



# Policy Research Perspectives

## Physician Compensation 2012-2022: Physicians Increasingly Compensated Through Multiple Methods

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### Introduction

This report is the latest installment from a series of Policy Research Perspectives by the American Medical Association (AMA) on the methods by which physicians are compensated. Data from the 2012-2022 AMA Physician Practice Benchmark Surveys are utilized to present both trends over the last decade as well as patterns in physician compensation across practice arrangements for 2022. Sixty-eight percent of physicians received at least some compensation from salary in 2022, up from 60.2 percent in 2012. On average, 55.0 percent of compensation came from salary in 2022, up from 50.1 percent in 2014. This was driven by physicians increasingly being compensated by a combination of salary and bonus (i.e., in 2012, only 18.3 percent of physicians received most of their income from salary and some from bonus, but by 2022, this increased to 27.1 percent). The physician population shifting away from ownership and towards employment (Kane, 2023) has impacted the increasing reliance on salary since physician owners are less likely than physician employees to be salaried. Nonetheless, the data show a 4 percentage point increase in owners receiving more than half their compensation from salary, suggesting the growing prominence of salary was not solely determined by changes in the physician population. Personal productivity factored into the compensation of 55.5 percent of physicians in 2022, up from 50.5 percent in 2012. However, the average share of compensation based on this method declined from 32.6 percent in 2014 to 29.6 percent in 2022. This is because personal productivity is increasingly being used in combination with other methods and is less likely to be the main component of physician compensation. To that point, the data show only 39.0 percent of physicians were compensated by a single method in 2022, compared to 51.8 percent in 2012. The report covers differences in these compensation methods across physician employment status, practice type, and specialty.

### Data and methods

The AMA Physician Practice Benchmark Survey is a biennial survey with nationally representative data on 3,500 physicians that provide patient care.<sup>1</sup> The survey was first administered in 2012 and most recently in 2022. Physicians were screened to ensure they provided at least 20 hours of patient care a week, have completed residency, and were not employed by the federal government at the

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<sup>1</sup> In 2012, 3,466 physicians were surveyed from the ePocrates physician panel. For the 2014-2022 iterations, 3,500 physicians were surveyed from the M3 physician panel.

time of the survey.<sup>2</sup> The surveys collect detailed information about the practice arrangements of physicians, including methods used to compensate physicians. Physicians were asked to indicate if salary, personal productivity, practice financial performance, bonus (unrelated to personal productivity or practice financial performance), and/or some other method factored into their compensation. Then, for each compensation method received, physicians were asked to indicate the percentage of their income that came from that method.<sup>3</sup> Physicians in solo practices were not asked this question because their compensation directly relates to practice financial performance (and, inherent to that, their productivity as well). As such, solo practitioners are excluded from this report and the term “physician” in this report refers only to non-solo physicians (i.e., physicians that answered the compensation questions).

### **Number of compensation methods**

When asked what methods factored into their compensation, physicians were able to indicate multiple methods. Exhibit 1 shows that, in 2022, only 39.0 percent of physicians were compensated by a single method while the remaining 61.0 percent were compensated by multiple methods. This reflects substantial changes from a decade prior. In 2012, 51.8 percent of physicians were compensated by a single method – 13 percentage points more than the 2022 rate. There was a 5 percentage point increase in the percentage of physicians compensated by 2 methods and an 8 percentage point increase for compensation by 3 or more methods. Not only are practices more frequently using a blend of methods to compensate physicians, but complexity in the compensation structure may also be increasing as the use of 3 or more methods is growing faster than the use of 2 methods.

### **Prevalence of compensation methods**

This section examines the percentage of physicians that received at least some compensation from each method. As noted earlier, physicians are often compensated through multiple methods, thus the prevalence across methods sums to more than 100 percent.

The most prevalent compensation method was salary, as 68.2 percent of physicians indicated they received at least some compensation from this method (Exhibit 2). Still, more than half of physicians (55.5 percent) received at least some compensation based on personal productivity. Thirty-eight percent of physicians indicated bonuses factored into their compensation. Finally, practice financial performance was a factor in 30.9 percent of physicians’ compensation. The following subsections examine differences in the prevalence of these compensation methods across practice arrangements and over time.

#### Differences across employment status

Physicians in the Benchmark Survey indicate if they are owners (i.e., they have an ownership stake in their practice), employees, or independent contractors. There were significant differences in

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<sup>2</sup> Details on survey methodology can be found in Kane (2023).

<sup>3</sup> In 2012, physicians were only asked to estimate the percentage of their income for the method that accounted for the largest share of their income.

compensation methods reported by physicians depending on their employment status. As Exhibit 2 suggests, physicians with an ownership stake in their practice are more likely to receive variable compensation methods (i.e., personal productivity and practice financial performance) than other methods, whereas employees are more likely to receive a salary compared to the variable methods that are most prevalent for owners. Sixty-five percent of owners compared to 50.2 percent of employees received at least some compensation based on their personal productivity in 2022. Even more striking, 50.4 percent of owners compared to 20.5 percent of employees received at least some compensation based on practice financial performance – a 30 percentage point difference. In contrast, 48.3 percent of owners indicated they received at least some compensation from salary compared to 82.2 percent of employees – a 34 percentage point difference. Employees were also more likely to receive a bonus (42.6 percent) than owners (34.8 percent). These differences are consistent with the results of previous years (reported in Rama, 2022).

