In private practices with fewer than 5 physicians, the S corporation was the predominant model, with 32.3 percent of physicians reporting that this was their practice's business structure. Almost one-quarter (24.1 percent) of physicians in this size category were in an LLC followed by 18.7 percent in a sole proprietorship, 11.1 percent in a C corporation, and 5.1 percent in a partnership.[7]

[7] Physicians in solo practice were about equally likely to organize as a sole proprietorship or S corporation; approximately 33 percent were in each of the two models. Nineteen percent of physicians in solo practice were in an LLC and 9.1 percent in a C corporation (data not shown).

In practices with five or more physicians the prevalence of the S corporation model dropped off and LLCs became the prevailing model. In the next three largest practice size categories (practices with 5 to 10 physicians, 11 to 24 physicians, and 25 to 49 physicians) between 33 and 36 percent of physicians were in a practice structured as an LLC. The distribution of the remaining physicians among C corporations, S corporations, and partnerships depended on practice size.

It is more difficult to characterize the business structure of the very largest private practices (those with 50 or more physicians) because many physicians (21.5 percent) were not aware of this aspect of their practice. One reason for the greater uncertainty in this practice size category is that a relatively high percentage of its physicians are employees; being an employee rather than an owner is often associated with lowered awareness of decisions made at the practice level, such as choice of business structure.

Discussion

Based on data from the AMA's Physician Practice Benchmark Surveys, this Policy Research Perspective highlights the wide variety of practice types, sizes, and ownership arrangements in which physicians work. It also describes the changes in each of these attributes over the 2012 to 2020 period. Although the 2020 data are largely consistent with observed trends since 2012, the magnitude of the changes since 2018 suggest that the shifts toward larger practices and away from physician-owned practices have accelerated.

In 2020, 50.2 percent of physicians were employees, up from 41.8 percent in 2012 and 47.4 percent in 2018. Forty-four percent of physicians had an ownership stake in their practice compared to 53.2 percent in 2012, and 5.8 percent were independent contractors. The changes between 2012 and 2020 reflect the continuation of a longer-term shift from physicians as practice owners to physicians as employees of practices or of other organizations (Kane, 2019).

Four practice types account for the vast majority (over 90 percent) of physicians. Forty-three percent of physicians worked in single specialty practices in 2020, 26.2 percent in multi-specialty practices, 14.0 percent in solo practice, and 9.3 percent worked directly for a hospital. The shares of physicians in single and multi-specialty practice, although there were small changes between 2012 and 2014, have remained relatively stable since 2014. In contrast, the share of physicians in solo practice has dropped gradually from 18.4 percent in 2012 and the share of physicians who work directly for a hospital has increased from 5.6 percent in 2012.

Changes in practice size and practice ownership between 2018 and 2020, while reflecting already ongoing trends, were larger than in the past. Between 2018 and 2020, the share of physicians in practices with at least 50 physicians increased from 14.7 percent to 17.2 percent. In 2020, 53.7 percent of physicians worked in practices with 10 or fewer physicians (33.6 percent in practices with fewer than 5, and 20.0 percent in practices with 5 to 10). This was down from 61.4 percent of physicians in practices with 10 or fewer physicians in 2012 and 56.5 percent in 2018.

2020 was the first year in which less than half (49.1 percent) of physicians worked in private practice—practices wholly owned by physicians. This marked an 11 percentage point decrease from 60.1 percent in 2012 and an almost 5 percentage point drop from 54.0 percent in 2018. As the

number of physicians in private practice has fallen, the share of physicians who work directly for a hospital or for a practice at least partially owned by a hospital or health system has increased, changing from 29.0 percent in 2012 to 39.8 percent in 2020.

New in the 2020 survey we explicitly asked about private equity as a form of practice ownership. Four percent of physicians indicated their practice was owned by a private equity firm. Private equity ownership remained well under 10 percent in all specialties except emergency medicine and anesthesiology where it was between 10 percent and 15 percent.

