



Physician Employment Trends in the US and in Maryland

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Medchi Membership Lunch and Learn Series Seminar
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Physicians Advocacy Institute, Inc (PAI)

- The Physicians Advocacy Institute (PAI) is a not-for-profit organization that champions fair and transparent government and private payer policies to sustain the profession of medicine for the benefit of patients.
- Through multi-faceted advocacy efforts, PAI works to advance physicians' ability to sustain their practices, regardless of the practice setting.
- Through our research efforts, PAI seeks to better understand the challenges facing physicians and their patients and educate policymakers about these challenges. Research includes partnerships with The Physicians Foundation and research institutions such as Avalere, NORC, UCONN and Loyola.
- Through our physician education initiatives, PAI develops tools to help physicians prepare for and respond to policies and marketplace trends that impact their ability to practice medicine.
- Information about PAI's initiatives can be found at physiciansadvocacyinstitute.org.
- Any follow-up questions can be addressed to Kelly Kenney, PAI's CEO at k2strategiesllc@gmail.com or to Matthew Katz, PAI Consultant at Matthew@MCKHealthstrategies.com.



Physician Employment Market Trends

- **Optum**: A subsidiary of UnitedHealth Group, as of last October it reportedly employed 90,000 physicians (20,000 added in 2023) and some estimates now suggest upwards of 100,000 physicians now employed (with the recent proposed purchases of Steward's 1,700 physicians in nine states and a slightly smaller group in Oregon (both needing assistance because of the Change Healthcare issues). Optum also shuttered its telehealth business, Optum Virtual Care which was launched in 2019. Optum also has more than 20,000 allied health professionals employed at more than 2,200 practice sites across the country.
- **CVS/Aetna**: While closing a few dozen minute clinics (25 in the Los Angeles area alone), it purchased Oak Street's 170 primary care clinics and Signify Health's 10,000 clinicians and continues to expand the hiring of physicians and purchasing of clinics, though not at the pace of Optum. It is unclear of the exact number of physicians, but they have stated more than 25,000 clinicians employed (not including pharmacists, though in some markets this is exclusively APRNs and PAs) across its more than 1,100 minute clinics in 36 states. CVS is looking to expand their Oak Street business in places like Connecticut this fall.
- **Elevance**: Purchase of Paragon Healthcare's 40 ambulatory infusion centers and continues to evaluate purchases through its subsidiary Carelon.
- **Amazon**: A number of changes in approach and design, but continues to employ physicians tied to its more than 220 One Medical brick and mortar offices in 20 markets and some estimates are upwards of 3,000 physicians along with its virtual care company Amazon Clinic that was launched in 2023, though recently announced a merging of the virtual care business with One Medical.



Physician Employment Market Trends (Cont.)

- **Walgreens/VillageMD:** While the news recently is that it has left a number of states (IL, IN, FL, RI, NV) and closed dozens of clinics in those states, it continues to have 680 Walgreens Boots Alliance majority owned clinics (200 co-located within Walgreens and 170 third party clinics in stores) and more than 5,000 physicians. Walgreens announced June 27th a reduction in its ownership of VillageMD (may be getting out entirely of the business model).
- **Walmart:** Not to be overlooked, Walmart had more than 50 clinics in 6 states and estimates of more than 5,000 clinicians (this includes MDs, APRNs, PAs) with plans to open 20 more clinics (adding 2 more states) by the end of 2024 but recently announced closure of all its clinics as well as its virtual care platform. Announced June 26th a closing of all clinics by June 28th.
- Private equity backed staffing companies (acquiring more than **100 healthcare staffing** companies between 2020 and 2023) are now involved in more than **60%** of all clinical staffing transactions (Braff Group).
- Almost **390 hospitals** in the US have been acquired by private equity firms.
- A recent study suggests that PE owed physician practices increased from 816 in 2012 to 5,779 in 2021. This same study found these PE firms' market share exceeded 30% in 108 MSA specialty markets (more than 50% in 50 of these markets).
- Federal Government (FTC, DOJ and DHHS) as well as US Senate are now probing private equity backed healthcare deals.



Physician Employment Market Trends (Cont.)

- By some estimates, 40% of rural hospitals are losing money on obstetrics programs, and a number of these hospitals cut back or eliminated their OB services in 2023 with another 15 hospitals announcing plans to do so in 2024 (some have ended).
- 36 rural hospitals have closed since 2020 and some others have become emergency only facilities (new federal designation).
- Kaiser Permanente: 35,000 physicians across mostly the West Coast as part of its medical group including physicians formerly employed by Group Health of Puget Sound. Recent purchase of Geisinger Health expands physician employment (with name change).
- Health Partners: 3,000 plus physicians in Minnesota and Wisconsin.
- Intermountain Health: shuttering physician group in Idaho (10 locations) after failing to find a buyer.
- ASCs have expanded their hiring of physicians, and there has been a significant consolidation of ACS tied mostly to **HCA Healthcare** and **United Surgical Partners International (Tenet)**.



Focus on Private Equity

- US Senators Wyden (Senate Chair of the Finance Committee) and Sanders (Senate Chair Health, Education, Labor and Pensions Committee) publicly state that Congress needs to revisit corporate practice of medicine laws to address consolidation.
- US Senators Elizabeth Warren and Ed Markey introduced Corporate Crimes Against Health Care Act of 2024- to remove corporate greed and private equity abuse” in healthcare.
 - Criminal penalty to loot healthcare organizations if that looting results in any patient death
 - DOJ could take back all compensation from private equity if there were avoidable financial issues due to PE actions
 - Civil Penalties up to 5x claw backs
 - Federal payments to healthcare entities could be banned if entities sell assets or use them as REIT loan collateral – changes to tax code
 - Healthcare entities that receive federal funding would be required to report mergers, acquisitions, financial data, like debt to earnings, changes in control and ownership
 - HHS OIG report to Congress on harms of corporatization of healthcare
- California lawmakers are considering a bill that would create additional oversight for private equity that purchase healthcare facilities, including ASCs.
 - The bill would require private equity firms to provide written notice to the state before purchasing a healthcare facility or provider group.
 - California's attorney general would then have to approve the transaction, according to the bill text, which was amended in April.
 - The AG could then stop the acquisition if it posed a "substantial likelihood of anticompetitive effects" or if it would affect access of healthcare services delivered to the community.
 - Buyers would also be required to submit written notice to any federal or state agency as required by law within 90 days of the transaction.



PAI Calls for Guardrails Regarding Private Equity Purchases in Healthcare

- The likelihood that the health care marketplace will course-correct to reverse consolidation in the near term is slim to none. It is therefore incumbent on federal (and state) policymakers and regulators to consider the appropriate policies needed to address the most onerous aspects of consolidation.
- PAI believes in certain fundamental guardrails needed to protect against corporate acquisitions and/or policies that allow corporate entities to unfairly raise prices, restrict competition, erode access or undermine physicians' ability to care to their patients without undue corporate interference.
- Key principles for these guardrails must be to:
 - Protect against corporate intrusion into the practice of medicine through requirements that physicians retain clinical autonomy and have an appropriate role in key governance, clinical and administrative decisions.
 - Protect against corporate owners' business decisions that threaten the solvency of medical practices, particularly in the case of private equity ownership.
 - Increase regulatory oversight at the acquisition stage.
 - Increase ongoing regulatory oversight to protect against anticompetitive business and practices that undermine patients' access to care and quality of care received.
 - Enhance oversight of transactions related to insurer and other corporate-owned entities.
 - Reform federal physician payment policies that have contributed to consolidation.
 - Modernize federal laws and regulations that create barriers to physician-led delivery initiatives.
 - Work with state policymaking organizations to identify states' roles and necessary policies to counter anticompetitive aspects of consolidation.



Scope of Study

Research by Avalere Health

to Study Acquisition of Physician Practices and Physician Employment

- PAI's research collaboration with Avalere Health goes back nearly a decade and focuses on the collection and analysis of information relating to the ongoing trend of increased physician employment by hospitals and other corporate entities, spurred in part by years of acquisition of physician practice and more recently by the COVID-19 pandemic and its aftereffects.
- The trends are part of a greater shift towards consolidation in healthcare (across all markets) which has dramatically reshaped the practice landscape for physicians.
- Understanding the extent and impact of these trends is important for all health system stakeholders, but particularly physicians, given the importance and sanctity of the patient-physician relationship.
- Data that follows will mostly be of the 2019-2021 analysis, but some more recent data will be presented first to show what is going to be released in the coming weeks (and months) from PAI tied to the most recent iteration of this study.



Recent and Current Study Data

Research by Avalere Health
to Study Acquisition of Physician Practices and Physician Employment

- 2012-2018: Hospitals and Health Systems Acquire Practices
 - Avalere analyzed the growing trend of hospital and health system ownership of physician practices and employment
 - By 2018, 44% of physicians were employed by hospitals or health systems, up from 25% in 2012.
- 2019-2021: Impact of COVID-19 Pandemic
 - Avalere expanded its analysis of practice ownership and employment to include the role of other corporate entities that began acquiring physician practices. These corporate entities include private equity firms, insurers, and other businesses, like CVS and Amazon.
 - Following the onset of the pandemic, there was a sharp increase in physician employment and practice ownership.
 - By 2022, nearly 74% of physicians were employed, including 52% by hospitals and health systems and 22% by other corporate entities with almost 109,000 physicians leaving private practice for employment.
- The 2024 data continues to document the profession's shift from predominately independent practice to nearly 78% employment over the past decade according to the most recent study findings.



Current Study (2024)

Research by Avalere Health
to Study Acquisition of Physician Practices and Physician Employment

This body of Avalere research studies two key related consolidation trends at both the national and regional levels:

- **Physician Employment** – This metric represents the total number/percentage of employed physicians, which reflects physicians who have left independent medical practices for employment, newly trained physicians, and retiring physicians; and
- **Medical Practice Ownership** – This metric represents the total number/percentage of physician practices that are owned by non-physician entities. In this analysis, ownership reflects changes from acquisitions of physician practices by hospitals/health systems and beginning in 2019 “other” corporate entities* such as insurers, private equity firms, and other corporate entities that own a controlling interest in the medical practice. These numbers also reflect closures of practices by retiring physicians.

*The IQVIA One-Key dataset does not allow for disaggregation between these various types of corporate owners.

Latest Report Adds 2022 and 2023 Data to Ongoing Avalere Analysis

2022-2023 – Post-Pandemic

- New analysis incorporates two additional years of data from January 1, 2022, through January 1, 2024, and shows a continued trend of hospital acquisitions of physician practices and a slowing pace of growth in physician employment.
- Employment by hospitals and corporate entities is nearing **78%**.

Pre-COVID: From January 2019 to January 2020, there was moderate growth of physician employment and practice ownership by hospitals and higher growth among corporate entities

COVID: Physician revenues were impacted by COVID-19 restrictions; hospital physician employment and practice ownership surged from January 2020 through January 2022, while corporate growth continued its brisk Pre-COVID pace

Post-Pandemic: Physician employment and practice ownership, especially by corporate entities, leveled off from January 2022 to January 2024



Research Timeline – January 2019 to January 2024

Avalere has studied the five-year period between January 1, 2019, and January 1, 2024, to examine physician employment and practice acquisition trends, including after the COVID-19 pandemic.

Continued Growth in 2022 and 2023 in Physician Employment and Practice Acquisition Leads to Highest Recorded Levels

NATIONAL TRENDS:

- **19,100** additional physicians became employees of hospitals or other corporate entities over the last two years
 - This represents a **5.1%** increase in the percentage of employed physicians since 2022
- Hospitals and other corporate entities acquired **8,100** additional physician practices over the last two years
 - This represents a **6.0%** increase in the percentage of hospital or corporate-owned practices since 2022

REGIONAL TRENDS:

- Continued but moderated growth since 2022
- The percentage of hospital or corporate-employed physicians increased between **3.8%** and **6.0%**
- The percentage of hospital or corporate-owned practices increased between **7.7%** and **10.0%**

Key Findings: **Hospital** Acquisitions of Physician Practices and Growth in Employment Continued in 2022 and 2023

NATIONAL TRENDS:

- **16,300** additional physicians became hospital employees over the last two years
 - This represents a **5.9%** increase in the percentage of hospital-employed physicians since 2022
- Hospitals acquired **2,800** additional physician practices over the last two years
 - This represents a **7.3%** increase in the percentage of hospital-owned practices

REGIONAL TRENDS:

- Growth continued in all regions since start of 2022
- The percentage of hospital-employed physicians increased between **4.0%** and **7.4%**
- The percentage of hospital-owned practices increased between **6.6%** and **9.2%**

Key Findings: Growth in **Corporate Physician** Employment Slowed in 2022 and 2023, Acquisitions Less So

NATIONAL TRENDS:

- **2,800** additional physicians became employees of corporate entities over the last two years
 - This represents a **3.0%** increase in the percentage of corporate-employed physicians since 2022
- Corporate entities acquired **5,300** additional physician practices over the last two years
 - This represents a **11.0%** increase in the percentage of corporate-owned practices since 2022

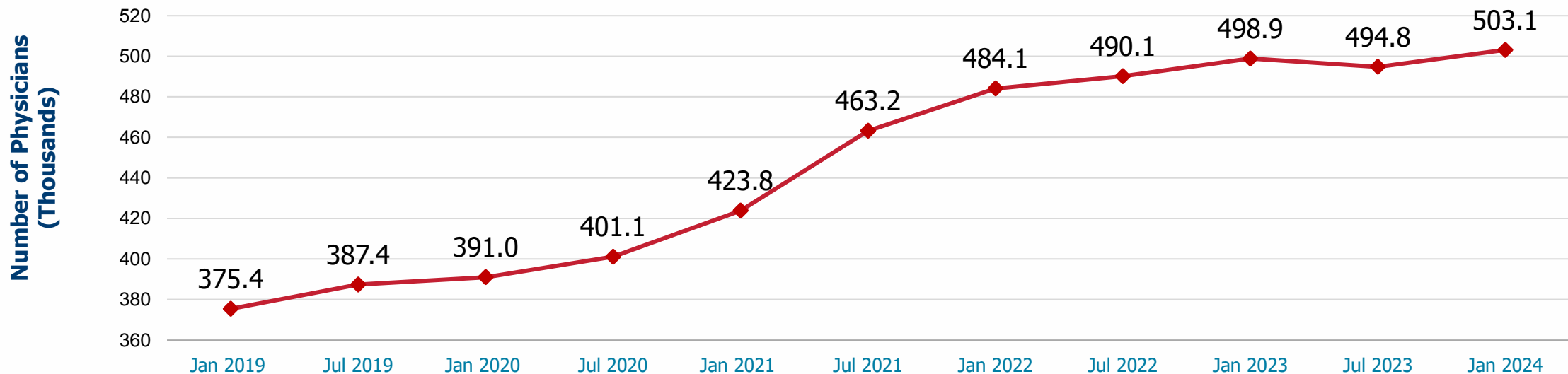
REGIONAL TRENDS:

- Corporate employment appears to have leveled off in all regions since 2022, with the Northeast and West seeing modest, temporary declines
- The percentage of corporate-employed physicians increased between **0.2%** and **4.2%**
- The percentage of corporate-owned practices increased between **9.5%** and **11.2%**

Key Findings – National Trends

National Five-Year Trends: Employment Surges Post-Covid and Continues to Grow at Slower Pace, Now Exceeds 500,000 Physicians

