



Recent Changes in Physician Practice Characteristics

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PPPS June 5, 2021

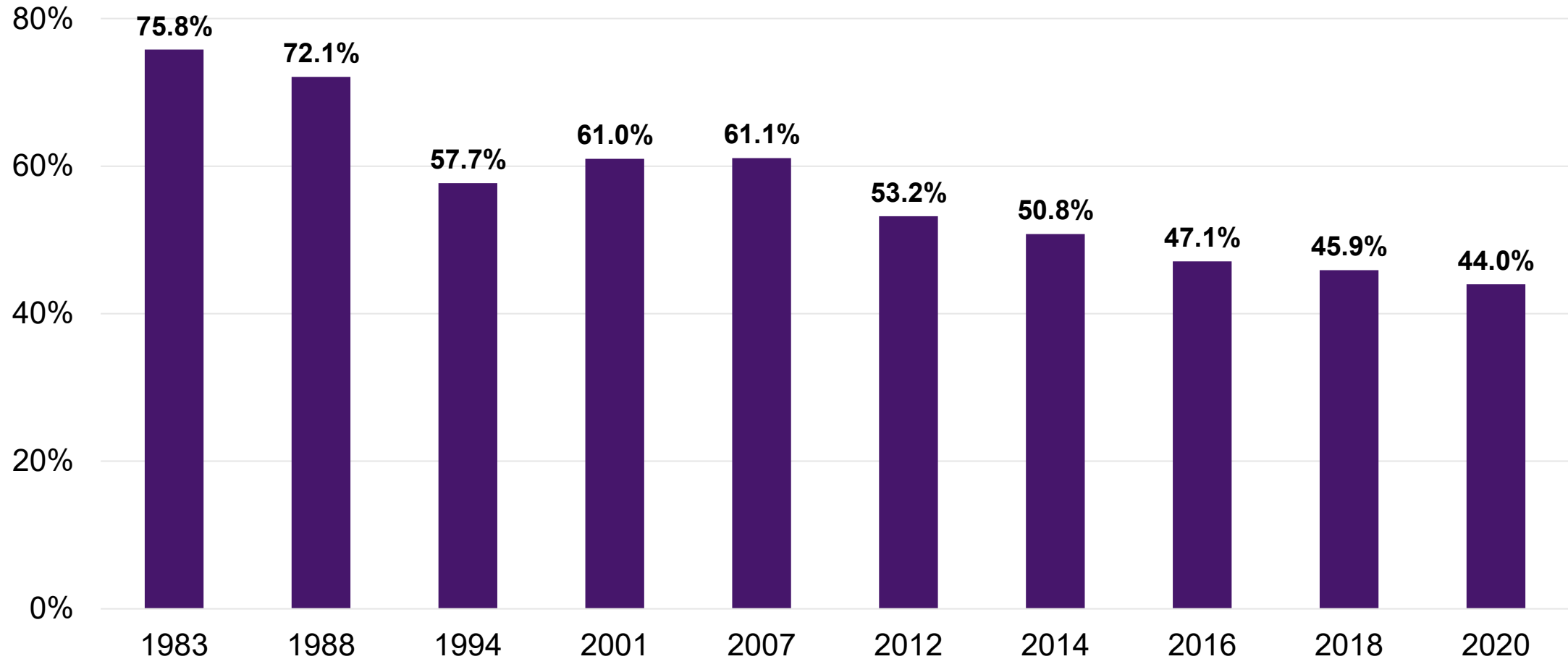
Today's agenda

- Physician-level characteristics
 - Employment status (owner, employee, or independent contractor)
- Practice-level characteristics
 - Practice type (e.g., solo, single specialty, multi-specialty)
 - Practice ownership structure (e.g., private practice)
 - Practice size (# of physicians)
 - Business ownership structure (e.g., limited liability company, S corporation)
- Impact of the pandemic on physician practices

AMA's Health Policy Group has a long history of surveying physicians on practice characteristics