This report also provides a unique look at the business structure of private practice—information not elsewhere available. Together, two business structures accounted for over half of physicians in private practice: limited liability companies (27.8 percent) and S corporations (24.7 percent). Fifteen percent of physicians in private practice indicated that their business was a C corporation. The share of physicians in partnerships and in sole proprietorships were similar, each around 10 percent.

There are several mechanisms through which the distribution of physicians could have shifted toward larger practices and those owned by hospitals or health systems. These include mergers and acquisitions among practices (or acquisition of a practice by a system), practice closures, physician job changes, and new physicians entering practice in settings different than those from which retiring physicians are leaving.

Announced mergers and acquisitions among practices increased from about 30 per year in the early 2000s, to 70 in 2012, 100 in 2015, and well over 200 in 2018 and 2019 (Irving Levin, 2007, 2017, 2021). Fewer were announced in 2020 due to a large dip in the second quarter, most likely related to the COVID-19 pandemic.

Research that examined practice consolidation over the 2007 to 2013 period found that growth of the largest practices (those with more than 100 physicians) was driven by the acquisition of small practices with fewer than 10 physicians and the hiring of new physicians (job changes) rather than the acquisition of practices with 10 or more physicians (Dranove, 2017). Although covering an earlier time period, this is consistent with the Benchmark survey findings that show stability in the percentage of physicians in mid-sized practices. The Benchmark Survey data also suggest that the initial career choice decisions made by new physicians are different than those made by retiring physicians, and that this wedge is a contributor to the decline in private practice and in small practice. Recent research has also found an increase in *affiliation* with a health system (a looser arrangement than the system ownership that is tracked in the Benchmark Survey) between 2016 and 2018 (Kimmey et al., 2021; Furukawa et al., 2020).

Practice closures, if more common among smaller practices or physician-owned practices, would also shift the distribution of physicians to larger practice sizes and practices owned by a hospital or health system. Unfortunately, there are not any readily available data sources with which to assess the extent to which practice closures are a determinant of longer-term trends.

Research on the acquisition of physician practices by private equity firms is an emerging topic and only one paper allows for a cross-specialty estimate of the percentage or number of physicians who work for private equity firms. Zhu et al. (2020) estimate that private equity firms acquired 355

physician practices (that included 5714 physicians) between 2013 and 2016, with the number of acquired practices (physicians) increasing from 59 (843) to 136 (1882) between those two years. This amounts to about 1 percent of actively practicing physicians working for private equity firms by 2016 (but excludes physicians who were already working for private equity firms prior to 2013). Data on practice acquisitions also show an uptick in private equity ownership. The percentage of practice acquisitions that were by a private equity firm increased from 34 percent in 2016 to 77 percent in 2019 (with a slight drop in 2020 to 72 percent) (Irving Levin, 2021).

To what extent the COVID-19 pandemic was a factor in the larger than usual changes in practice size and ownership between 2018 and 2020 is not clear. Although physician surveys during the early months of the pandemic demonstrated very large decreases in patient visits and the related financial stress that physician practices were under (AMA, 2020), none suggested widespread and permanent practices closures. In addition, merger and acquisition activity was down in 2020 compared to in 2019 (Irving Levin, 2021). As previously noted, practice closures or individual physician job change decisions may have been impacted by the pandemic and even concentrated among smaller and private practices, but, as with the longer-term impact of these forces, the data with which to address their prevalence and impact in the short term is lacking.

To better understand the very near-term impact of the COVID-19 pandemic, the 2020 Benchmark Survey concluded with retrospective questions targeted to physicians in practices that were private equity owned or at least partially owned by a hospital or health system. When asked, only 1 percent of those physicians (or well under half a percentage point of all physicians) indicated that their practice had been physician-owned just prior to the start of the pandemic; even fewer attributed that change in ownership to the pandemic. This suggests that the pandemic's contribution to the almost 5 percentage point drop in share of physicians in private practice between 2018 and 2020 was small. Indeed, much of the period between the two survey years preceded the start of the pandemic. However, spending on physician services at the end of 2020 remained 7 percent below its pre-pandemic level (Bureau of Economic Analysis, March 2021). This leaves open the possibility that the impact of the pandemic on physician practice arrangements is ongoing and may not be fully realized until later in 2021.