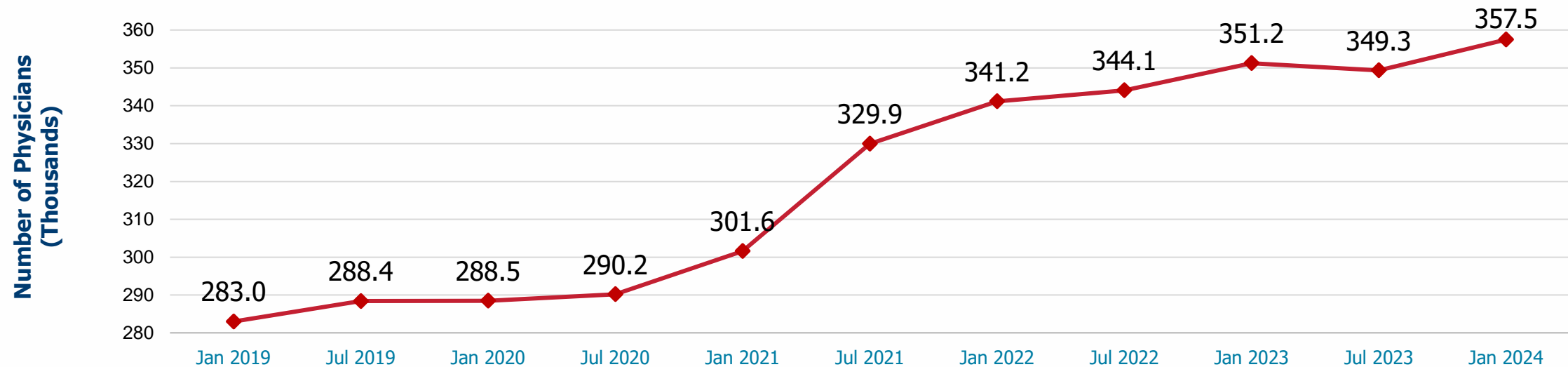
NUMBER OF U.S. PHYSICIANS EMPLOYED BY HOSPITALS OR CORPORATE ENTITIES 2019-23



- **127,700** additional physicians were employed by hospitals or corporate entities over the five-year study period – **19,100** of that shift occurred after in the last two years
- Physician employment grew in each of the six 6-month periods analyzed, except for one
- The growth rate of hospital or corporate-employed physicians has moderated since January 2022

National Five-Year Trends: Steady Physician Hospital Employment Growth Spikes Post-Covid and Continues at Moderate Pace

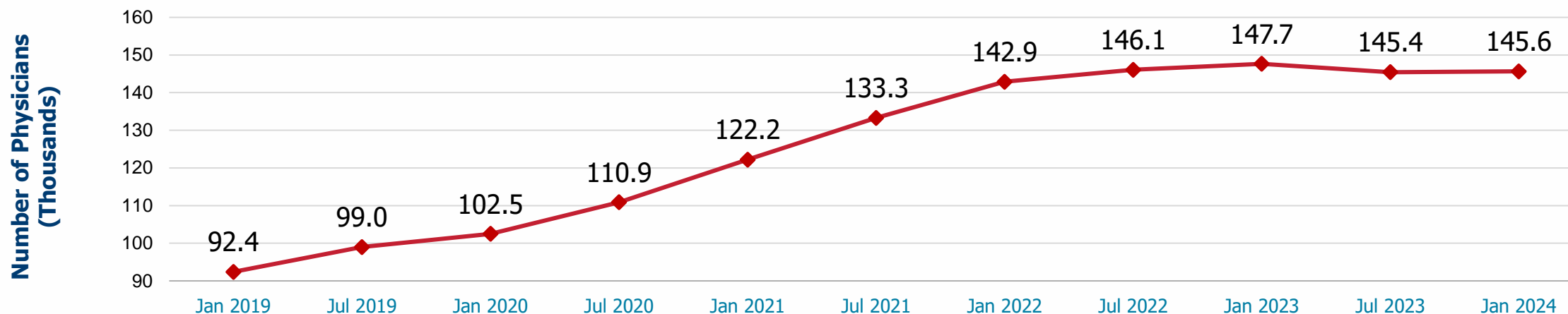
NUMBER OF U.S. PHYSICIANS EMPLOYED BY HOSPITAL/HEALTH SYSTEMS 2019-23



- **74,500** additional physicians were employed by hospitals over the five-year study period – **16,300** of that shift occurred in the last two years
- Physician employment grew in each of the six 6-month periods analyzed, except for one
- The growth rate of hospital-employed physicians has moderated since January 2022, resembling growth prior to COVID-19

National Five-Year Trends: Sharp Growth in Corporate Physician Employment has Levelled Off Since January 2022

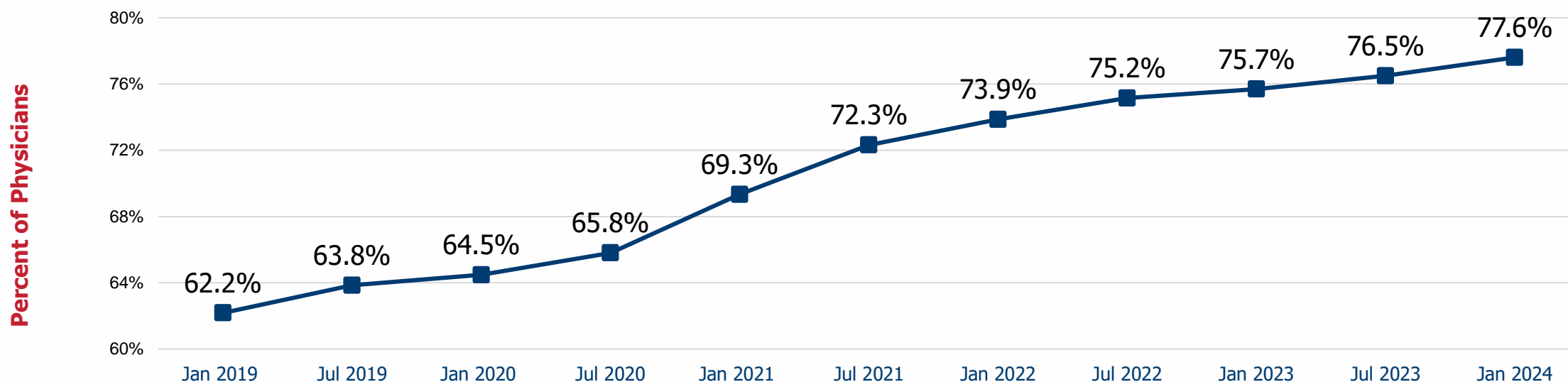
NUMBER OF U.S. PHYSICIANS EMPLOYED
BY CORPORATE ENTITIES 2019-23



- **53,200** additional physicians were employed by other corporate entities over the five-year study period – **2,800** of that shift occurred in the last two years
- Corporate physician employment peaked in January 2023 and has leveled off
- The growth rate of corporate-employed physicians has been minimal over the last two years and was negative between January and July 2023

National Five-Year Trends: More Than Three- Quarters of Physicians Are Now Employed by Hospitals or Corporate Entities

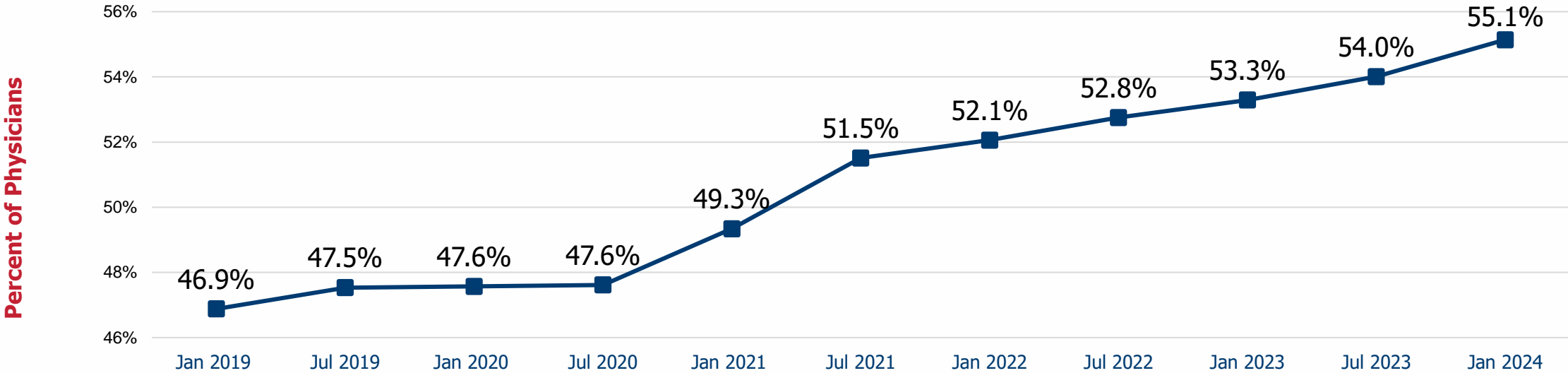
PERCENT OF U.S. PHYSICIANS EMPLOYED BY HOSPITALS OR CORPORATE ENTITIES IN 2019-23



- **77.6%** of physicians were hospital or corporate-employed by January 2024
- Over the last two years, the percentage of employed physicians grew by **5.1%**
- Recent growth in physician employment is attributable to hospitals, not corporate entities

National Five-Year Trends: More Than Half of Physicians Are Employed by Hospitals/Health Systems

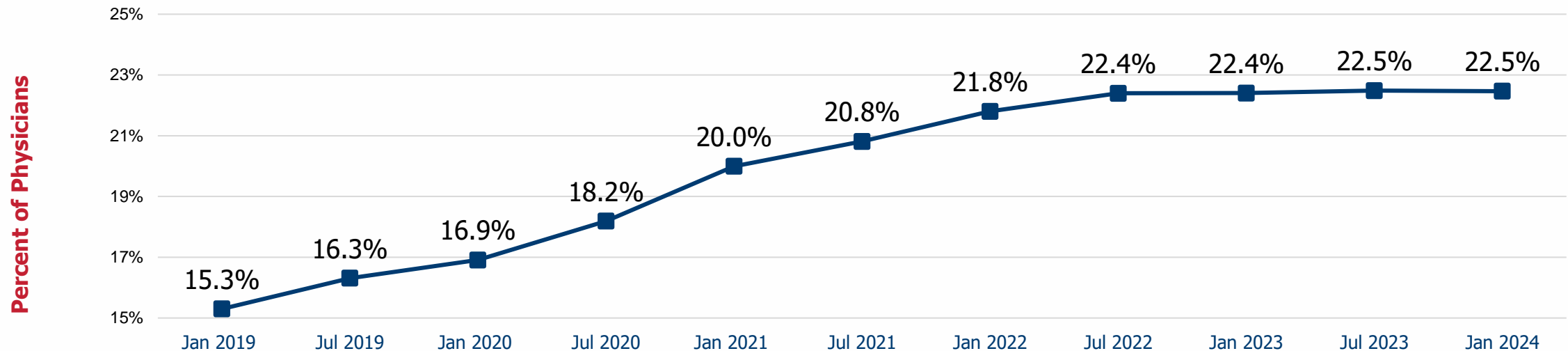
PERCENT OF U.S. PHYSICIANS EMPLOYED BY HOSPITALS/HEALTH SYSTEMS IN 2019-23



- **55.1%** of physicians were hospital-employed by January 2024
- Over the last two years, the percentage of hospital-employed physicians grew by **5.9%**
- Growth in hospital physician employment has continued at pace faster than before COVID

National Five-Year Trends: Corporate Physician Employment Has Held Steady Since July 2022

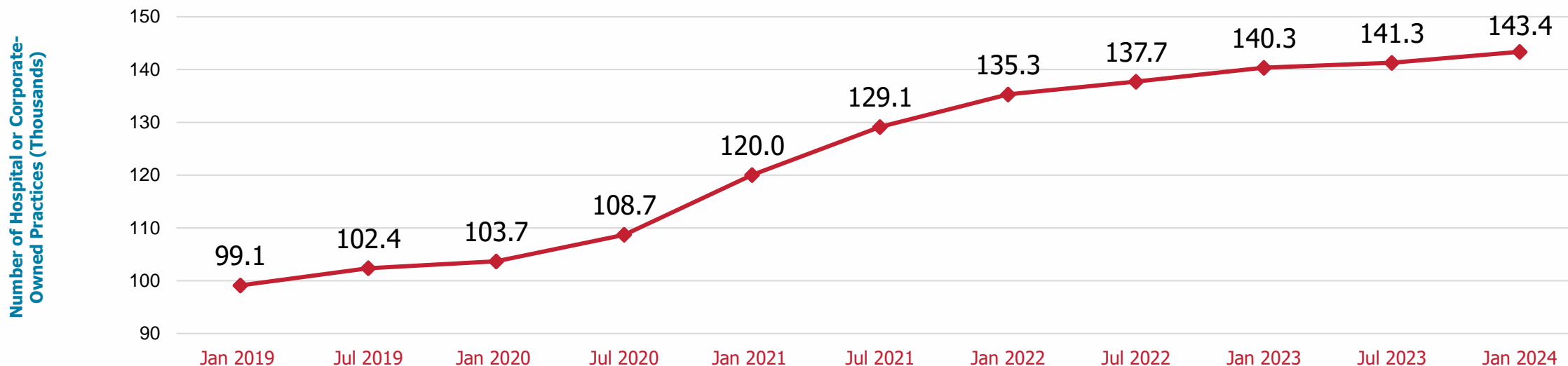
PERCENT OF U.S. PHYSICIANS EMPLOYED BY CORPORATE ENTITIES IN 2019-23



- **22.5%** of physicians were employed by corporate entities in January 2024
- After rapid growth, the percentage of corporate-employed physicians only grew by **3.0%** over the last two years
- Corporate physician employment has leveled off in the last two years

National Five-Year Trends: Pace of Acquisitions Grew Rapidly But Has Moderated in Last Two Years

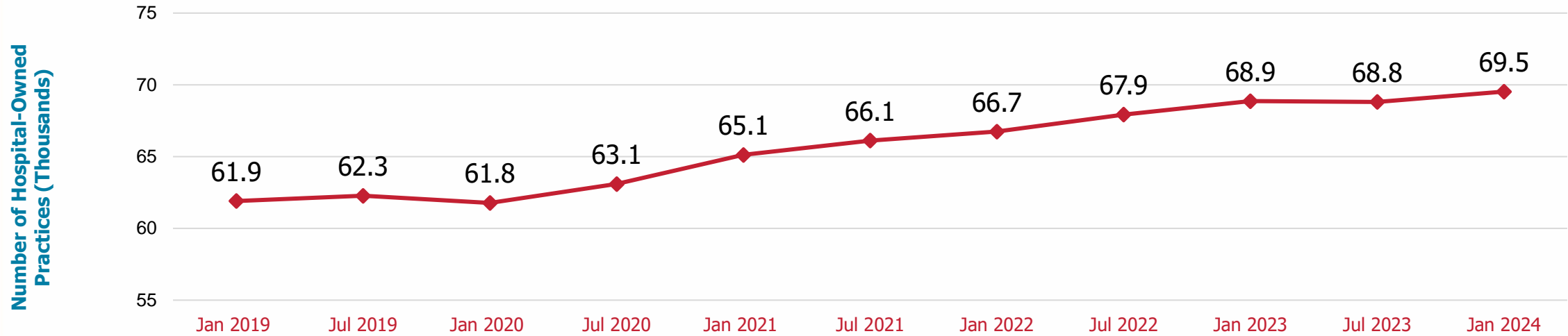
NUMBER OF U.S. HOSPITAL OR CORPORATE-OWNED PHYSICIAN PRACTICES IN 2019-23



- Hospitals and corporate entities acquired **44,200** physician practices between 2019 and 2024 – **8,100** of that shift occurred after in the last two years
- Hospital and corporate practice ownership grew **6.0%** in the last two years and in every 6-month period analyzed
- The rate of hospital or corporate acquisition of physician practices has moderated since January 2022