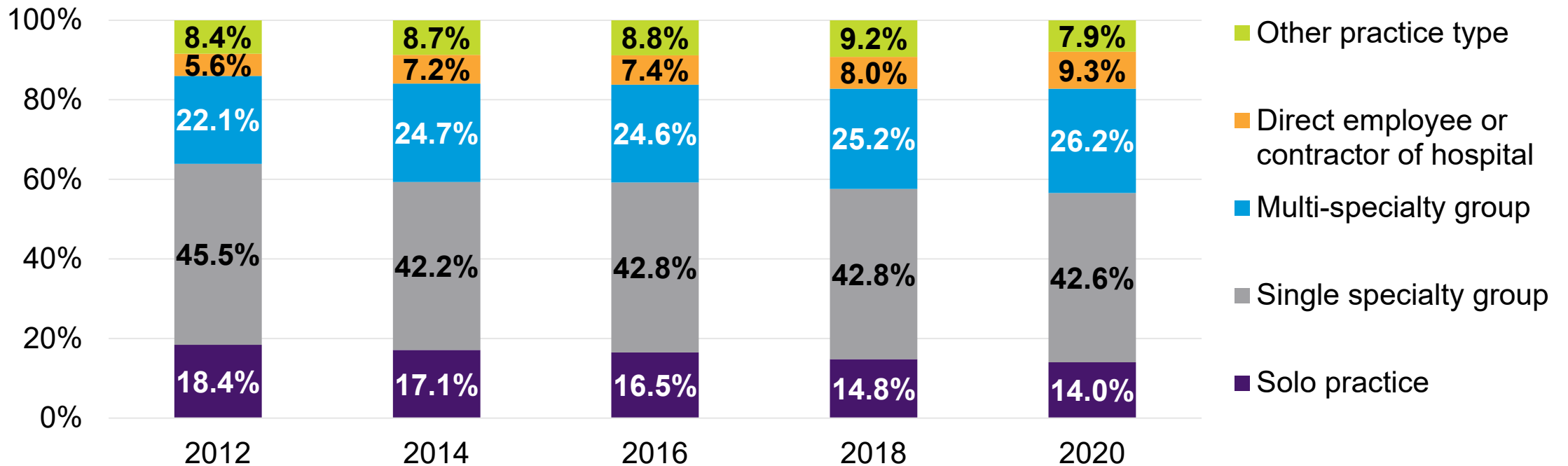
- Socioeconomic Monitoring System Survey (1982 – 2001)
 - Phone/mail
 - ~4000 physicians
- Physician Practice Information Survey (2007/2008)
 - Online/phone/fax
 - ~7500 physicians
- Physician Practice Benchmark Survey (even years, 2012 – 2020)
 - Online
 - 3500 physicians

Over the short and long terms: the percentage of physicians who own their practices has been falling



Since 2012: gradual shifts away from solo practice and toward direct employment/contracting with a hospital

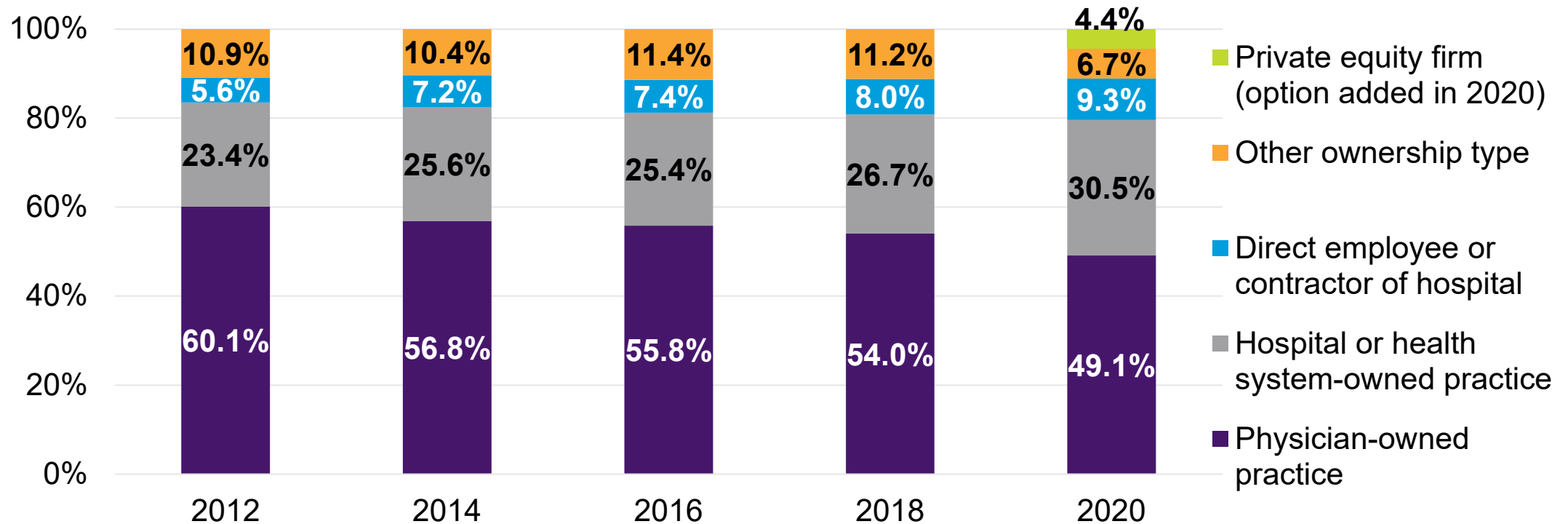
Percentage of physicians in each practice type category



- In the early 1980s, more than 40% of physicians were in solo practice.
- Data on group practice type are not available prior to 2012.

