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REPORT: SUPERMAJORITY OF U.S. PHYSICIANS ARE EMPLOYED BY HEALTH SYSTEMS OR CORPORATE ENTITIES

Pandemic greatly accelerated consolidation, threatening the independent practice of medicine

Nearly three quarters of U.S. physicians (74%) are employed by hospitals, health systems or corporate entities as of January 1, 2022, according to new data from Avalere, in a study sponsored by the Physicians Advocacy Institute (PAI) that examined physician practice trends over the three-year period between 2019 and 2021. This is an increase from 69% of U.S. physicians being employed just last year.

Health systems and corporate entities have been steadily acquiring physician practices for years, but Avalere researchers found the trend has accelerated drastically since the onset of COVID-19. More than one hundred thousand (108,700) physicians became employees since January 2019. Of those, 83,000 (76%) became employees since the pandemic began.

“COVID-19 drove physicians to leave private practice for employment at an even more rapid pace than we’ve seen in recent years, and these trends continued to accelerate in 2021,” said Kelly Kenney, chief executive officer of PAI. “This study underscores the fact that physicians across the nation are facing severe burnout and strain. The pressures of the pandemic forced many independent physicians to make difficult decisions to sell their practices to hospitals, health insurers or other corporate entities.”

Corporate entities such as private equity firms and health insurers are driving the spike in these trends. Corporate purchases of practices increased by 86% during the study period, and corporate employment of physicians increased by 43%. In 2021, corporate entities acquired 13,600 additional physician practices. In comparison, hospital, and health system purchases of practices (9%) and employment of physicians (11%) continued at steadier rates.

“Regardless of practice ownership, it is important to preserve the patient-physician relationship and maintain physicians’ clinical autonomy,” said Kenney. “PAI supports policies that promote these principles and allow physician-owned practices to compete with corporate and hospital-owned entities.”

Methodology

Avalere used the IQVIA OneKey database that contains physician and practice location information on hospital/health system ownership. These data include solo and single-location small practices as well as large, multi-specialty, multi-location group practices.

These data include biannual physician and practice information. Researchers studied the three-year period from January 1, 2019 to January 1, 2022. Full methodology is available in the analysis.

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About The Physicians Advocacy Institute

The Physicians Advocacy Institute, Inc. (PAI) is a not-for-profit 501(c)(6) advocacy organization established in 2006 whose mission is to advance fair and transparent payment policies in order to sustain the profession of medicine for

the benefit of patients. PAI's affiliated state medical associations collectively represent over 170,000 physicians and medical students.

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