National Five-Year Trends: Hospitals Have Continued to Acquire Physician Practices, At a Slower Rate

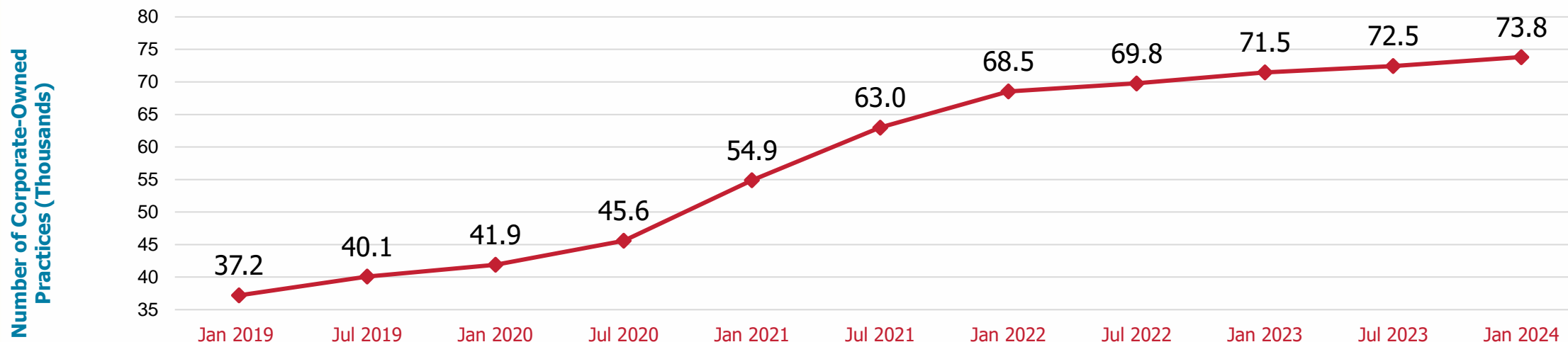
NUMBER OF U.S. HOSPITAL-OWNED PHYSICIAN PRACTICES IN 2019-23



- Hospitals acquired **7,600** physician practices between 2019 and 2024 – **2,800** of that shift occurred after in the last two years
- Hospital ownership increased by **4.2%** in the last two years and in every 6-month period analyzed but two since January 2019
- The rate of hospital acquisitions has slowed since January 2022, while still exceeding pre-COVID growth

National Five-Year Trends: The Number of Corporate Owned Practices Has Nearly Doubled

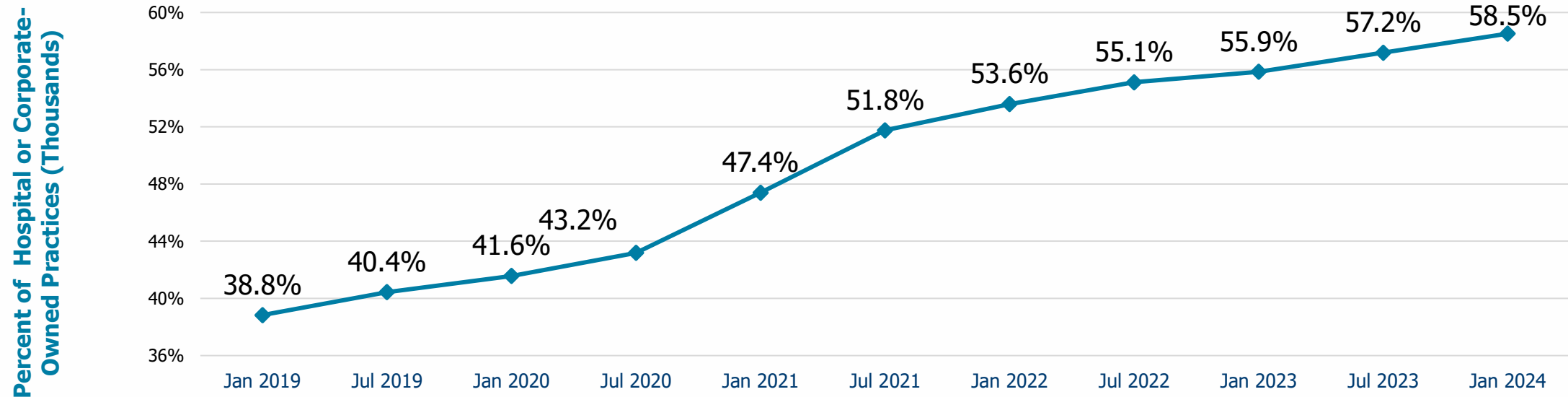
NUMBER OF U.S. CORPORATE-OWNED PHYSICIAN PRACTICES IN 2019-23



- Corporate entities acquired **36,600** physician practices between 2019 and 2024 – **5,300** of that shift occurred after in the last two years
- Corporate practice ownership increased by **7.7%** in the last two years and in every 6-month period analyzed
- The rate of corporate acquisitions has moderated since January 2022 and is slower than pre-COVID

National Five-Year Trends: By January 2024, Hospitals and Corporate Entities Owned Nearly Six in Ten Physician Practices

PERCENT OF U.S. PHYSICIAN PRACTICES OWNED BY HOSPITALS OR CORPORATE ENTITIES IN 2019-23

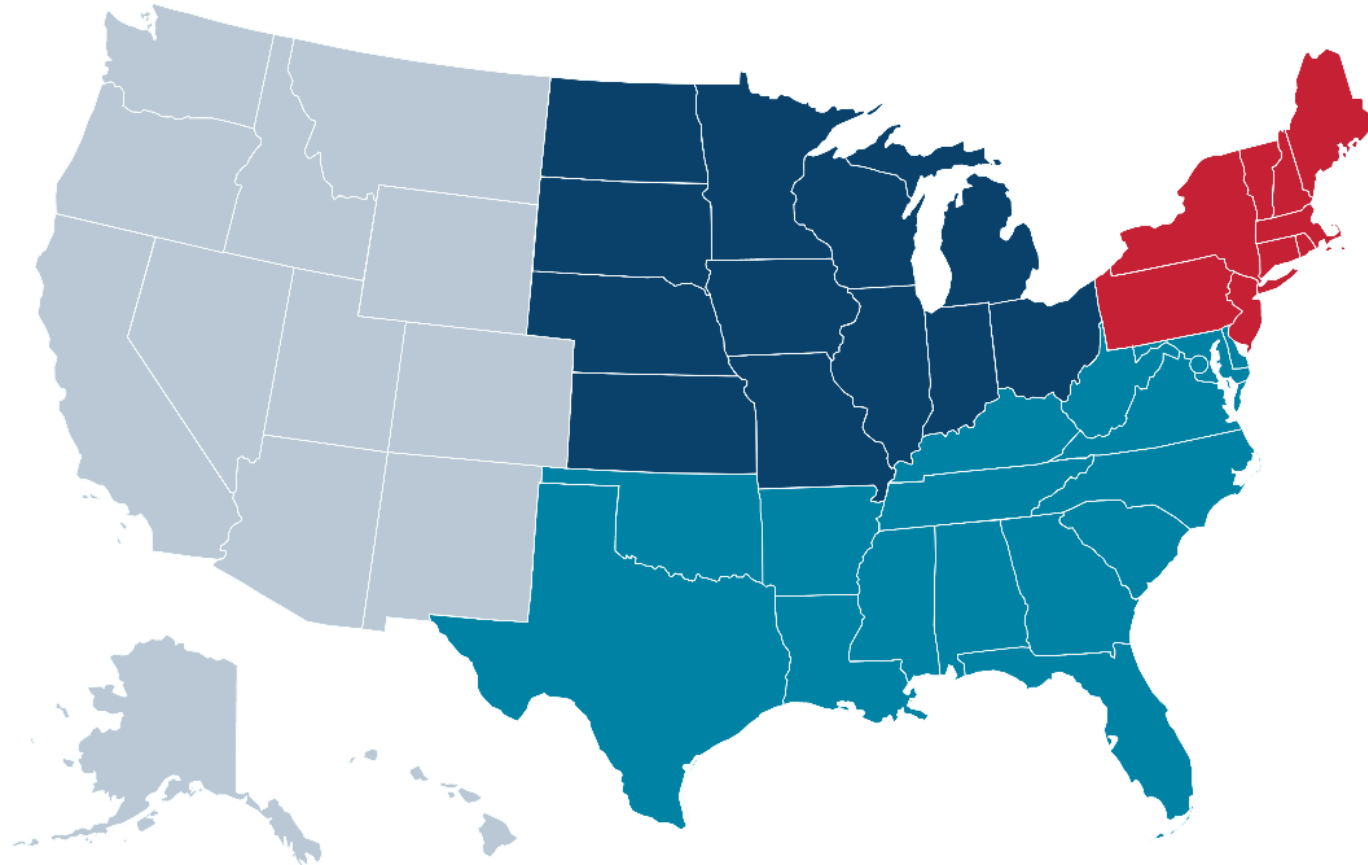


- **58.5%** of practices were owned by hospitals or corporate entities by January 2024
- Over the last two years, the percentage of physician practices owned by hospitals or corporate entities grew by **9.2%**
- Hospital and corporate acquisitions have moderated in the last two years, but the pace remains steady

Key Findings – Regional Trends

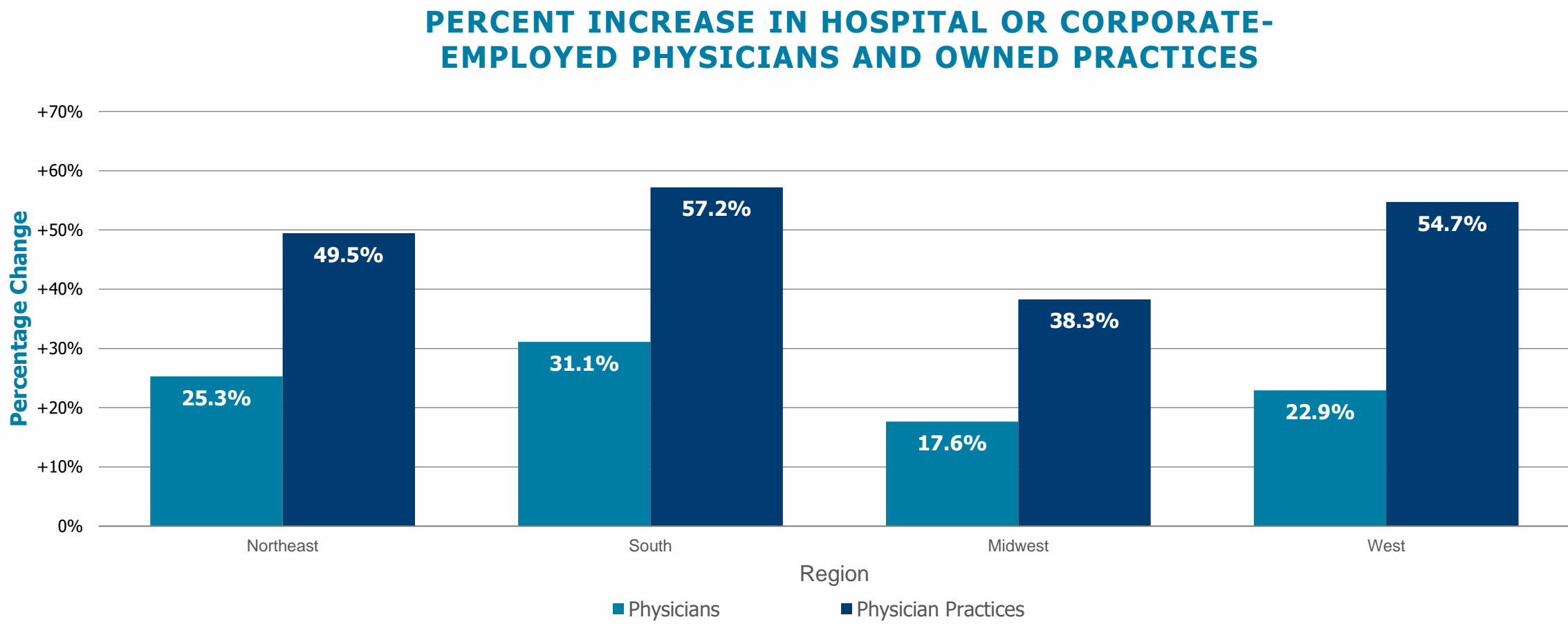
REGIONAL FINDINGS SHOW STEADY GROWTH NATIONWIDE

- Northeast
- South
- Midwest
- West



Avalere Health also studied these trends by region. While there are differences across regions, there is a steady trend toward increased employment and hospital ownership of practices in every region of the nation.

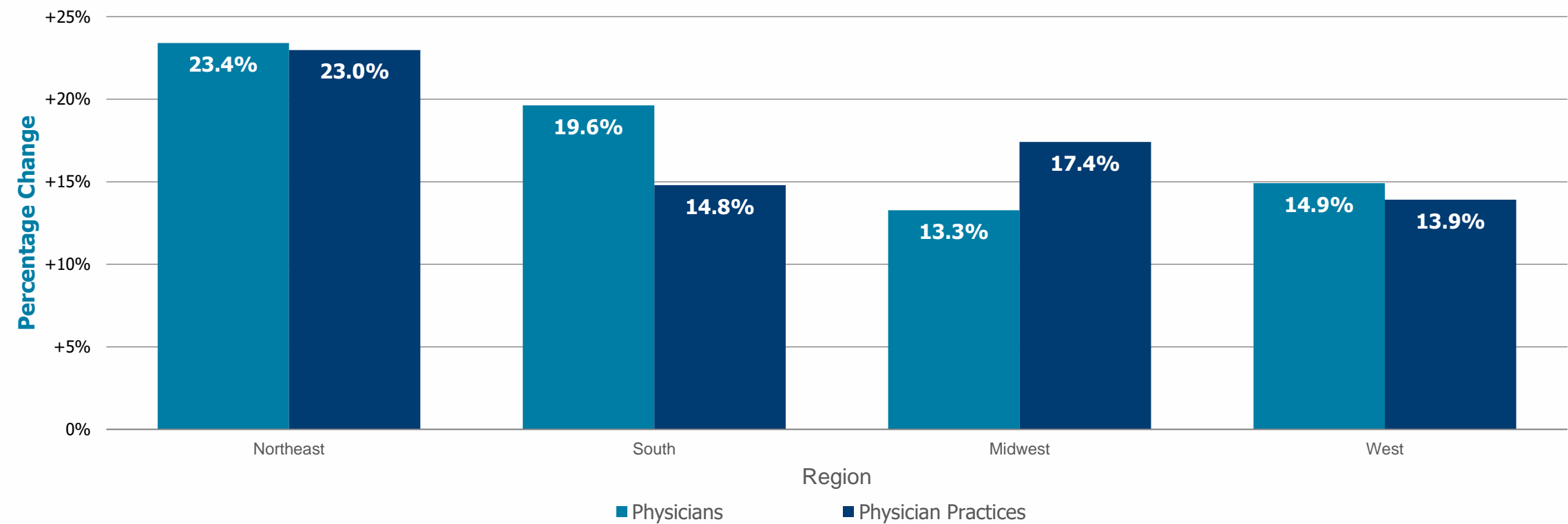
All U.S. Regions Continue Trend of Growth in Hospital or Corporate Employment and Practice Ownership in 2019-2023