Differences between employees and owners are to be expected as, in most industries, it is standard for employees receive a regular salary (sometimes with a bonus) and for owners to have a stake in the variable financial performance of their company (which their productivity/output impacts). Despite the substantial differences between owners and employees, it is interesting that standalone, nearly half of physicians with an ownership stake in their practice draw a salary from their practice. Also striking is that productivity plays a role in the compensation structure of roughly half of employees. Overall, this may suggest a certain complexity in the compensation structure for physicians, regardless of employment status, that differs from other industries.

#### Differences across practice type

Physicians in the Benchmark Survey also indicated the practice type of their main practice, and differences in the prevalence of compensation methods for physicians in single specialty practices, multi-specialty practices, hospitals, and other practice types are also presented in Exhibit 2. The data show, in general, the compensation structure of physicians in group practices (i.e., single or multi-specialty practices) tended to differ from those in hospitals.

Physicians working in hospitals (89.1 percent) and other practice types (86.4 percent) were 20 to 30 percentage points more likely to receive at least some compensation from salary than physicians in single specialty (59.8 percent) and multi-specialty (67.9 percent) practices. In contrast, physicians in single specialty (59.6 percent) and multi-specialty (61.9 percent) practices were 20 to 30 percentage points more likely to receive at least some compensation based on their personal productivity compared to physicians in hospitals (34.9 percent) and other practice types (39.6 percent). Similarly, they were 5 to 15 percentage points more likely to receive compensation based on practice financial performance. The percentage of physicians indicating a bonus factored into their compensation was similar across practice types (just over 40 percent), with only physicians in single specialty practice having lower rates (34.7 percent).

Both salary and personal productivity were compensation methods mentioned by more than half of group practice physicians whereas salary was the only method mentioned by more than half of physicians in hospitals (and it was an overwhelming share of these physicians who did so). There may be more homogeneity within the compensation structure of hospital physicians compared to

group practice physicians. These differences may relate to employment status since physicians in single and multi-specialty practices include both owners and employees (Kane, 2023) unlike hospital physicians, none of whom are owners.

### 10-year trend

From 2012 to 2022, the percentage of physicians that were salaried increased from 60.2 percent to 68.2 percent – an 8 percentage point increase (Exhibit 3). Likewise, the percentage of physicians that received a bonus increased from 27.1 percent to 38.2 percent – an 11 percentage point increase. This significant, increasing prevalence of salary and bonus as compensation methods may reflect both practices increasingly choosing to utilize these methods as well as shifts in the physician population. For example, from 2012 to 2022 the percentage of physicians that were employees increased by 8 percentage points (see Kane, 2023) and, as discussed earlier, employees were more likely than owners to receive a salary and a bonus. Thus, the shift away from practice ownership is reflected in the increasing use of salary and bonus as compensation methods. This concept is explored later in this report with Exhibit 6.

Exhibit 3 also shows that the percentage of physicians compensated based on their personal productivity increased by 5 percentage points (from 50.5 percent to 55.5 percent) while the percentage of physicians receiving compensation based on their practice financial performance remained stable (30.1 percent compared to 30.9 percent). The population shift in the employment status noted earlier (i.e., a decreasing number of physicians are owners) would suggest a decline in these two methods factoring into compensation; however, the data in Exhibit 3 show otherwise. This suggests that changes in the physician population were not the sole determinant of changes in the prevalence of compensation methods. The trends for these two methods may instead reflect increases in practices using a blend of methods to compensate physicians (discussed earlier, see Exhibit 1).

### **Prominence of compensation methods**

The previous section discussed the prevalence of each compensation method, noting that physicians were increasingly compensated by multiple methods. However, the prominence (or contribution) of each compensation method in physicians' income stream is not apparent in that discussion. As such, this section assesses the extent to which each compensation method is utilized. To begin, the share of compensation from each method is shown to determine, on average, what percentage of physician income is based on each method – this is discussed in the first subsection. The second subsection examines the distribution of physicians based on methods received exclusively, or that account for more than half their compensation.

### Average compensation share

In 2022, on average, more than half of compensation (55.0 percent) came from salary (Exhibit 4), 29.6 percent from personal productivity, 9.0 percent from practice financial performance, 4.9 percent from bonuses, and 1.6 percent from other sources. This can be interpreted as, for every \$100 of income a physician receives, \$55 comes from salary and \$30 is based on personal productivity.

Although the general rank order of the shares has remained consistent from year-to-year (i.e., salary is always the highest, followed by personal productivity) the average share levels have shifted from 2014 (earliest data available) through 2022.<sup>4</sup> The average share increased by 5 percentage points for salary and 1 percentage point for bonus, but decreased 3 percentage points for personal productivity and 3 percentage points for practice financial performance.

#### Methods received exclusively, or that account for more than half of compensation

Examining the average shares of each compensation method alone does not fully showcase the distribution of physicians by intensity of use. Thus, Exhibits 5 through 7 present the distribution of physicians by their primary compensation methods. For this, physicians are distributed into mutually exclusive categories based on whether *all* of their compensation or only more than half but not all their compensation came from salary, personal productivity, or practice financial performance over the 2012 to 2022 period. For physicians that received more than half but not all of their compensation from salary, those that also received at least some compensation from a bonus are distinguished from those that did not.