Since 2012: a sharp redistribution of physicians from physician-owned to hospital/health system-owned practices

Percentage of physicians in each ownership category

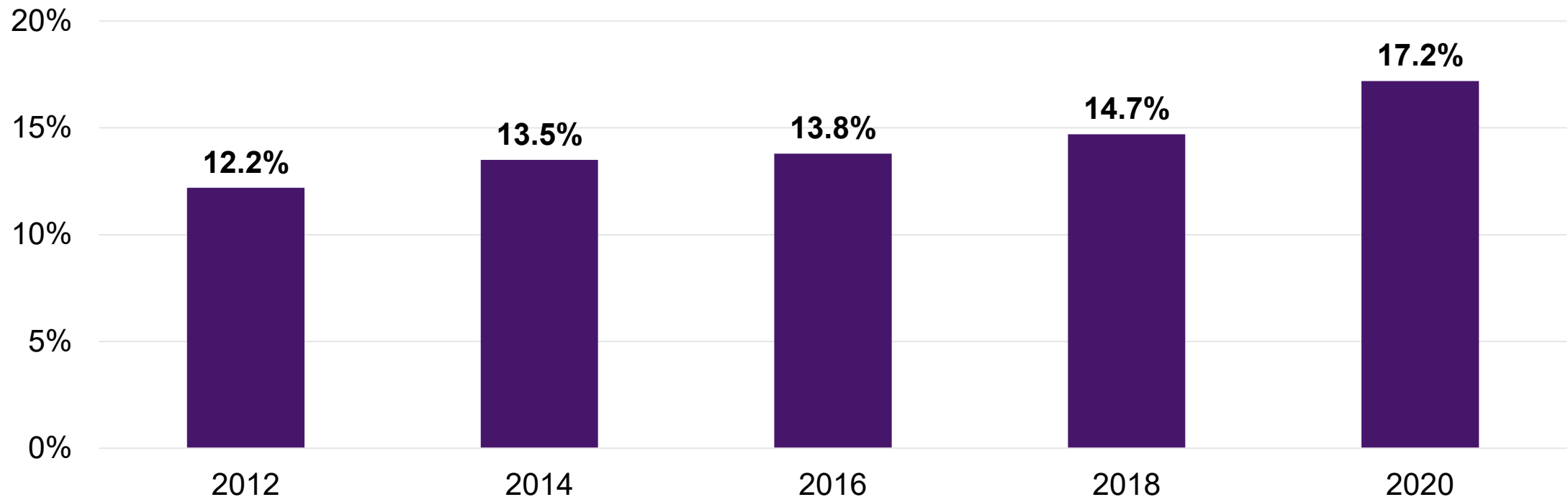


- 16% of physicians had an employment relationship with a hospital in 2007 but those data did not distinguish between direct employees of hospitals and employees of hospital-owned practices. No earlier estimates are available.

Who are the physicians in private practice?

- 49.1% of physicians were in private practice in 2020
 - 38.4% of physicians were owners of private practices
 - 8.2% of physicians were employees in private practices
 - 2.5% of physicians contracted with private practices

Since 2012: a gradual increase in the percentage of physicians who work in very large practices (50+ physicians)