Avalere analysis of IQVIA hospital/health system ownership of physician practice data with CMS NPPES Registry data

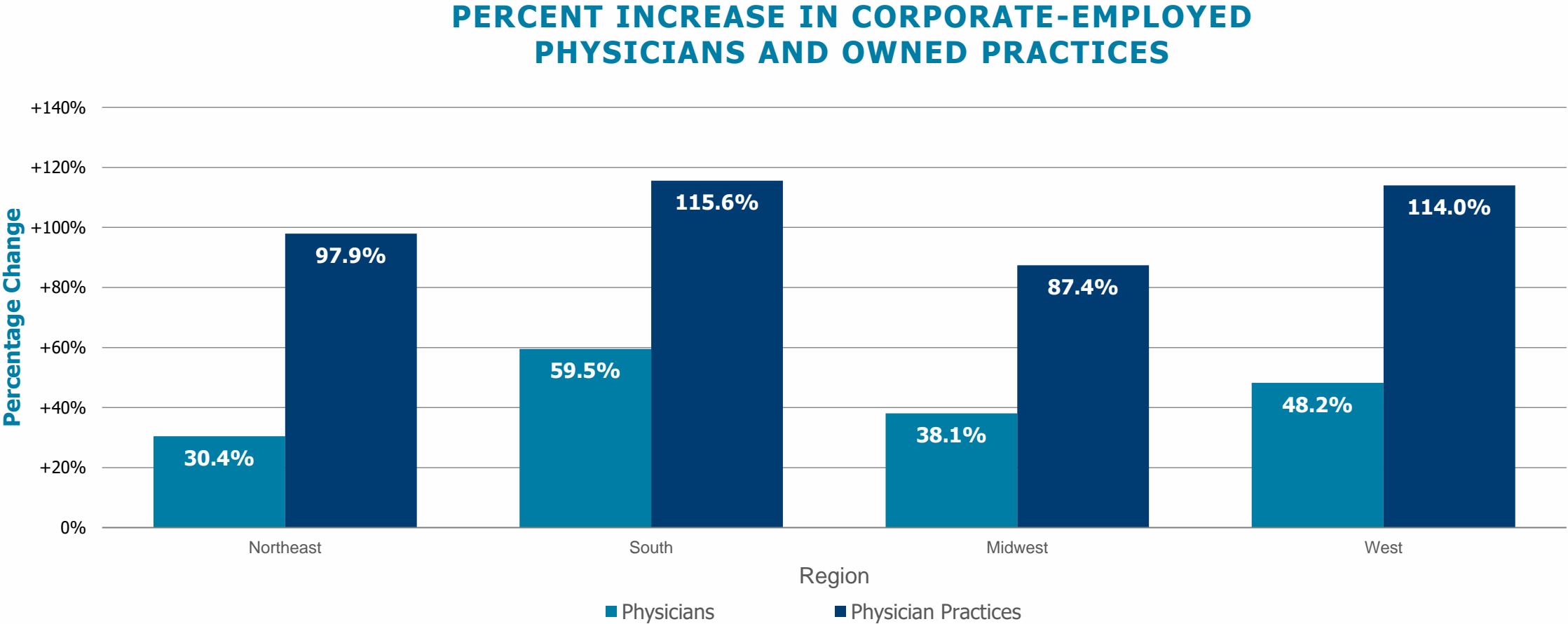
All U.S. Regions Continue Trend of Growth in Hospital Employment and Practice Ownership in 2019-2023

PERCENT INCREASE IN HOSPITAL-EMPLOYED PHYSICIANS AND OWNED PRACTICES



Avalere analysis of IQVIA hospital/health system ownership of physician practice data with CMS NPPES Registry data

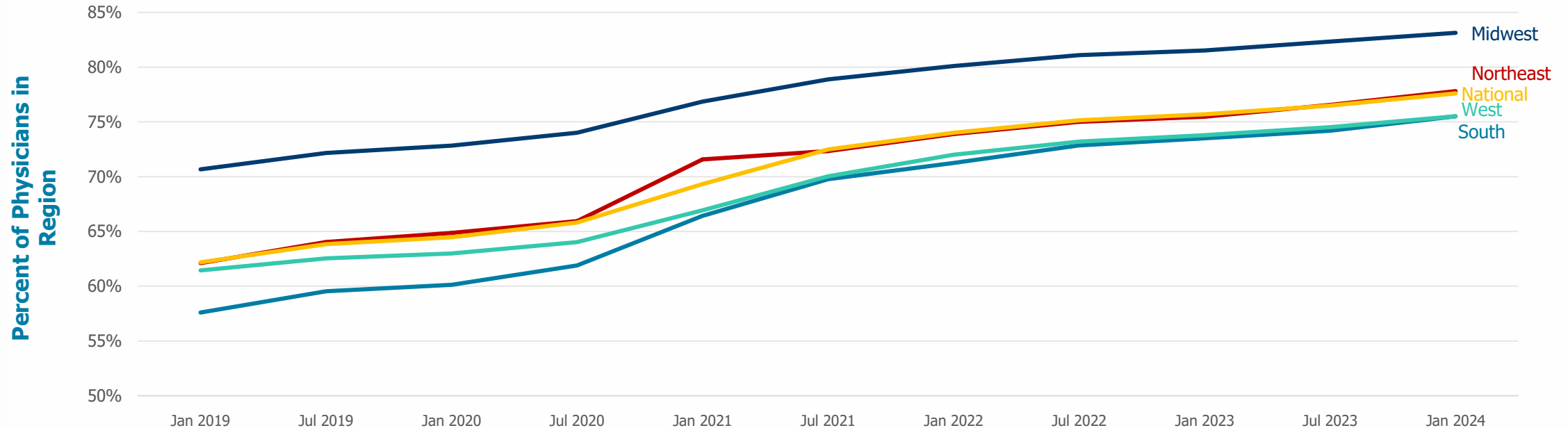
All U.S. Regions Continue Trend of Growth in Corporate Employment and Practice Ownership in 2019-2023



Avalere analysis of IQVIA hospital/health system ownership of physician practice data with CMS NPPES Registry data

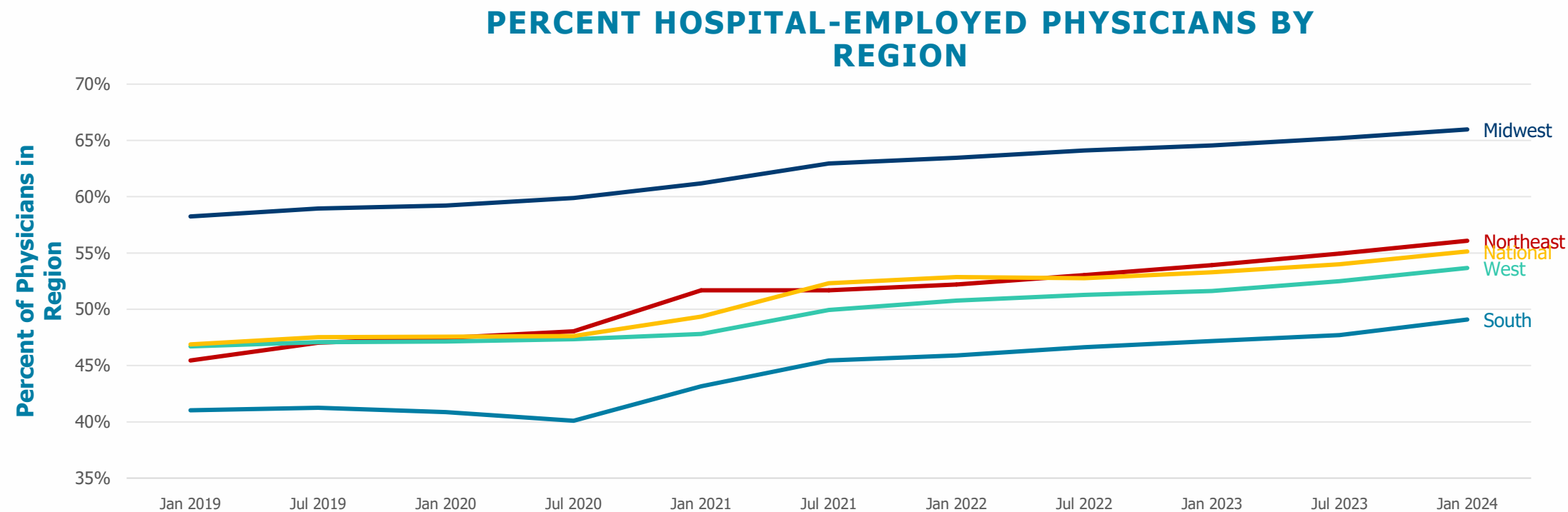
Increase in Physician Employment Continues in All U.S. Regions in 2019-2023

PERCENT HOSPITAL OR CORPORATE-EMPLOYED PHYSICIANS BY REGION



- The percent of hospital or corporate-employed physicians increased in all regions during the study period
- The Midwest leads other regions with **83.1%** employed by hospitals or corporate entities
- The South had the fastest growth over the last two years at **6.0%**, while the Midwest had the slowest growth at **3.8%**

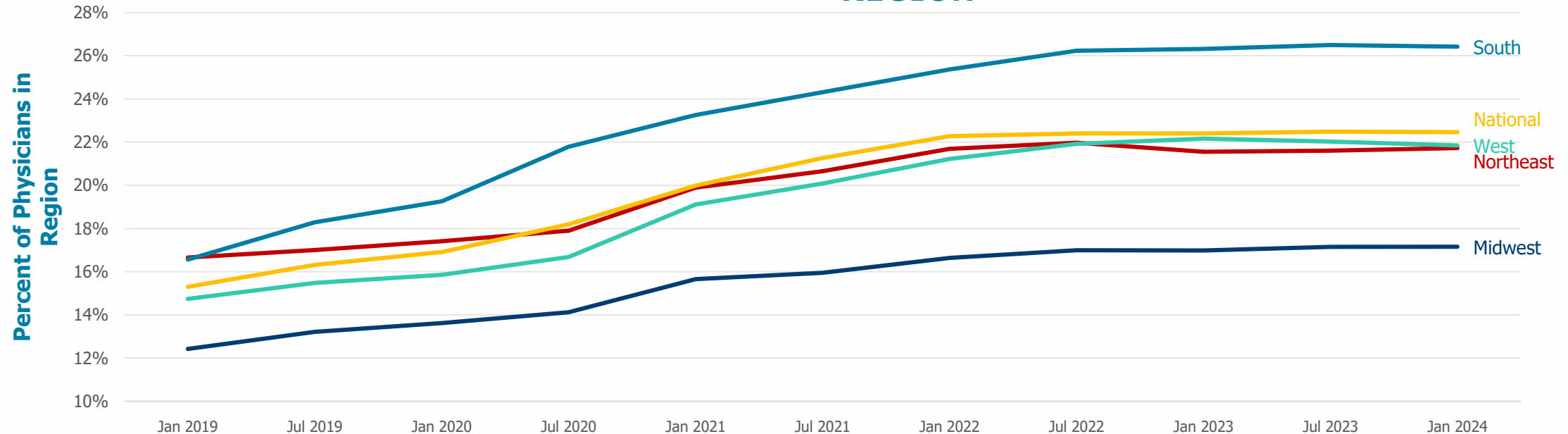
Increase in Physician Employment Continues in All U.S. Regions in 2019-2023



- The percent of hospital-employed physicians increased in all regions during the study period
- Over **66.0%** of physicians in the Midwest are employed by hospitals
- The Northeast had the fastest growth over the last two years at **7.4%**, while the Midwest had the slowest growth at **4.0%**

Corporate Employment Levelled Off in All U.S. Regions Between 2022-2023

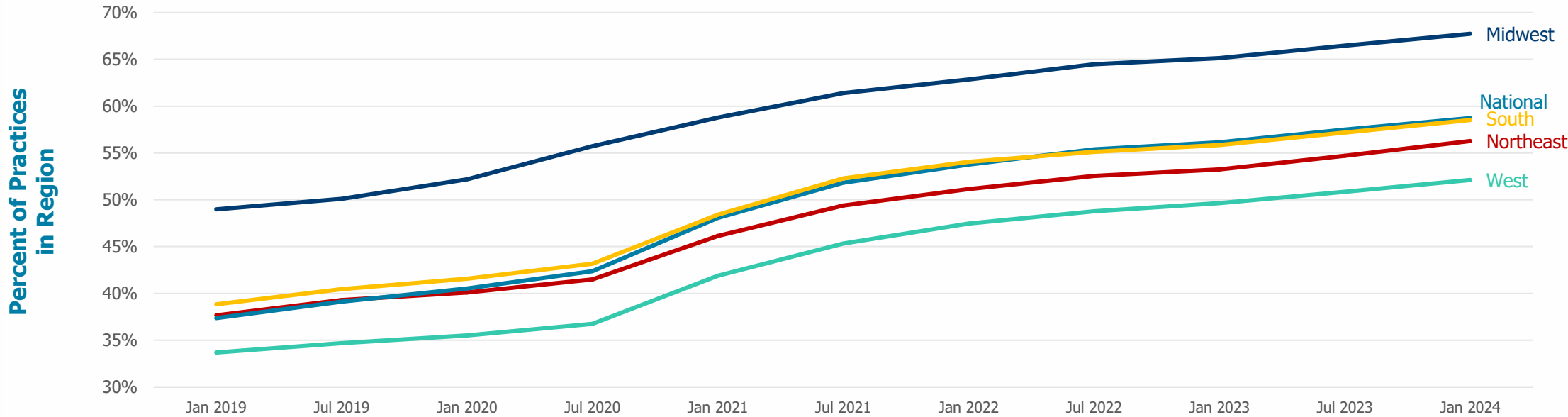
PERCENT CORPORATE-EMPLOYED PHYSICIANS BY REGION



- The South has the highest percentage of corporate-employed physicians at more than **26.4%**
- The South had the fastest growth over the last two years at **4.2%**, while the Northeast had the slowest growth at **0.2%**
- Corporate employment has leveled off and even decreased in the Northeast and West over the last two years

Hospital and Corporate Entities Continue to Acquire Physician Practices In Every Region

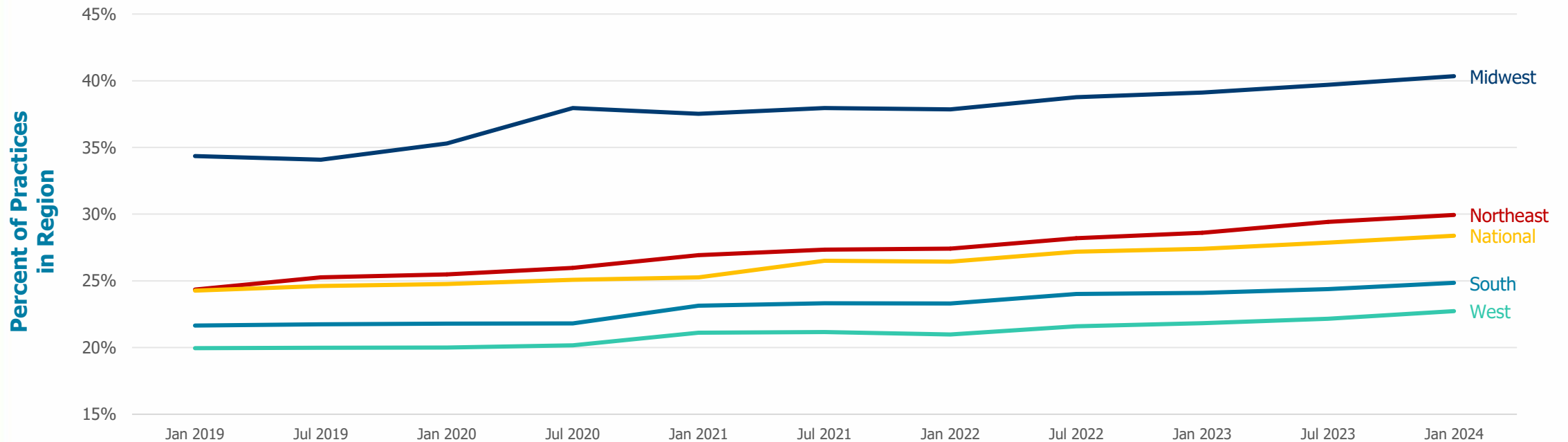
PERCENT HOSPITAL OR CORPORATE-OWNED PRACTICES BY REGION



- The percent of hospital or corporate-owned practices increased in all regions during the study period
- The Midwest leads other regions with **67.7%** of practices owned by hospitals or corporate entities
- The Northeast had the fastest growth over the last two years at **10.0%**, while the Midwest had the slowest growth at **7.7%**