#### 10-year trend

Exhibit 5 shows that the percentage of physicians receiving all of their compensation from salary decreased from 20.0 percent in 2012 to 17.7 percent in 2022. However, those receiving most of their compensation from a salary and at least some compensation from a bonus increased from 18.3 percent in 2012 to 27.1 percent in 2022 – a 9 percentage point increase. Less striking, the percentage of physicians receiving most of their compensation from salary but no bonus increased from 12.7 percent to 14.0 percent. As such, the overall percentage of physicians receiving more than half their compensation from salary increased from 2012 (51.0 percent) to 2022 (58.8 percent). This pattern is consistent with both the increasing prevalence of salary (Exhibit 3) and the growing share of salary in physicians' compensation (Exhibit 4).

The percentage of physicians receiving all their compensation from personal productivity declined from 21.7 percent in 2012 to 15.5 percent in 2022 – a 6 percentage point decrease. In contrast, the percentage of physicians receiving most but not all their compensation from productivity increased from 8.5 percent in 2012 to 10.5 percent in 2022 – a 2 percentage point increase. Overall, the percentage of physicians receiving most of their compensation from productivity declined 4 percentage points. Although the prevalence of personal productivity increased (Exhibit 2), there was a decline in the prominence of this method as less physicians received more than half their income from this method.

Practice financial performance was the sole determinant of income for 7.6 percent of physicians in 2012, but this sharply declined to 4.5 percent in 2016 and has remained at a similar level since (4.3 percent in 2022).

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<sup>4</sup> The average share of income for each compensation cannot be calculated for the 2012 data (see footnote 3).

### Differences across employment status

Trends on the prominence of salary, personal productivity, and practice financial performance are presented for both owners and employees (Exhibit 6), and consistent with what was discussed for all physicians in the previous section. It is interesting to note that the percentage of owners that received most of their compensation from salary increased by 4 percentage points (from 30.5 percent in 2012 to 34.6 percent in 2022) – thus, the increasing prominence of salary in physician compensation is not solely being driven by the shift in the physician population away from ownership. Furthermore, although Exhibit 2 showed personal productivity and practice financial performance were prevalent methods for owners, Exhibit 6 suggests that they are becoming less prominent in the income stream even for owners (i.e., the percentage of owners receiving all their compensation from personal productivity and practice financial performance declined by 5 percentage points each).

In general, employees more than owners indicated salary made up most of their income (40 percentage point difference in 2022) whereas owners more than employees indicated personal productivity made up most of their income (21 percentage point difference) and practice financial performance made up their entire income (9 percentage point difference). Nonetheless, the percentage of owners indicating most of their compensation came from salary (34.6 percent in 2022) was within 4 percentage points of the percentage of owners indicating most of their compensation was based on personal productivity (38.4 percent in 2022). Thus, there were similar levels of prominence of these two methods for owners. In contrast, for employees, most of compensation coming from salary was by far the dominant compensation scheme. Seventy-five percent of physicians received most of their compensation from salary in 2022, up from 70.3 percent in 2012, suggesting growing homogeneity in the compensation of employees.

### Differences across physician specialty

Finally, Exhibit 7 shows differences in the primary compensation method across physician specialty. In all but one specialty category, most physicians received more than half their compensation from salary (ranging from 54.3 percent of anesthesiologists to 70.6 percent of pediatricians). Only surgical subspecialists did not fall into this range, as only 43.5 percent received more than half their income from salary. Exhibit 5 showed that the plurality of physicians received more than half but not all their compensation from salary and some from bonus. Exhibit 7 shows this was the case for most specialties, except for psychiatrists (who had more physicians receiving all their income from salary) and surgical subspecialists (who had more physicians receiving all their income from personal productivity).

The percentage of physicians receiving more than half their income from personal productivity ranged from 9.8 percent of radiologists to 41.2 percent of surgical subspecialists, with most specialties falling closer to 25 percent. Finally, the percentage of physicians receiving all their compensation from practice financial performance generally fell between 2.9 percent (psychiatry) and 6.4 percent (other), with only radiologists (17.4 percent) exceeding this range.

## Conclusion

This Policy Research Perspective (PRP) examines the methods that factor into physician compensation (excluding solo practitioners) using data from the 2012-2022 AMA Physician Practice Benchmark Surveys. Over this 10-year period, the data show that physicians were increasingly compensated by multiple methods (from 48.2 percent in 2012 to 61.0 percent in 2022).

From 2012-2022, salary was the dominant physician compensation method. Sixty-eight percent of physicians indicated they received at least some compensation from salary in 2022, up from 60.2 percent in 2012. On average, 55.0 percent of physician income came from salary in 2022 – that is, for every \$100 of income the average physician receives, \$55 comes from a salary. This is up 5 percentage points from 2014 (50.1 percent). Furthermore, 58.8 percent of physicians indicated more than half of their income came from salary in 2022, compared to 51.0 percent in 2012. Underlying this trend is a shift away from being compensated solely by salary (2 percentage point decrease) and towards receiving more than half compensation from salary and some bonus (9 percentage point increase). Overall, salary has increasingly been used in physician compensation over the past 10 years but more so in combination with other methods. Still, it has accounted for the largest share of physician income in each year, and that share is growing.

Personal productivity was used in the income stream of 55.5 percent of physicians in 2022 – up from 50.5 percent in 2012. Although a growing majority of physicians received at least some income based on their personal productivity, unlike salary, it has become less prominent in physicians' income stream. In 2022, 29.6 percent of the average physician's income was based on personal productivity – down 3 percentage points from 2014. Moreover, the percentage of physicians receiving more than half their income from personal productivity decreased from 30.2 percent in 2012 to 26.0 percent in 2022, driven by a shift away from being solely compensated by personal productivity (6 percentage point decline). The data suggest that while personal productivity is factoring into the income of more physicians, it is heavily used in combination with other methods so that the likelihood of it being the main component of physician compensation is falling.