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Exhibit 1. Distribution of physicians by employment status and type of practice [1]

	2012	2014	2016	2018	2020
Employment status					
Employee	41.8%	43.0% [a]	47.1%	47.4% [b]	50.2% [a]
Owner	53.2% [b]	50.8% [a]	47.1%	45.9%	44.0% [a]
Independent contractor	5.0% [b]	6.2%	5.9%	6.7%	5.8%
	100%	100%	100%	100%	100%
Type of practice					
Solo practice	18.4%	17.1%	16.5% [c]	14.8%	14.0% [a]
Single specialty group	45.4% [a]	42.2%	42.8%	42.8%	42.6% [b]
Multi-specialty group	22.1% [a]	24.7%	24.6%	25.2%	26.2% [a]
Direct hospital employee/contractor	5.6% [a]	7.2%	7.4%	8.0% [c]	9.3% [a]
Faculty practice plan	2.7%	2.8%	3.1%	3.0%	2.9%
Other [2]	5.8%	5.9%	5.7%	6.2% [b]	5.0%
	100%	100%	100%	100%	100%
N	3466	3500	3500	3500	3500

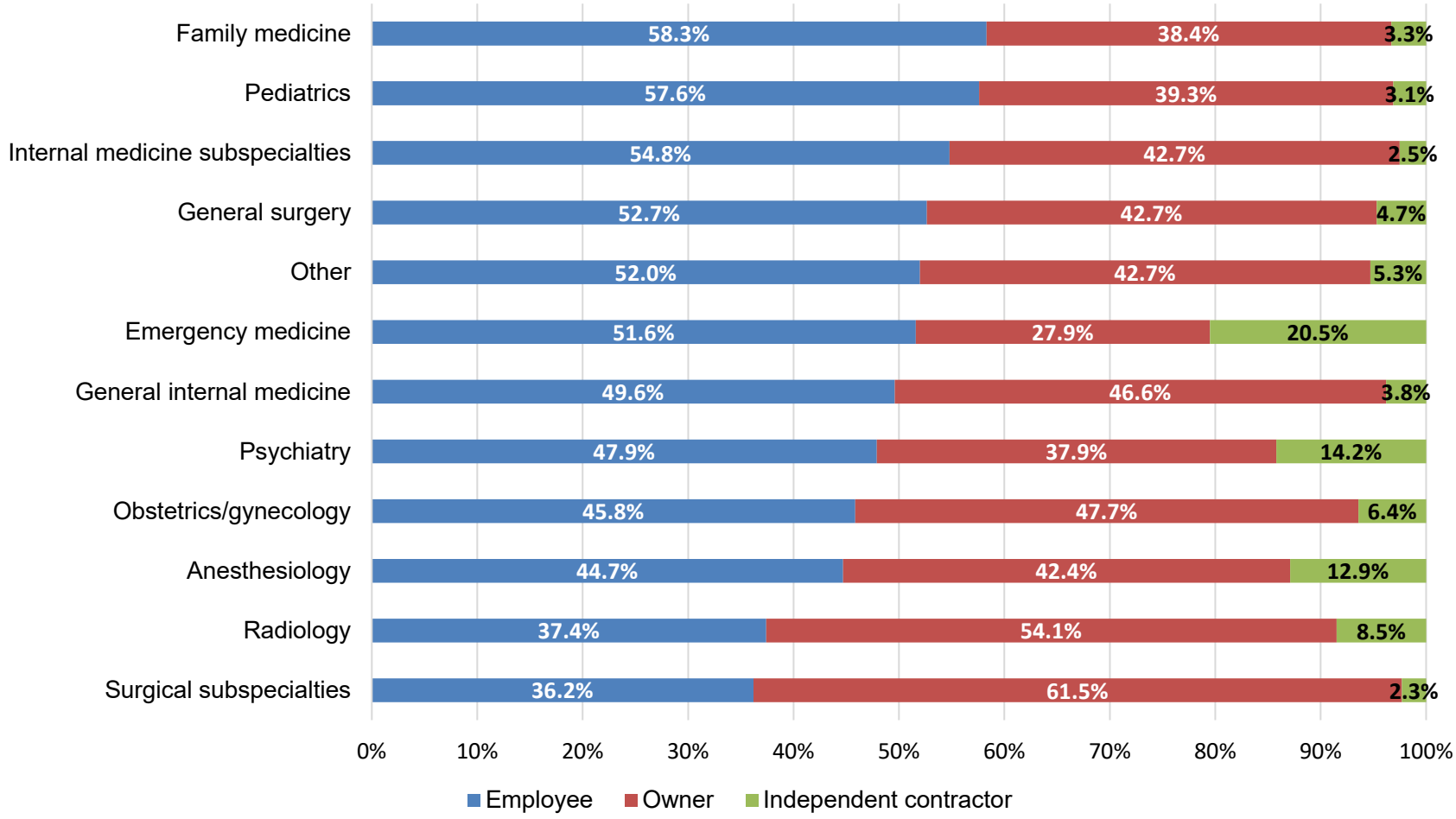
Source: Author's analysis of AMA Physician Practice Benchmark Surveys.
Notes: [1] Significance tests are for changes within employment status or type of practice category. 'a' is p<0.01, 'b' is p<0.05, and 'c' is p<0.10. Indications in each column are for that year and the one following except in the 2020 column where they are for 2012 and 2020. [2] Other includes ambulatory surgical center, urgent care facility, HMO/MCO, medical school, and fill-in responses.