Hospitals Continue to Acquire Physician Practices In Every Region

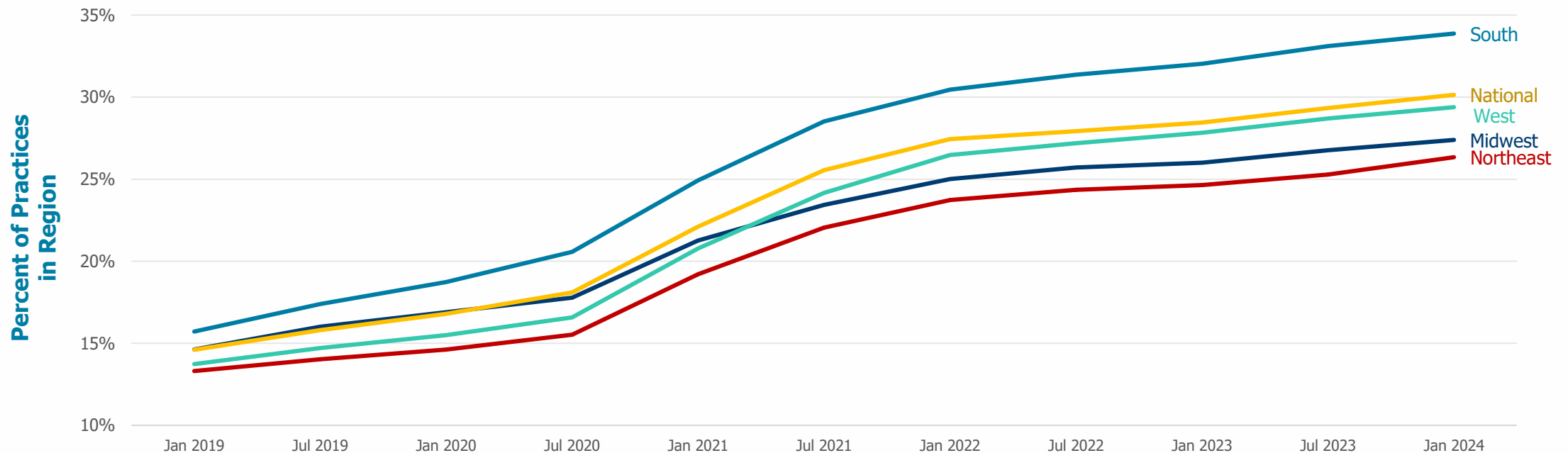
PERCENT HOSPITAL-OWNED PRACTICES BY REGION



- The percent of hospital-owned practices has consistently increased across all regions over the study period
- Over **40.3%** of practices in the Midwest are owned by hospitals
- The Northeast had the fastest growth over the last two years at **9.2%**, while the Midwest had the slowest growth at **6.6%**

Corporate Entities Continue to Acquire Physician Practices In Every Region

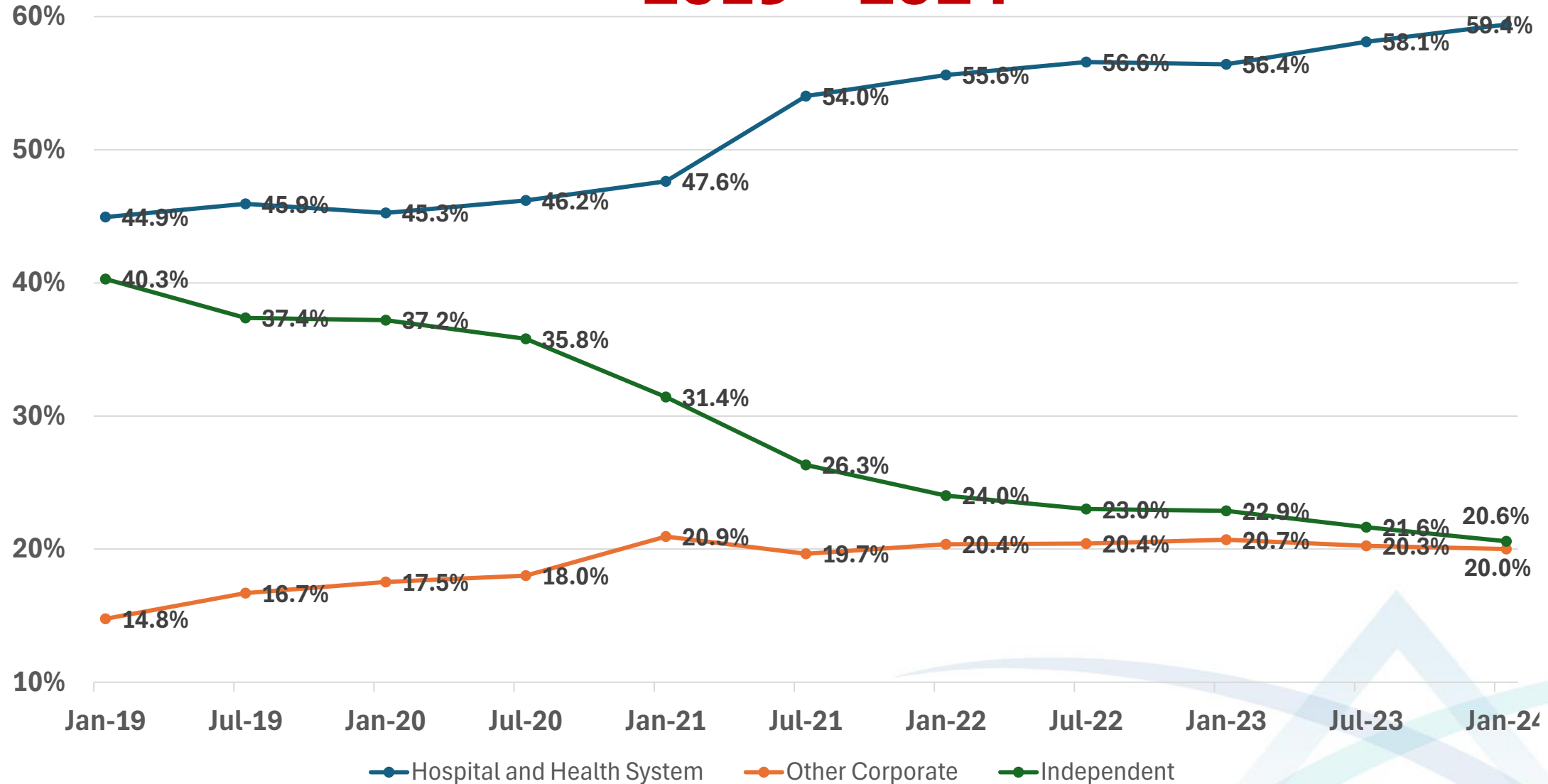
PERCENT CORPORATE-OWNED PRACTICES BY REGION



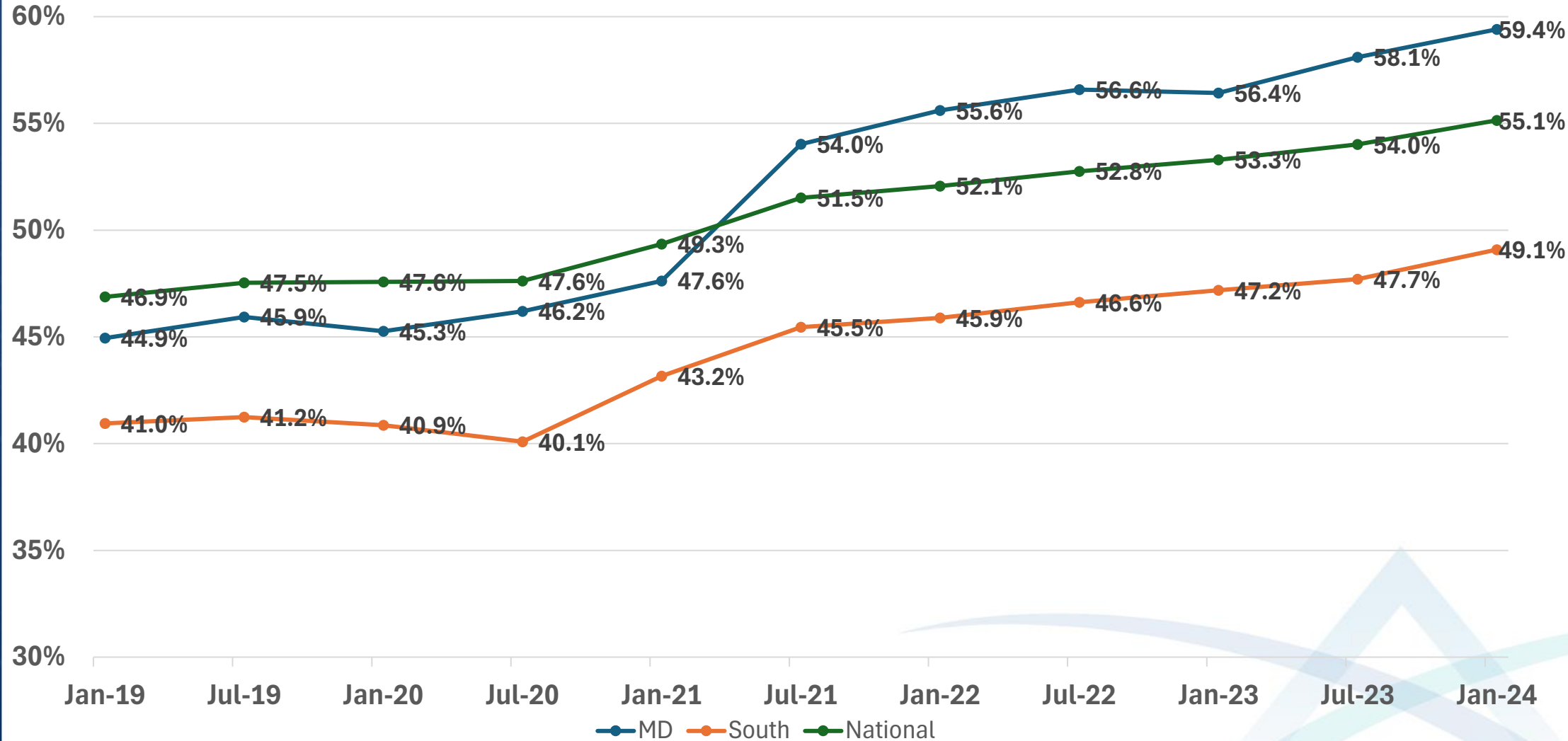
- Corporate acquisitions have slowed but total ownership has continued to grow over the last two years
- The South has the highest percentage of corporate-owned practices at **33.9%**
- The South had the fastest growth over the last two years at **11.2%**, while the Midwest had the slowest growth at **9.5%**

Key Findings – Maryland Trends

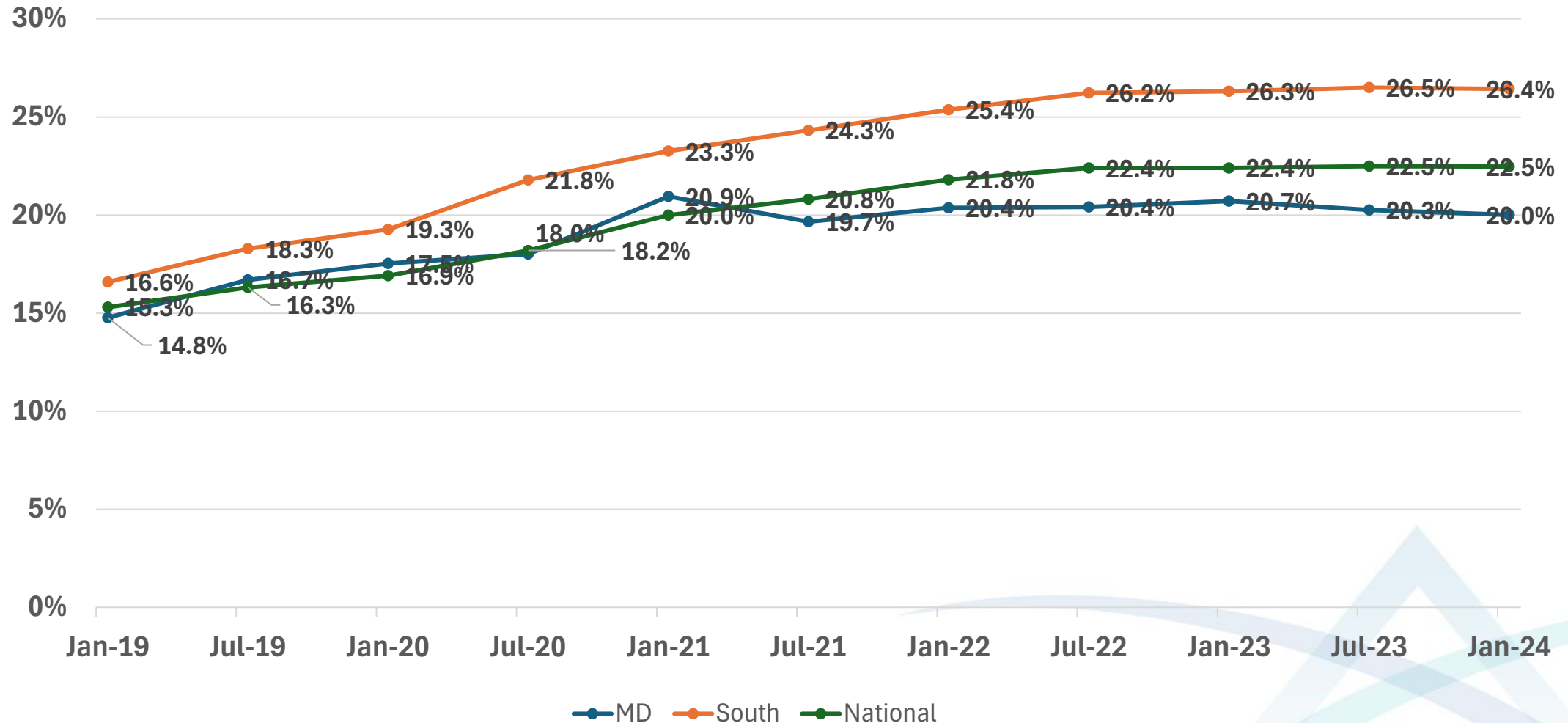
Maryland Physician Employment By Employer Type 2019 - 2024