The prevalence of practice financial performance in physician income has remained consistent from 2012 to 2022 (roughly 30 percent) while its prominence has slightly declined. Regarding the latter, practice financial performance was 9.0 percent of the average physician's income in 2022 compared to 11.8 percent in 2014. Furthermore, only 4.3 percent of physicians in 2022 were solely paid based on this method compared to 7.6 percent in 2012.

Many of the trends above have been impacted by changes in the physician population, notably a shift away from having an ownership stake in the practice and towards employment. This may drive the overall physician trends in compensation because the data show employees and owners are compensated differently. Notably, both the prevalence and prominence of personal productivity and practice financial performance in physician compensation is greater for owners compared to employees. And, both the prevalence and prominence of salary in physician compensation is greater for employees compared to owners. Nonetheless, the data show salary is still substantial and growing for owners, since 34.6 percent of owners received more than half their compensation from

salary in 2022, up from 30.5 percent in 2012. This would suggest the patterns of compensation in salary are not occurring just because of these changes in the physician population.

Finally, for almost all physician specialties, the most common compensation structure was more than half of compensation coming from salary and at least some coming from a bonus. The only exceptions were psychiatrists (who had more physicians receiving all their income from salary) and surgical subspecialists (who had more physicians receiving all their income from personal productivity).

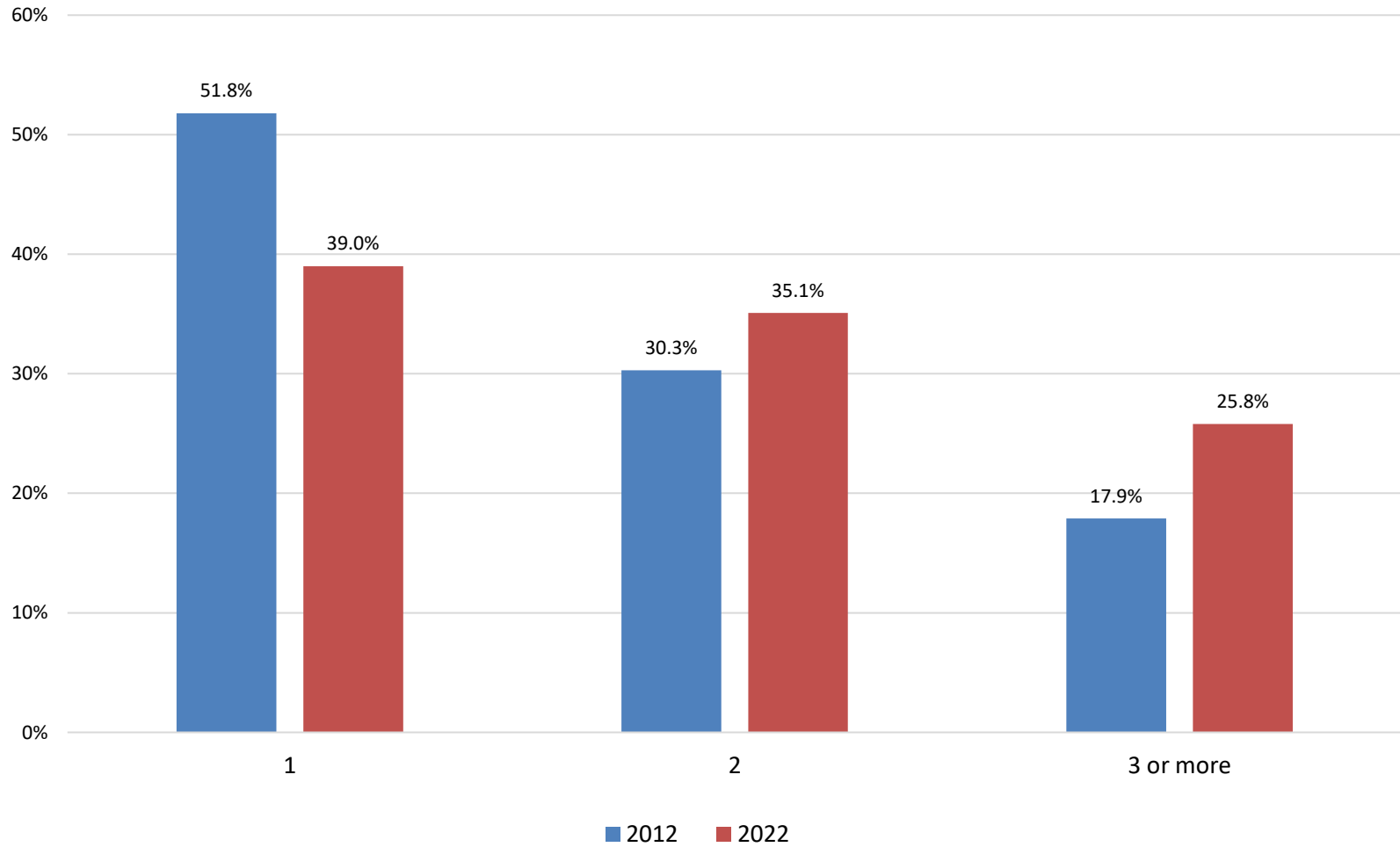


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**Exhibit 1. Distribution of physicians by number of compensation methods  
(2012 and 2022)**