Exhibit 2. Age and gender differences in employment status (2020)

	Gender		Age		
	Women	Men	Under 40	40 to 54	55+
Employment status					
Employee	56.5%	46.7% [a]	70.0%	51.2% [a]	42.2% [a]
Owner	36.7%	48.1% [a]	23.6%	43.7% [a]	51.6% [a]
Independent contractor	6.8%	5.3% [c]	6.4%	5.1%	6.2%
	100%	100%	100%	100%	100%
N	1228	2272	620	1438	1442

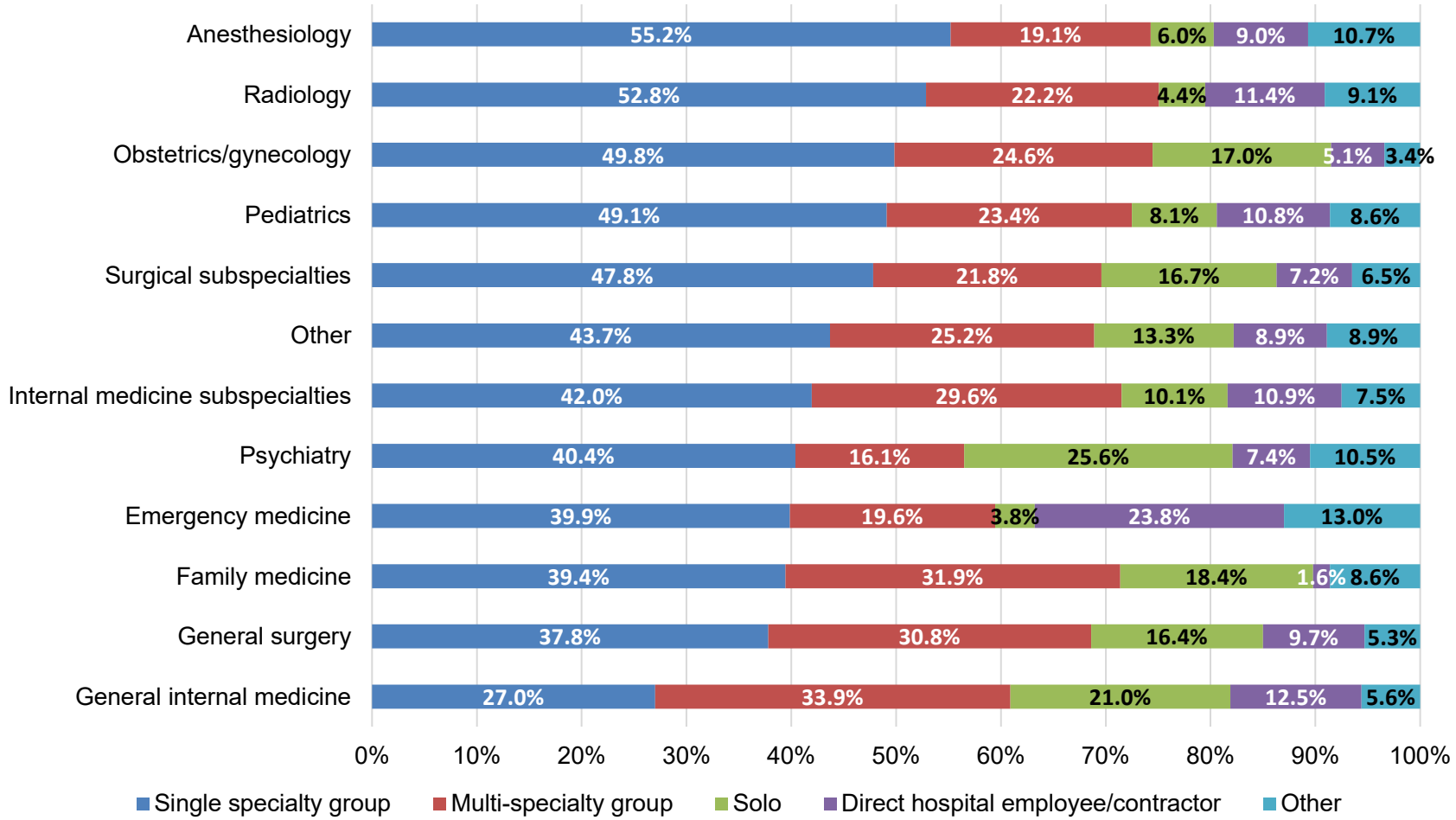
Source: Author's analysis of AMA 2020 Physician Practice Benchmark Survey.
Note: For gender, significance tests are within employment status category. For age, significance tests are shown relative to the under 40 category. 'a' is p<0.01, 'b' is p<0.05, and 'c' is p<0.

Exhibit 3. Distribution of physicians by employment status: specialty-level estimates (2020)



Source: Author's analysis of AMA 2020 Physician Practice Benchmark Survey

Exhibit 4: Distribution of physicians by practice type: specialty-level estimates (2020)



Source: Author's analysis of AMA 2020 Physician Practice Benchmark Survey

Exhibit 5. Distribution of physicians by practice size (number of physicians in practice) [1]

	2012	2014	2016	2018	2020
Practice size					
Fewer than 5 physicians	40.0%	40.9% [b]	37.9% [c]	35.7% [c]	33.6% [a]
5 to 10	21.4% [c]	19.8%	19.9%	20.8%	20.0%
11 to 24	13.4% [c]	12.1%	13.3%	12.7%	11.5% [b]
25 to 49	7.1%	6.3% [c]	7.4%	7.6%	7.8%
50+ physicians	12.2%	13.5%	13.8%	14.7% [a]	17.2% [a]
Direct hospital employee/contractor [2]	5.8% [a]	7.4%	7.7%	8.5% [c]	9.7% [a]
	100%	100%	100%	100%	100%
N	3326	3388	3381	3339	3353

Source: Author's analysis of AMA Physician Practice Benchmark Surveys.