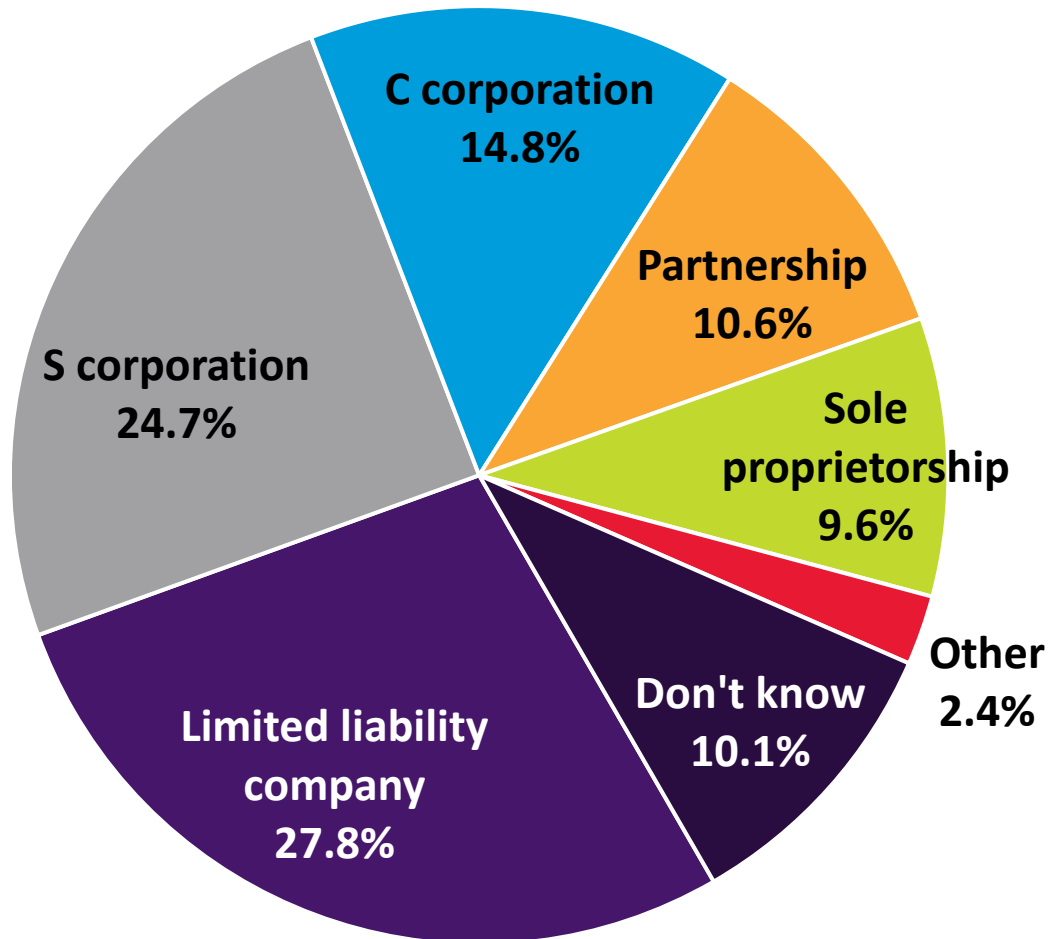


- Except for a decline in solo practice, the percentage of physicians in other practice sizes has remained relatively constant over this period.

Physicians in private practice are concentrated in small practices (2018 data)

	Physician-owned practices	Hospital/health system owned practices
	Percentage of physicians in size category	
Less than 5 physicians	53.5%	16.2%
5 to 10 physicians	21.2%	24.8%
11 to 24 physicians	11.0%	20.0%
25 to 49 physicians	5.7%	12.3%
50+ physician	8.6%	26.8%
	100%	100%

More than half of private practice physicians work in practices that are LLCs or S corporations



- New question in 2020.
- S corporations are favored by very small practices.
- LLCs are favored by larger practices.

Reasons for shifts to hospital/health system-owned practices and larger practices

- Increase in mergers and acquisitions among practices.
 - Announced mergers and acquisitions among practices increased from about 30 per year in the early 2000s to well over 200 in 2018 and 2019.
 - Research on practice consolidation 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.
- Career choices of new physicians differ from those of retiring physicians.
- Are practice closures more prevalent among private or smaller practices? Maybe. No data.

How were physician practices affected by the pandemic?

- An AMA survey from summer 2020 suggests similar revenue impacts for private practices and practices owned by a hospital/health system. Private practices had more difficulty acquiring PPE.
- Data on spending on physician services from the Bureau of Economic Analysis:
 - Total spending in 2020 (\$538.8 billion) was 5.8% lower than in 2019 (\$572.0 billion).
 - In April 2020 spending dropped 31.1% from the previous month.
 - Spending in Jan., Feb., and March 2021 grew 2.8%, 0.3%, and 1.1%.
- Data on employment in physician offices from the Bureau of Labor Statistics:
 - In April 2021 there were 28,900 fewer jobs than in Jan. 2020 (1.1% lower).
 - In April 2020 there were 292,900 fewer jobs than in Jan. 2020 (10.8% lower).
- Retrospective questions on the 2020 Benchmark Survey suggest that as of September 2020 the pandemic had little impact on the percentage of physicians in private practice.

Sources:

- *AMA Policy Research Perspectives* based on Benchmark Surveys
 - [Recent Changes in Physician Practice Arrangements: Private Practice Dropped to Less Than 50 Percent of Physicians in 2020](#)
 - [Updated Data on Physician Practice Arrangements: For the First Time, Fewer Physicians are Owners Than Employees](#)
- [Bureau of Economic Analysis](#)
- [Bureau of Labor Statistics](#)