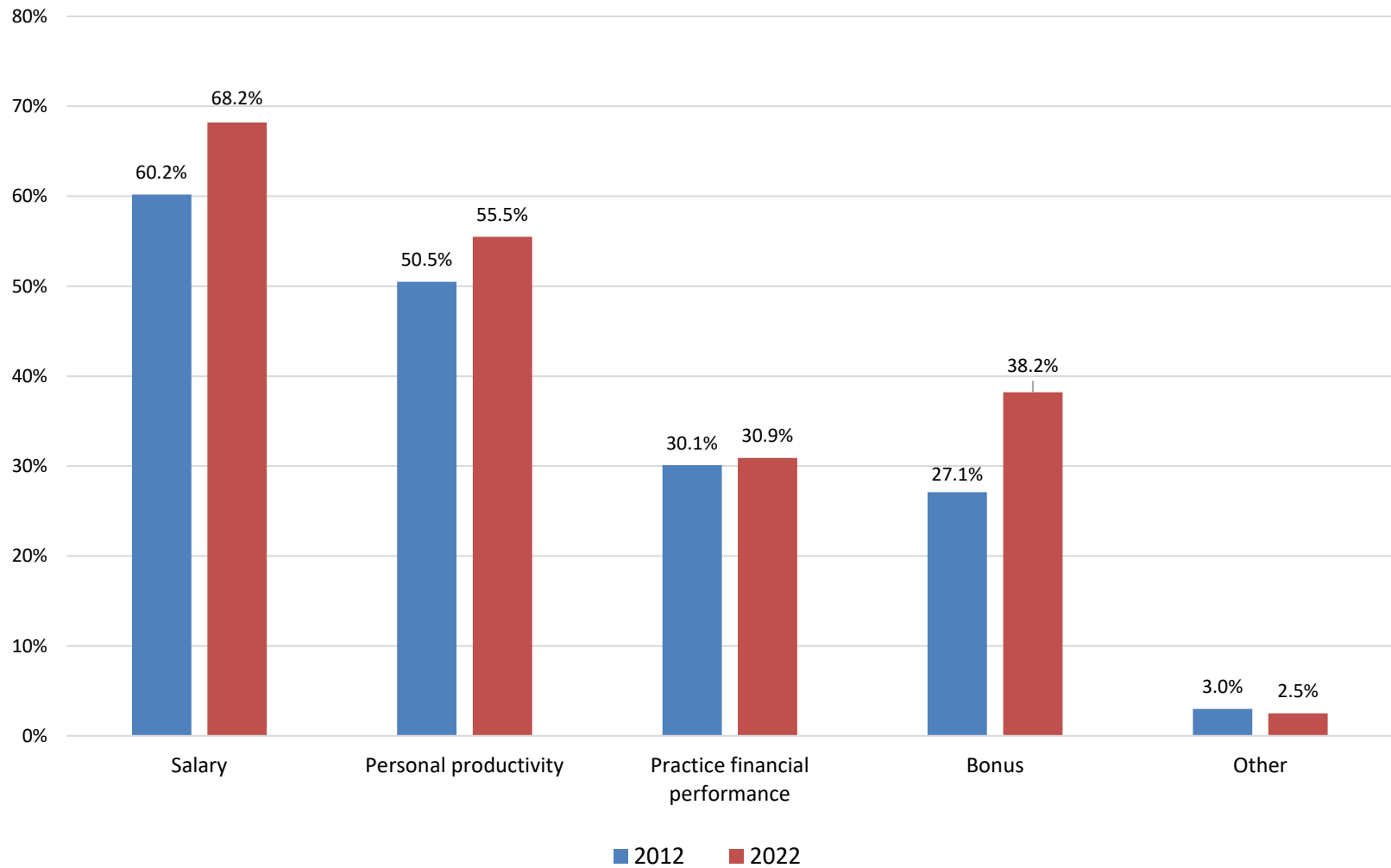
Source: Author's analysis of AMA 2012 and 2022 Physician Practice Benchmark Surveys. Physicians in solo practices are excluded from the analysis.

**Exhibit 2. Prevalence of methods in physician compensation by employment status and practice type (2022)**

	Salary	Personal productivity	Practice financial performance	Bonus	Other	N
<b>All physicians</b>	68.2%	55.5%	30.9%	38.2%	2.5%	3047
<b>Employment status</b>						
Owner	48.3%	65.1%	50.4%	34.8%	1.7%	1166
Employee	82.2%	50.2%	20.5%	42.6%	1.6%	1680
Independent contractor	59.4%	48.0%	12.5%	20.4%	14.7%	201
<b>Practice type</b>						
Single specialty	59.8%	59.6%	35.6%	34.7%	2.5%	1517
Multi-specialty	67.9%	61.9%	30.7%	40.8%	1.0%	934
Hospital	89.1%	34.9%	16.5%	43.5%	4.5%	302
Other	86.4%	39.6%	25.1%	41.6%	5.1%	294