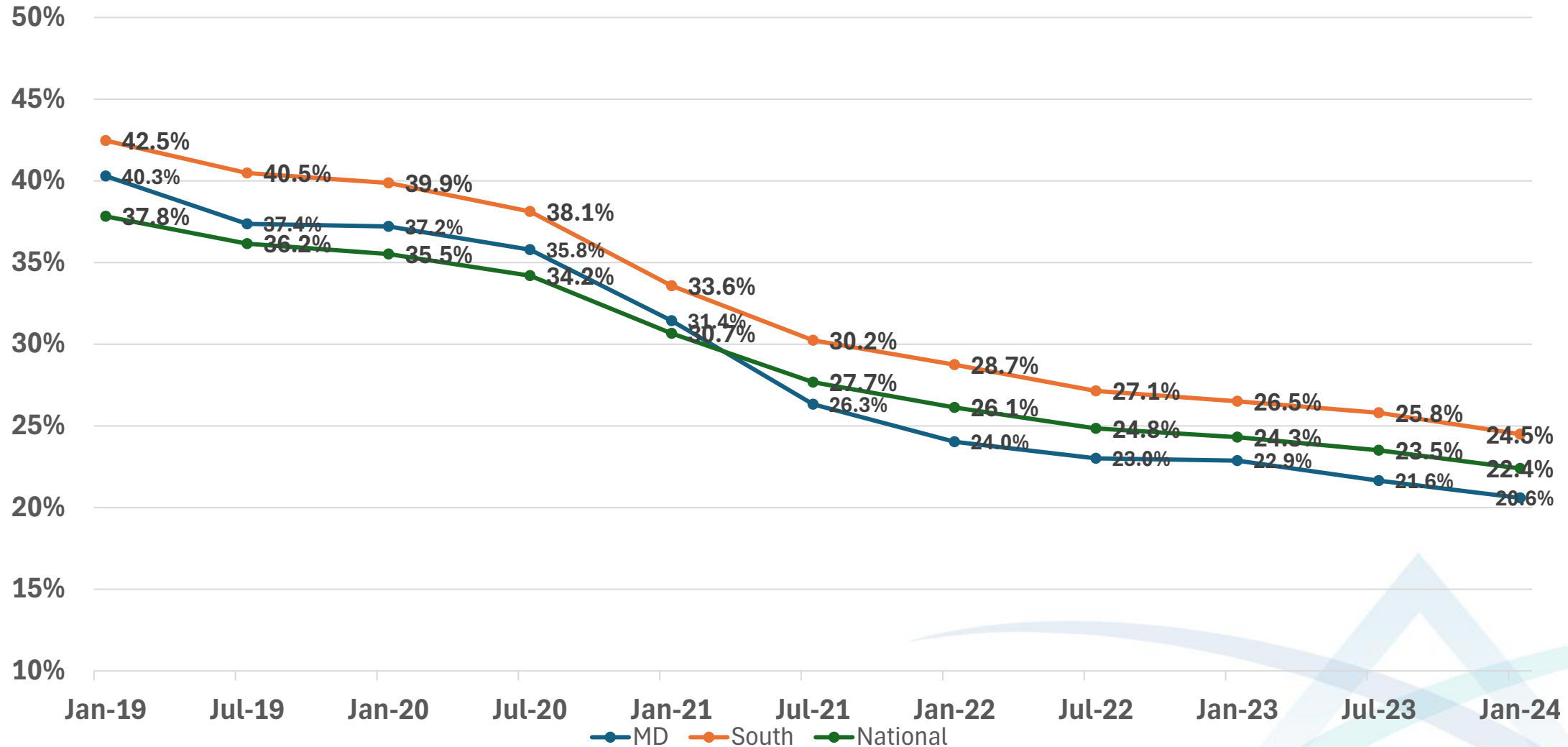
Maryland Physician Employment Hospital and Health System 2019-2024



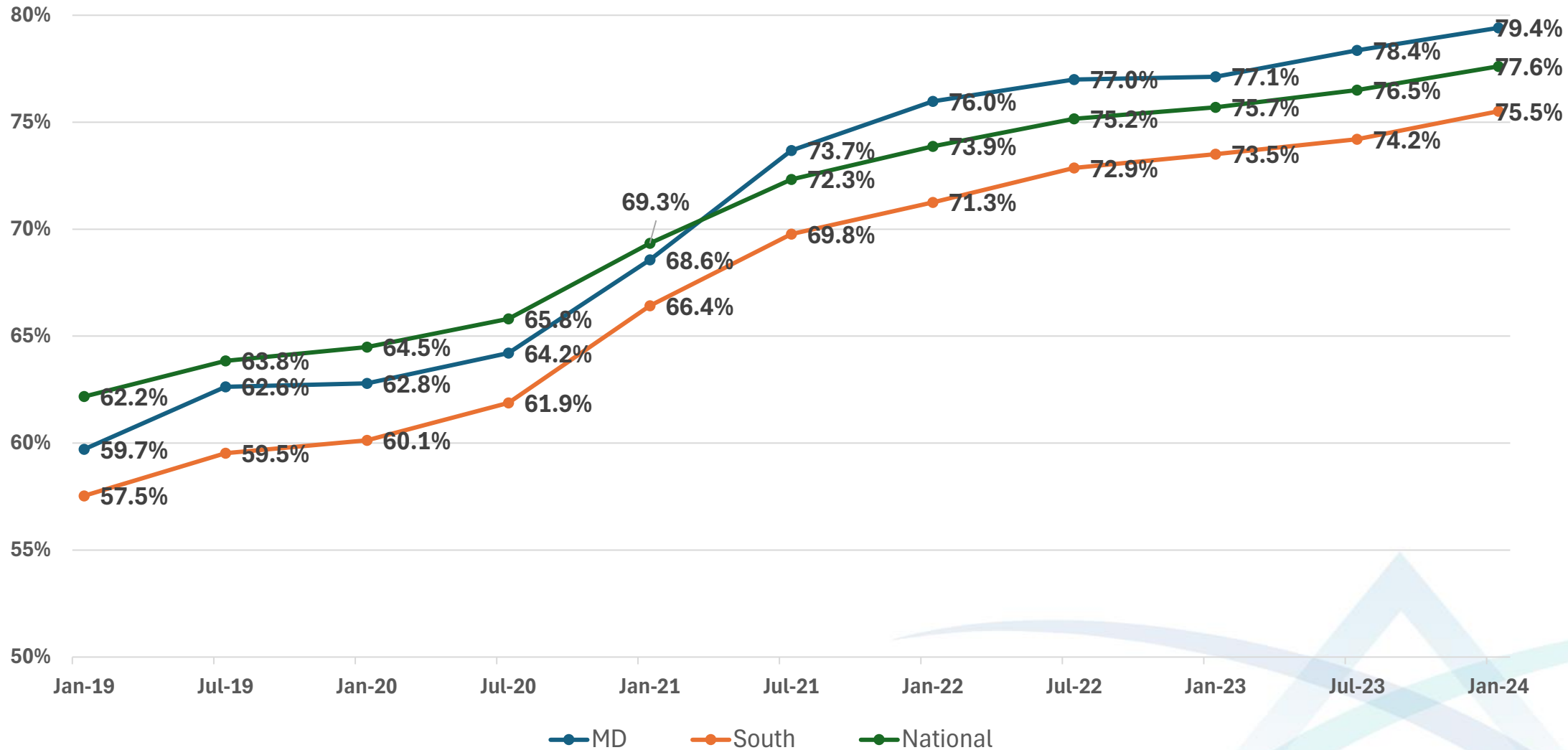
Maryland Physician Employment By Other Corporate Entities 2019-2024



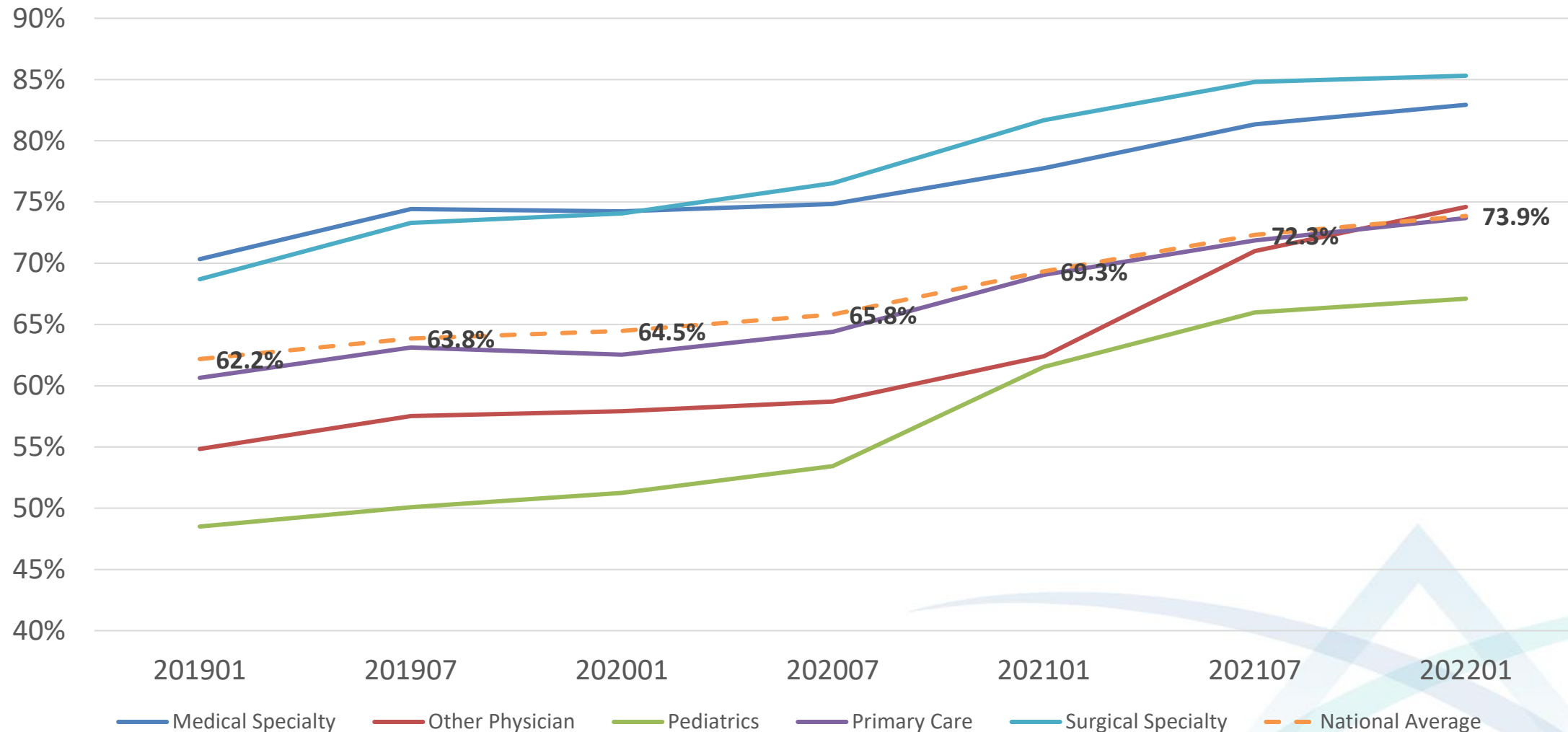
Maryland Independent Physicians 2019-2024



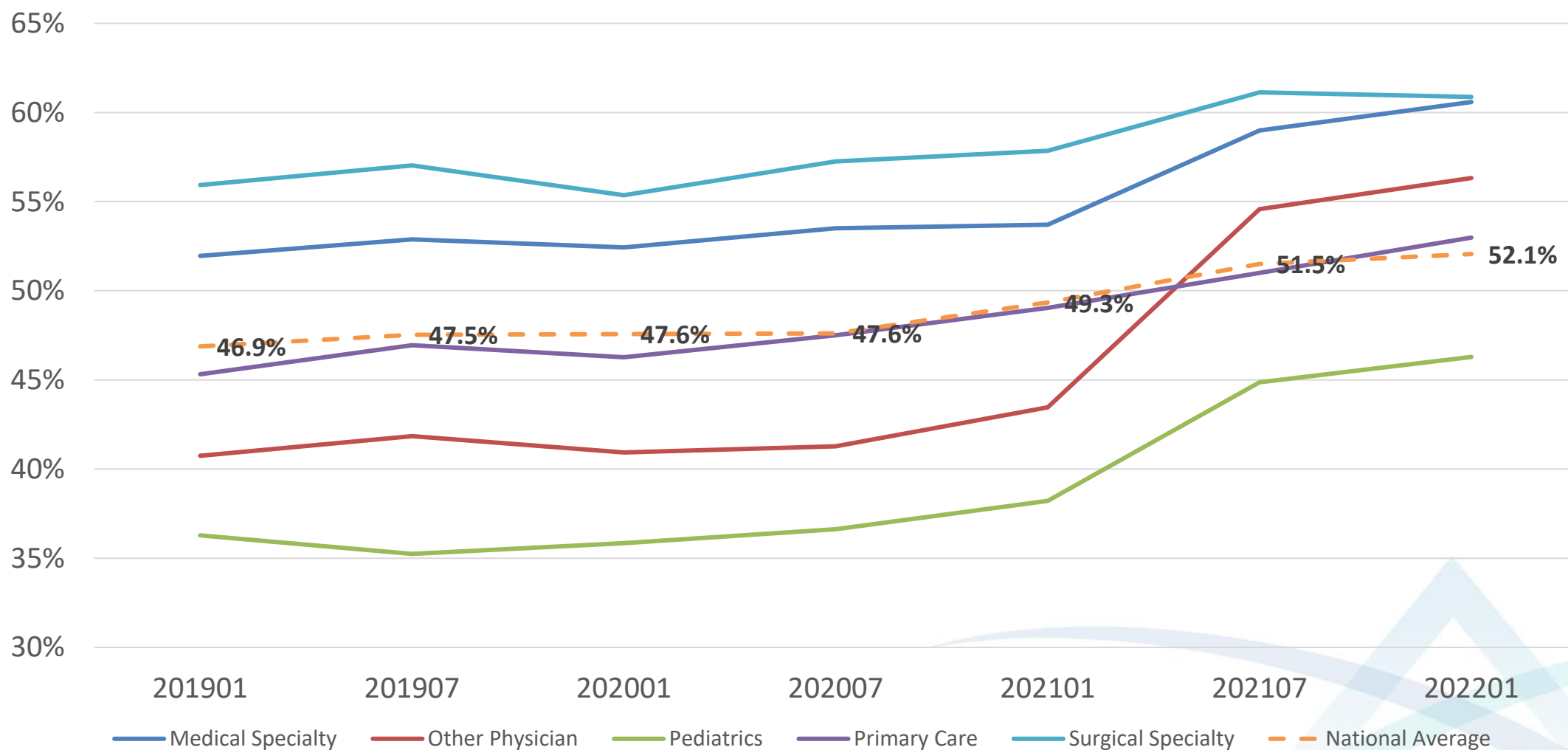
Maryland Non-Independent Physicians 2019-2024