Notes: [1] Significance tests are for changes within practice size category. 'a' is $p<0.01$, 'b' is $p<0.05$, and 'c' is $p<0.10$. [2] Indications in each column are for that year and the one following except in the 2020 column where they are for 2012 and 2020. [2] The percentage of physicians who are direct hospital employees/contractors is slightly larger in Exhibit 5 than in Exhibits 1 and 7 (e.g., in 2020, 9.7% compared to 9.3%). A few (less than 5 percent) physicians did not know how many physicians were in their practice and are excluded from the estimates in Exhibit 5. Because this makes the denominator in the practice size percentages smaller, it pushes the direct hospital employee/contractor percentage up compared to that in Exhibits 1 and 7.

Exhibit 6. Age differences in practice size and practice ownership (2020)

	Under 40	40 to 54	55+
Practice size			
10 or fewer physicians	40.9%	49.7%	61.4%
11-49 physicians	21.0%	21.1%	17.4%
50+ physicians or direct hospital employee/contractor	38.1%	29.2%	21.2%
	100%	100%	100%
N	589	1375	1389
Practice ownership			
Wholly owned by physicians (private practice)	33.8%	48.0%	55.4%
Not wholly owned by physicians	66.2%	52.0%	44.6%
	100%	100%	100%
N	620	1438	1442

Source: Author's analysis of AMA 2020 Physician Practice Benchmark Survey

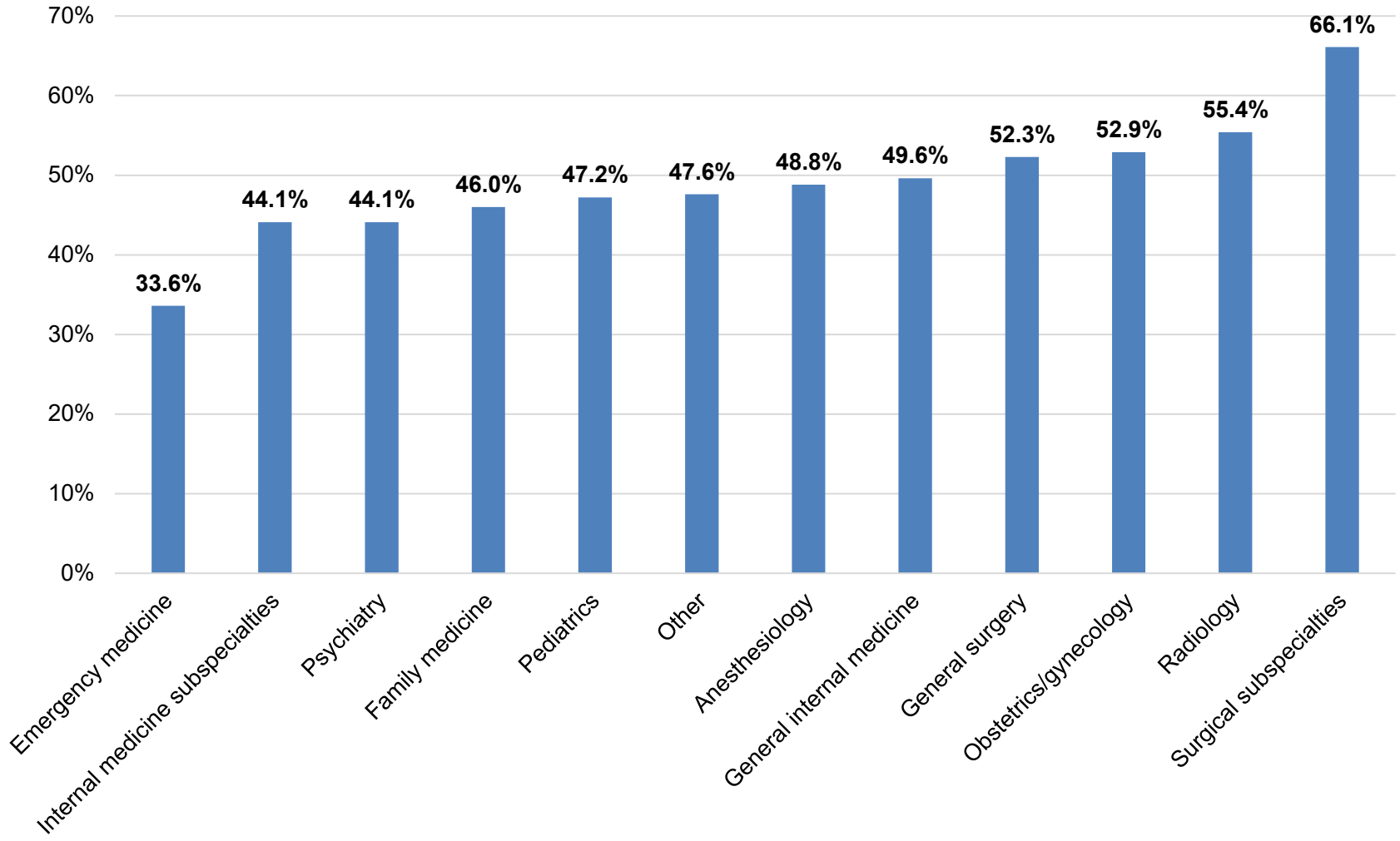
Exhibit 7. Distribution of physicians by practice ownership structure [1]