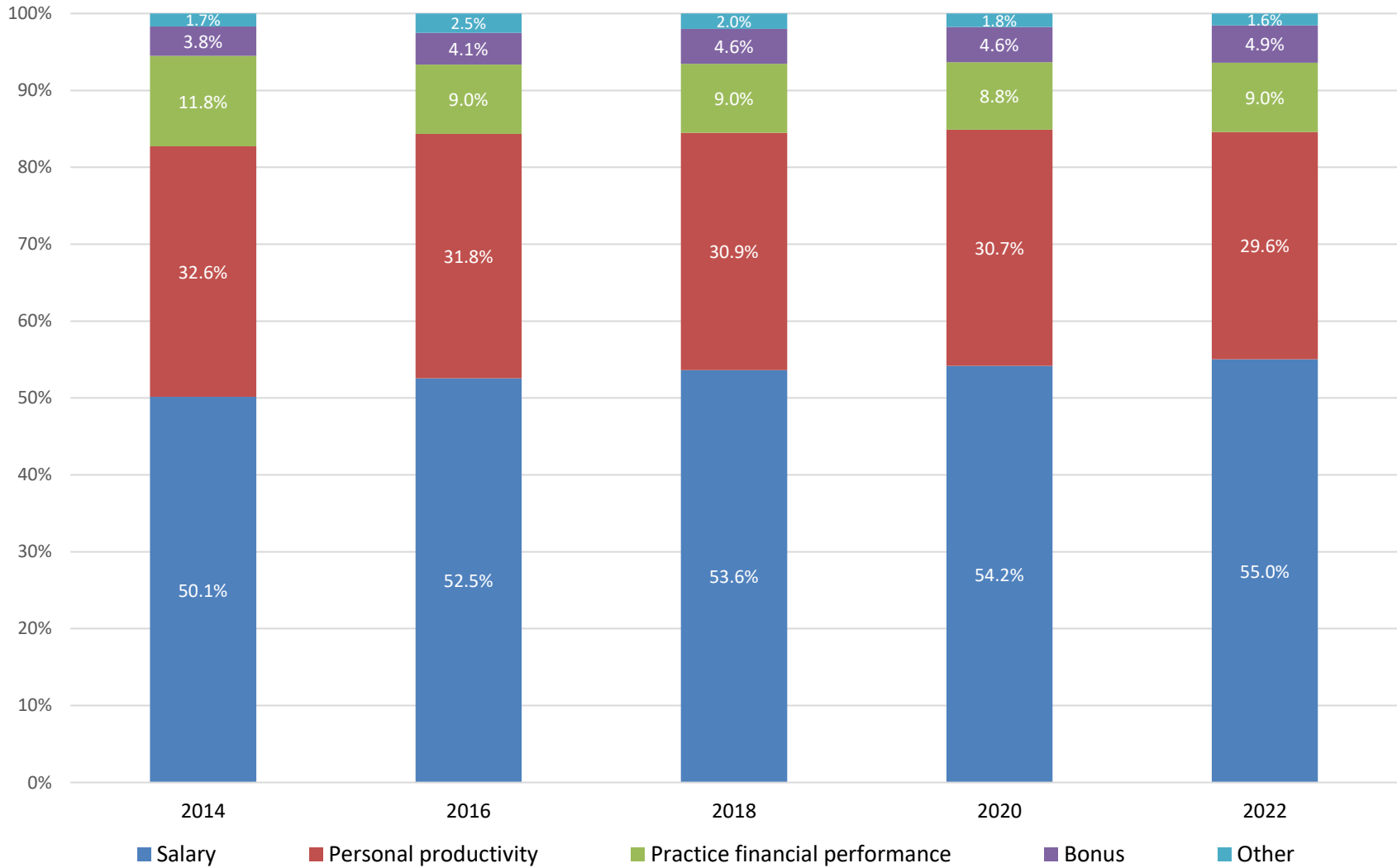
Source: Author's analysis of AMA 2022 Physician Practice Benchmark Survey. Physicians in solo practices are excluded from the analysis. The "all other" practice type category includes faculty practice plan, medical school, ambulatory surgical centers, urgent care facilities, HMO/MCOs, and fill in responses. Physicians in hospitals are either employees or independent contractors; physicians in any other practice type category can be owners, employees, or independent contractors.