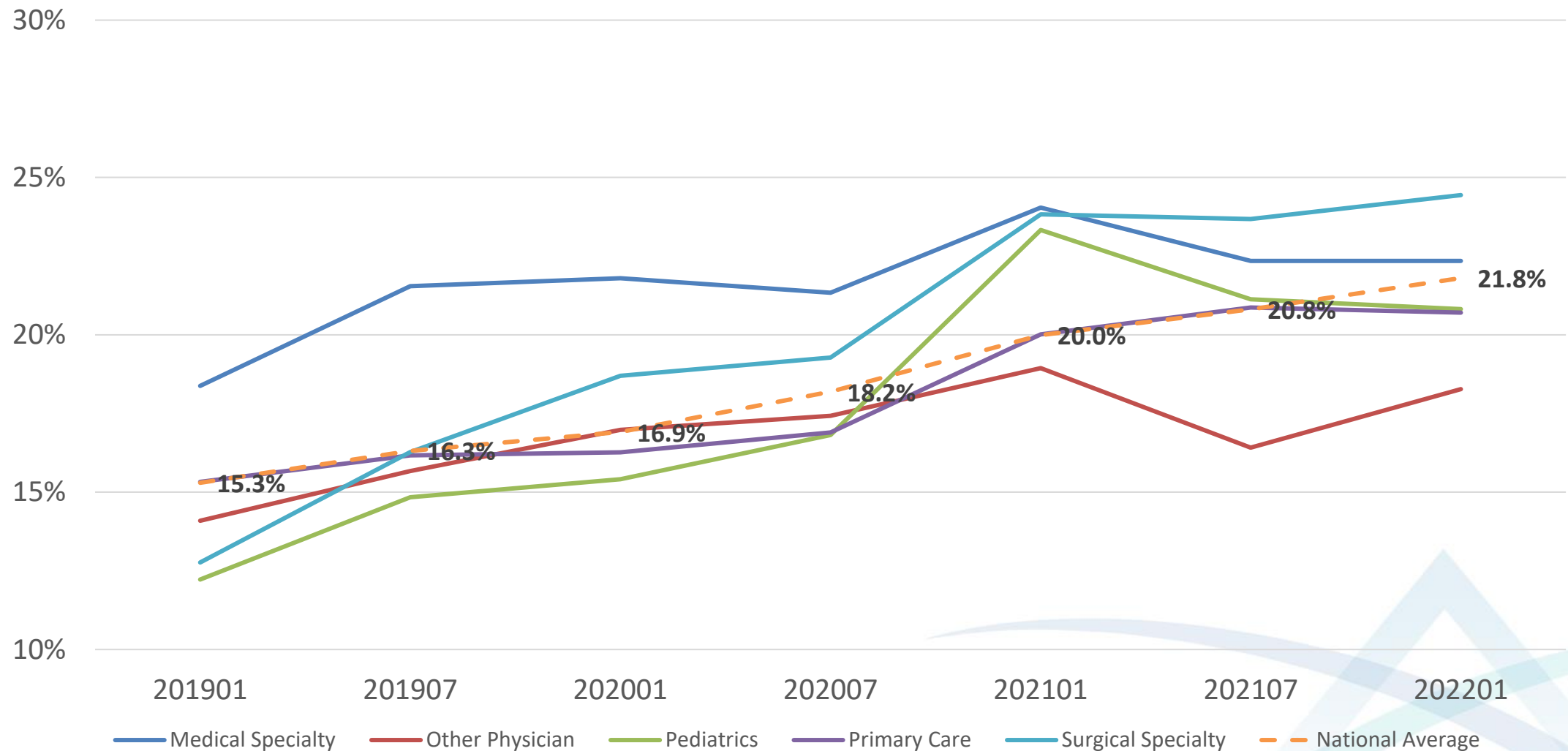
Maryland vs. National Average for Hospital or Corporate Physician Employment 2019-2021



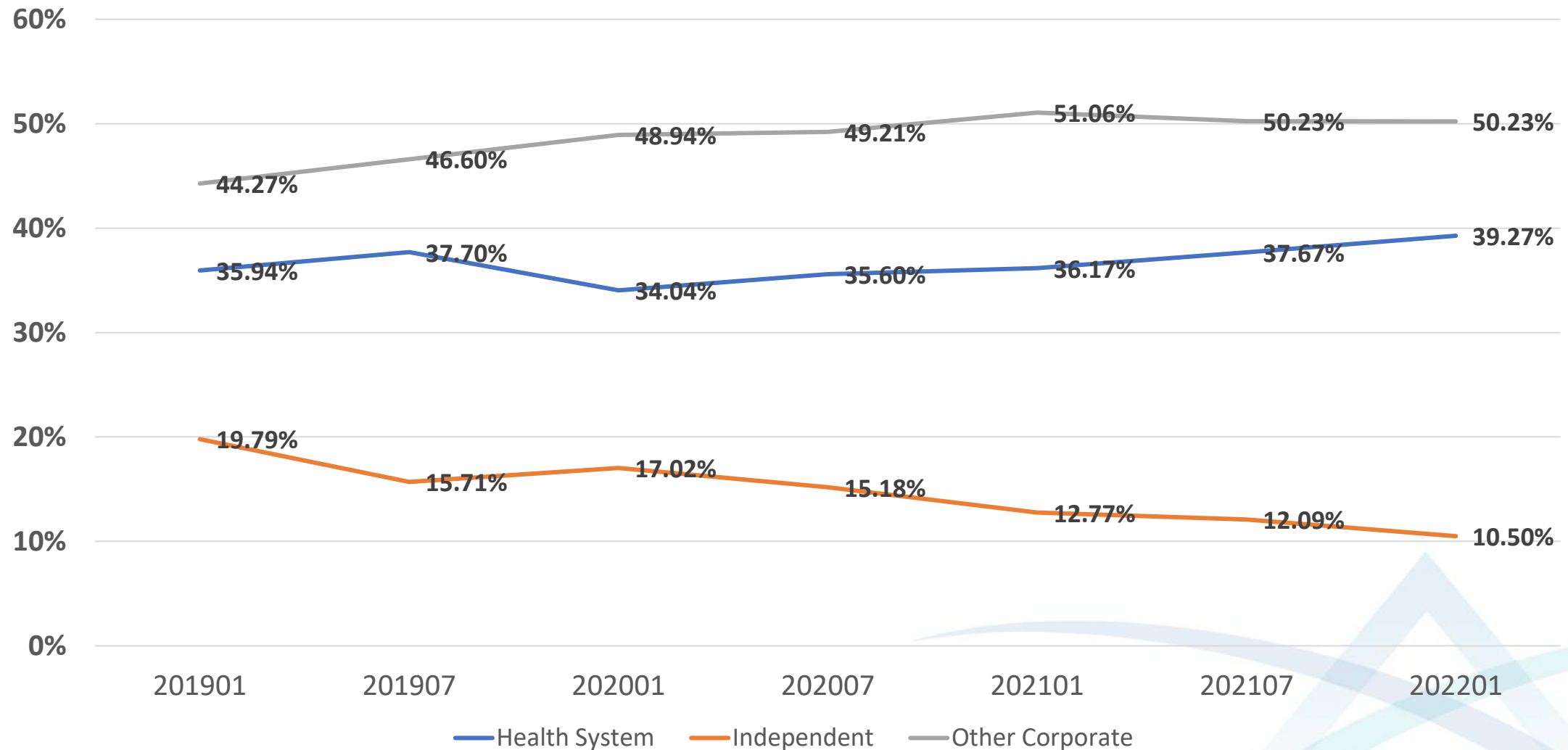
Maryland vs. National Average for Hospital Physician Employment 2019-2021



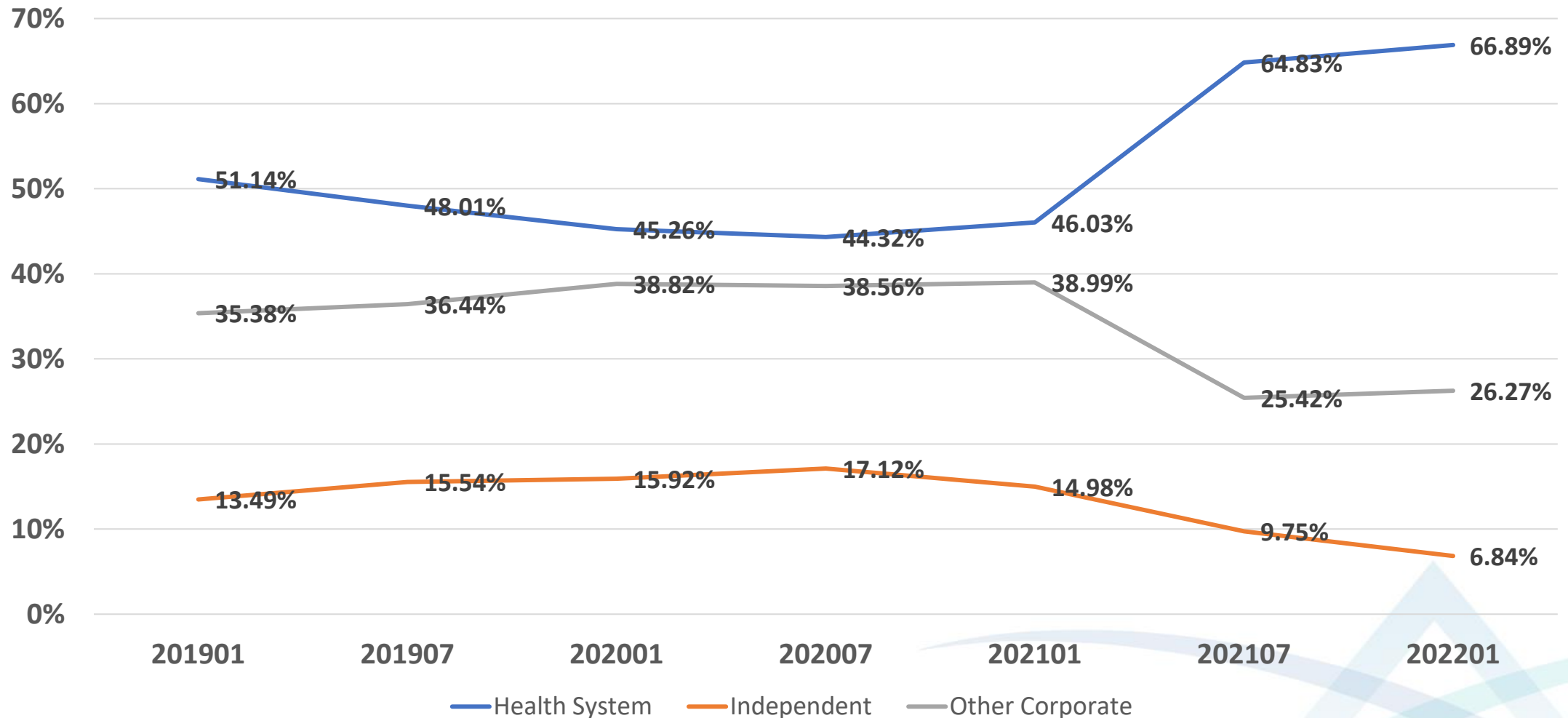
Maryland vs. National Average for Corporate Physician Employment 2019-2021



Maryland Urologist Employment Trends 2019-2021



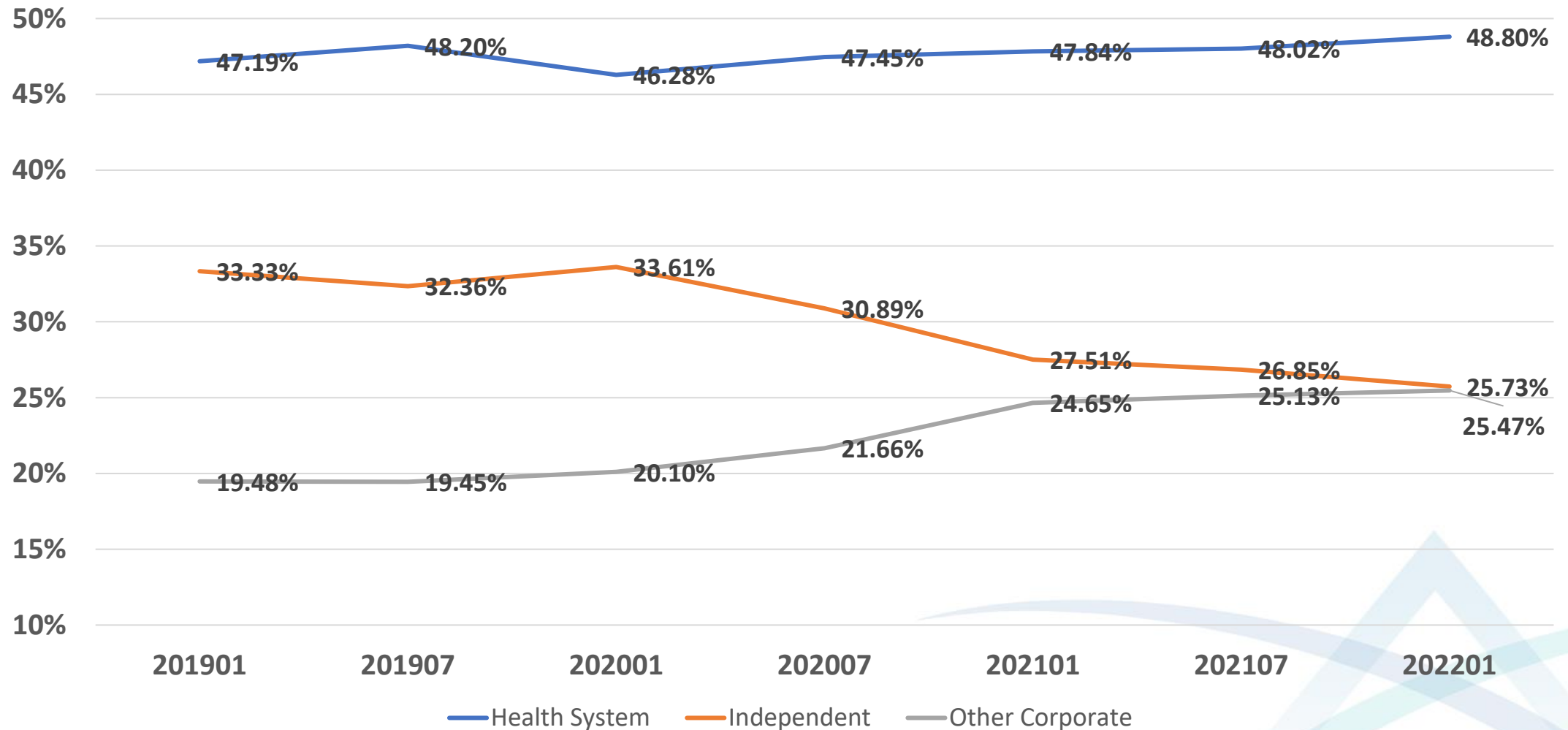
Maryland Radiologist* Employment Trends 2019-2021