	2012	2014	2016	2018	2020
Wholly owned by physicians (private practice)	60.1% [a]	56.8%	55.8%	54.0% [a]	49.1% [a]
At least some hospital ownership	23.4% [b]	25.6%	25.4%	26.7% [a]	30.5% [a]
Wholly owned by hospital	14.7%	15.6%	16.1%	16.3% [a]	20.1% [a]
Jointly owned by physicians and hospital	6.0% [b]	7.3% [c]	6.2%	6.8%	6.4%
Unknown whether wholly or jointly owned	2.6%	2.7%	3.1%	3.5%	3.9% [a]
Direct hospital employee/contractor	5.6% [a]	7.2%	7.4%	8.0% [c]	9.3% [a]
Wholly owned by not-for-profit foundation	6.5%	6.4%	6.7%	6.3% [a]	4.7% [a]
Private equity	n/a	n/a	n/a	n/a	4.4%
Other [2]	4.4%	4.0%	4.7%	4.9% [a]	2.0% [a]
	100%	100%	100%	100%	100%
N	3466	3500	3500	3500	3500

Source: Author's analysis of AMA Physician Practice Benchmark Surveys.

Notes: [1] Significance tests are for changes within ownership structure category. 'a' is p<0.01, 'b' is p<0.05, and 'c' is p<0.10. [2] Indications in each column are for that year and the one following except in the 2020 column where they are for 2012 and 2020. [2] Other includes wholly owned by an HMO/MCO and fill-in responses.

Exhibit 8. Percentage of physicians in physician-owned practices (private practice): specialty-level results (2020)



Source: Author's analysis of AMA 2020 Physician Practice Benchmark Survey

Exhibit 9. Distribution of private practice physicians by business ownership structure (2020)

	All physicians	1 – 4	5 – 10	11 – 24	25 – 49	50+
Business ownership structure						
Limited liability company	27.8%	24.1%	33.6%	35.7%	33.4%	23.0%
S corporation	24.7%	32.3%	18.5%	19.2%	12.1%	14.5%
C corporation	14.8%	11.1%	20.1%	13.6%	23.4%	16.3%
Partnership	10.6%	5.1%	14.6%	19.0%	14.3%	19.7%
Sole proprietorship	9.6%	18.7%	0%	0%	0%	0%
Other	2.4%	2.2%	2.0%	1.3%	3.6%	4.9%
Don't know	10.1%	6.6%	11.3%	11.3%	13.3%	21.5%
	100%	100%	100%	100%	100%	100%
N	1738	900	344	187	131	161

Source: Author's analysis of AMA 2020 Physician Practice Benchmark Survey.

Note: A few physicians did not know how many physicians were in their practice. Thus, the sum of respondents across each of the size categories is less than the total (1738).

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