### Exhibit 3. Prevalence of methods in physician compensation (2012 and 2022)



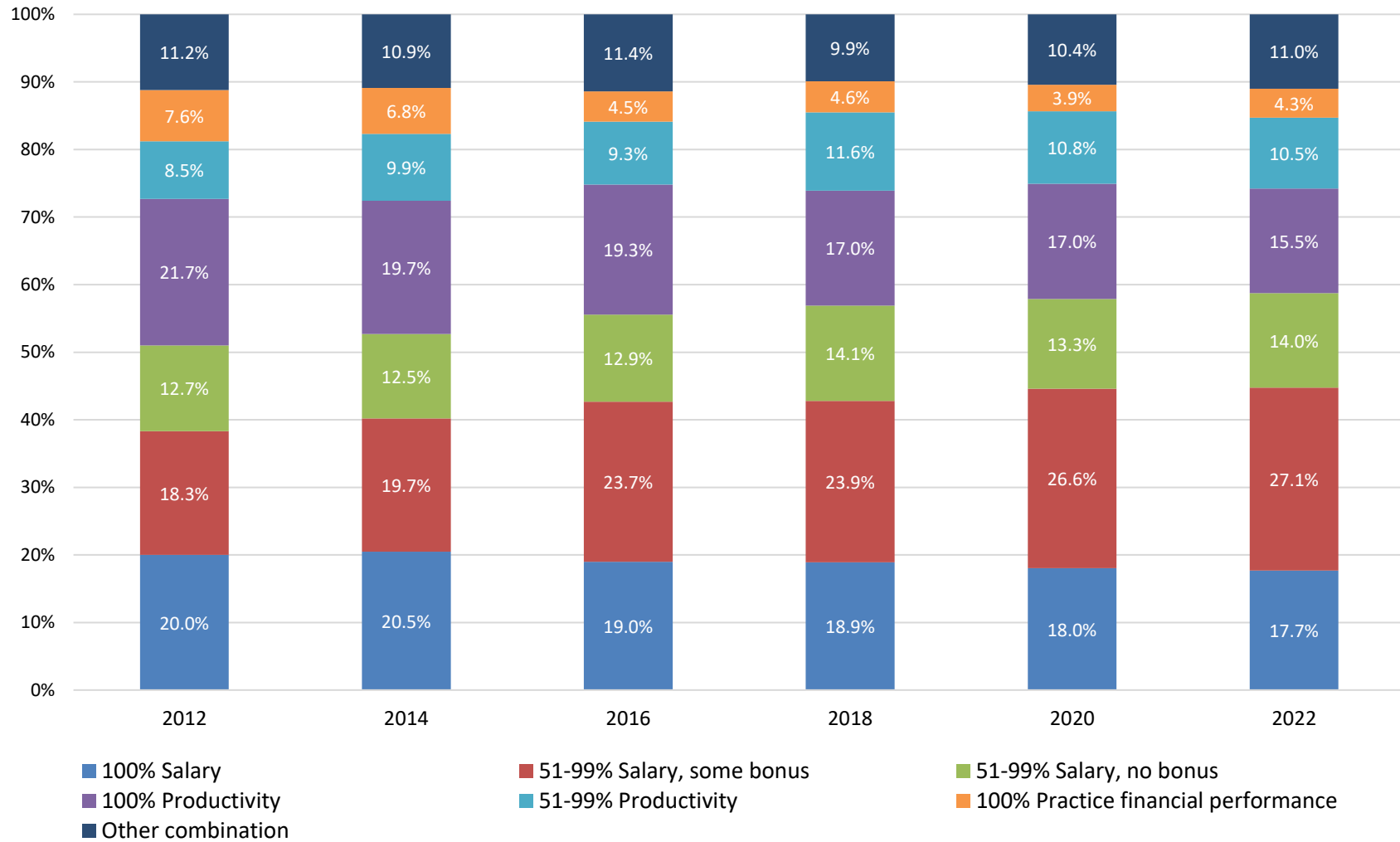
Source: Author's analysis of AMA 2012 and 2022 Physician Practice Benchmark Surveys. Physicians in solo practices are excluded from the analysis.

**Exhibit 4. Mean compensation shares (2014-2022)**



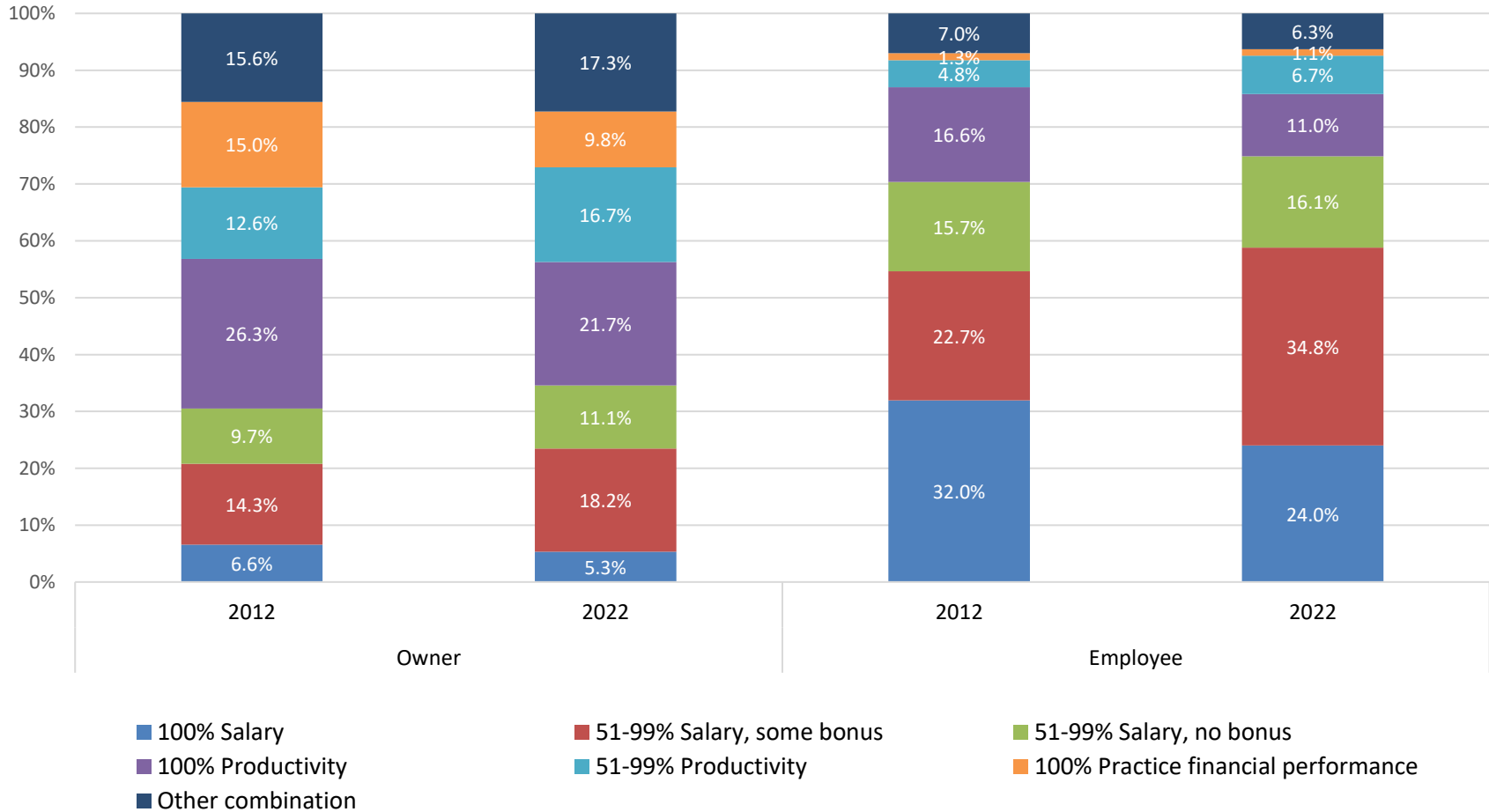
Source: Author's analysis of AMA 2014-2022 Physician Practice Benchmark Surveys. Physicians in solo practices are excluded from the analysis.

**Exhibit 5. Distribution of physicians by primary compensation method (2012-2022)**



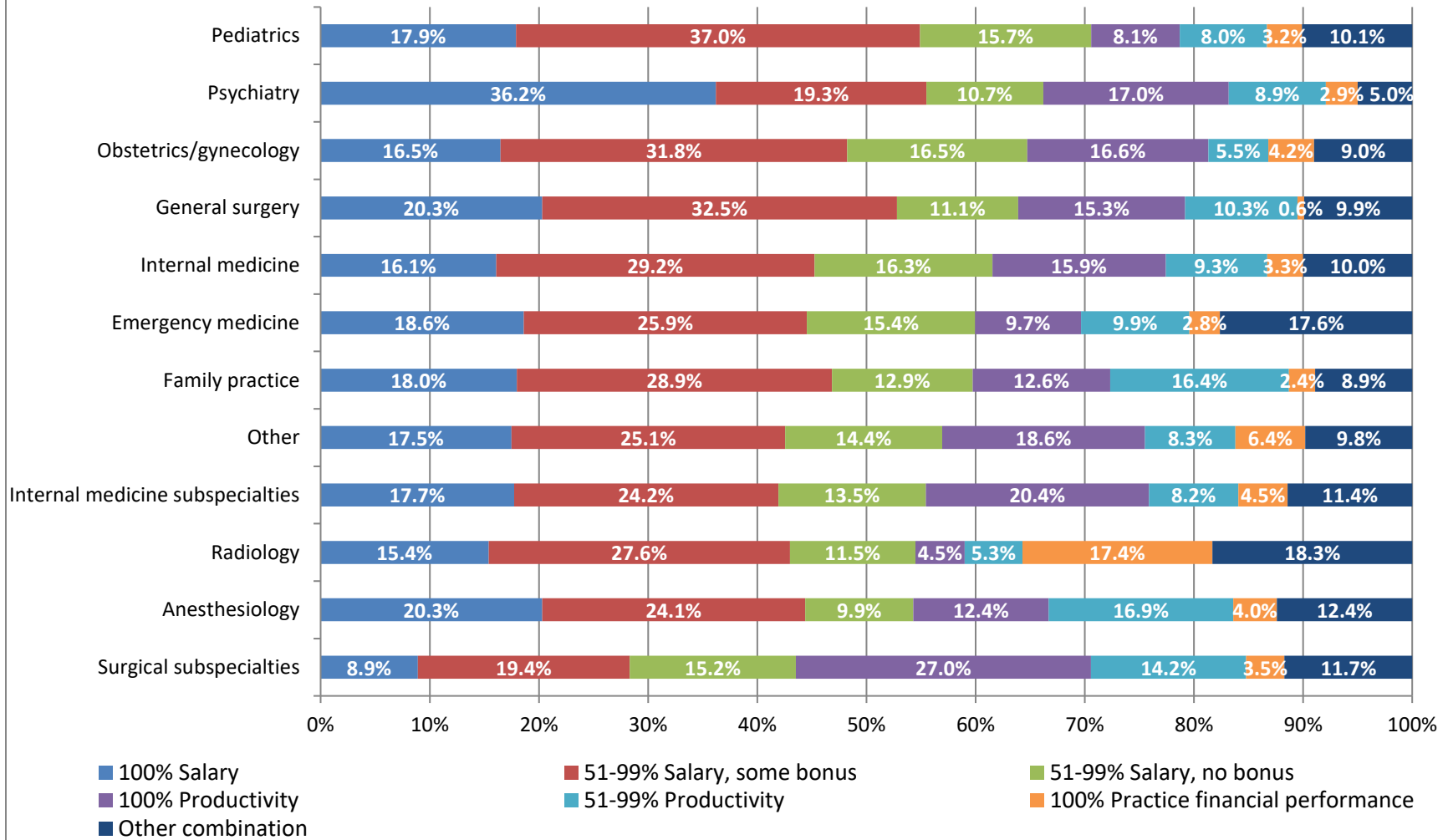
Source: Author's analysis of AMA 2012-2022 Physician Practice Benchmark Surveys. Physicians in solo practices are excluded from the analysis.

**Exhibit 6. Distribution of physicians by primary compensation method across employment status (2012 and 2022)**



Source: Author's analysis of AMA 2012 and 2022 Physician Practice Benchmark Surveys. Physicians in solo practices are excluded from the analysis.

**Exhibit 7. Distribution of physicians by primary compensation method across physician specialty (2022)**



Source: Author's analysis of AMA 2022 Physician Practice Benchmark Survey. Physicians in solo practices are excluded from the analysis.