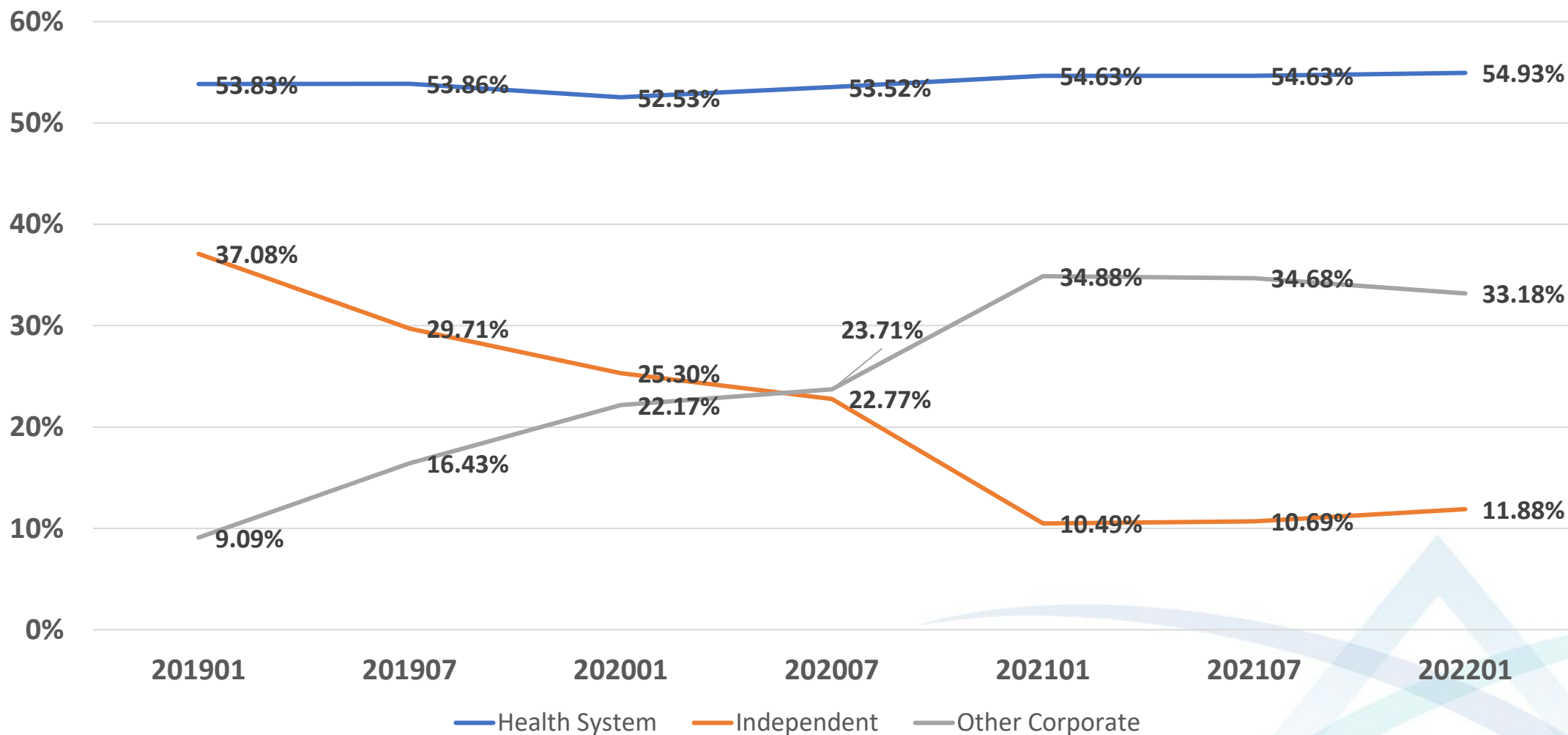
* Radiologist includes: Diagnostic, Interventional and Radiation Oncology

Avalere analysis of IQVIA OneKey database that contains physician and practice location information on hospital/health system ownership

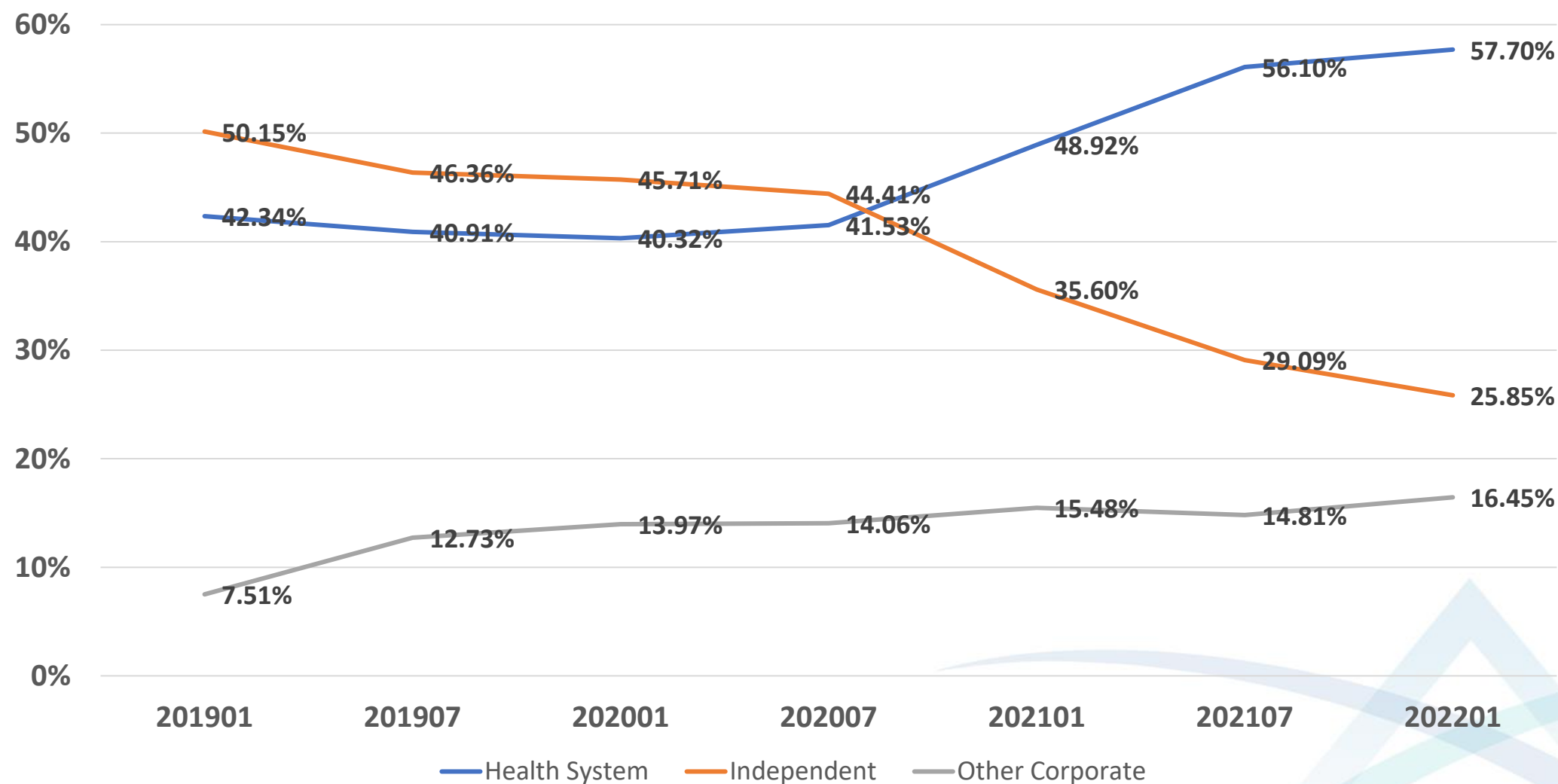
Maryland Family Physicians Employment Trends 2019-2021



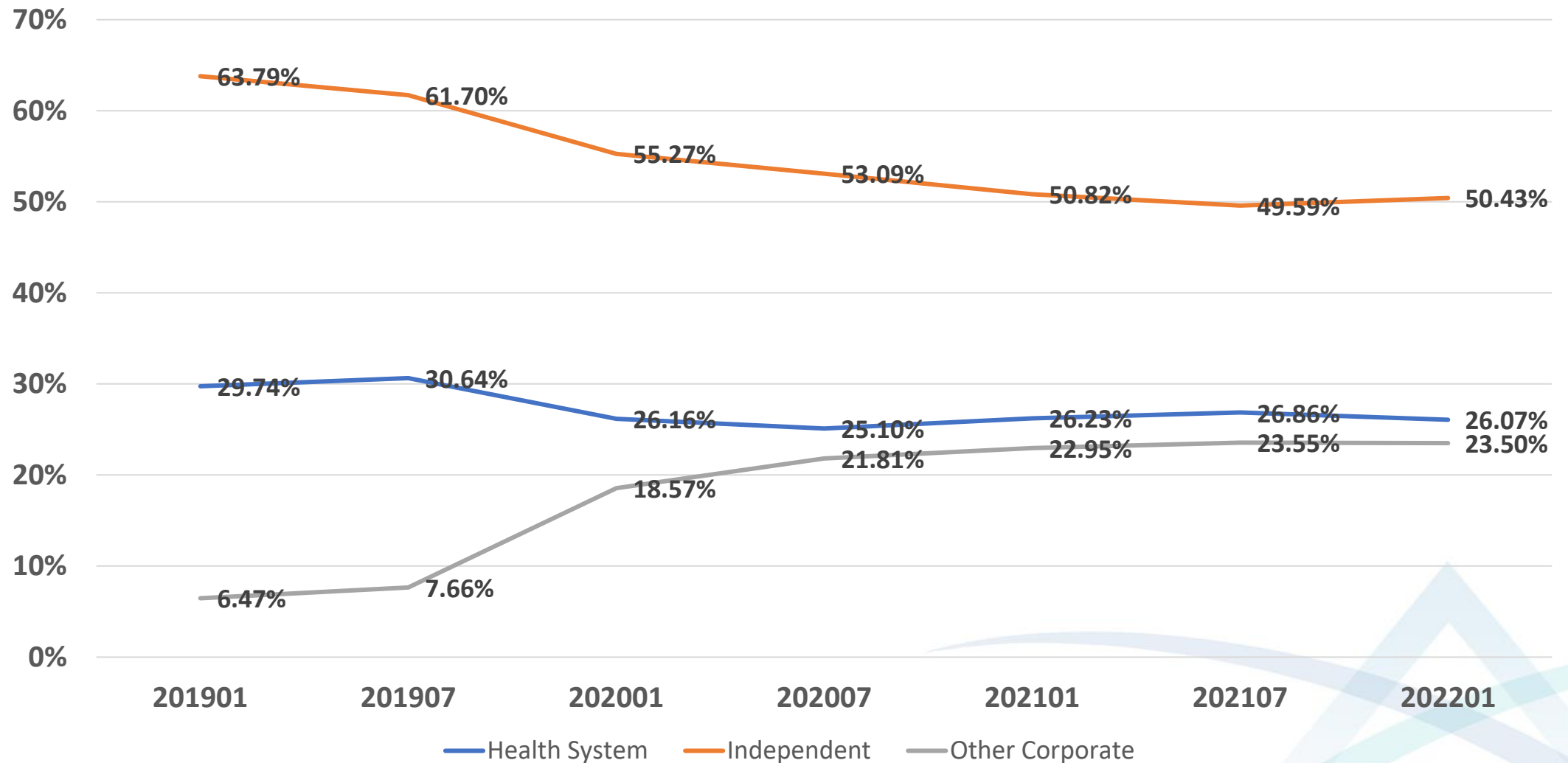
Maryland Orthopedist Employment Trends 2019-2021



Maryland Emergency Physicians Employment Trends 2019-2021



Maryland Dermatologists Employment Trends 2019-2021



Methodology and Additional Data

Methodology: Trends in Ownership of Physician Practices with Medicare-Billing Physicians

Avalere used the IQVIA OneKey¹ database that contains physician² and practice location information on hospital/health system ownership:

- Each record in the database corresponds to a unique physician [identified by their National Provider ID (NPI)], primary practice location, unique OneKey practice ID, physician and organization specialty, and practice ownership information
- 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 from January 2019 through January 2024

This OneKey extract includes three distinct ownership types:

- Owned by integrated delivery network (IDN)
 - In this study, “hospital-owned” practices are those classified as IDN-owned
 - To be classified as an IDN, a parent organization must include at least one acute care hospital and at least one non-acute entity (e.g., clinic, rehabilitation facility)
 - Likewise, “hospital-employed” physicians are physicians in the OneKey database indicated as employed by an IDN-owned practice
- Owned by other corporate entity
 - Other corporate entities are parent organizations not classified as IDNs
 - These corporate entities include health insurers, private equity firms, umbrella corporate entities that own multiple physician practices, etc.
- Practices without any external parent corporate organization as an owner are considered independent

COVID-19 effects calculated as the growth rate in the quantity of interest from July 2020 to January 2022 relative to the growth rate from January 2019 to July 2020

- Counts of physicians are counts of unique NPIs
 - Percentages of physicians are relative to the total number of physician NPIs in the IQVIA OneKey extract at each timepoint
- Counts of practices are counts of unique OneKey practice IDs
- Geographic location based on primary practice location provided by IQVIA

¹ The data used for this analysis are an extract from IQVIA's larger OneKey database that includes additional information about individual and organizational healthcare providers

² Physicians are defined as medical doctors (MDs) and doctors of osteopathy (DOs); nurse practitioners, physician assistants, and other non-physician providers are not included

Growth of Hospital or Corporate-Employed Physicians and Owned Practices Continued 2019 Through 2023

National Trends

	January 1, 2019	January 1, 2024	% Increase
Number of Hospital or Corporate-Employed Physicians	375,400	503,113	34.0%
% of Hospital or Corporate-Employed Physicians	62.2%	77.6%	24.8%
Number of Hospital or Corporate-Owned Practices	99,100	143,358	44.7%
% of Hospital or Corporate-Owned Practices	38.9%	58.5%	50.7%

Regional Trends

	Region	January 1, 2019	January 1, 2024	% Increase
% of Hospital or Corporate-Employed Physicians	Northeast	62.1%	77.8%	25.2%
	South	57.6%	75.5%	31.2%
	Midwest	70.7%	83.1%	17.5%
	West	61.4%	75.5%	23.2%
% of Hospital or Corporate-Owned Practices	Northeast	37.7%	56.3%	49.5%
	South	37.4%	58.7%	57.2%
	Midwest	49.0%	67.7%	38.3%
	West	33.7%	52.1%	54.7%

Growth of Hospital-Employed Physicians and Hospital Owned Practices Continued in 2019 Through 2023

National Trends

	January 1, 2019	January 1, 2024	% Increase
Number of Hospital-Employed Physicians	283,000	357,471	26.3%
% of Hospital-Employed Physicians	46.9%	55.1%	17.6%
Number of Hospital-Owned Practices	61,900	69,529	12.3%
% of Hospital-Owned Practices	24.3%	28.4%	17.0%

Regional Trends

	Region	January 1, 2019	January 1, 2024	% Increase
% of Hospital-Employed Physicians	Northeast	45.5%	56.1%	23.3%
	South	41.0%	49.1%	19.9%
	Midwest	58.2%	66.0%	13.1%
	West	46.7%	53.7%	15.2%
% of Hospital-Owned Practices	Northeast	24.3%	29.9%	23.0%
	South	21.6%	24.9%	14.8%
	Midwest	34.4%	40.3%	17.4%
	West	20.0%	22.7%	13.9%

Growth of Corporate-Employed Physicians and Corporate-Owned Practices Continued in 2019 Through 2023

National Trends

	January 1, 2019	January 1, 2024	% Increase
Number of Corporate-Employed Physicians	92,400	145,642	57.6%
% of Corporate-Employed Physicians	15.3%	22.5%	46.9%
Number of Corporate-Owned Practices	37,200	73,829	98.7%
% of Corporate-Owned Practices	14.6%	30.1%	106.9%

Regional Trends

	Region	January 1, 2019	January 1, 2024	% Increase
% of Corporate-Employed Physicians	Northeast	16.7%	21.7%	30.6%
	South	16.6%	26.4%	59.3%
	Midwest	12.4%	17.2%	38.1%
	West	14.7%	21.9%	48.3%
% of Corporate-Owned Practices	Northeast	13.3%	26.3%	97.9%
	South	15.7%	33.9%	115.6%
	Midwest	14.6%	27.4%	87.4%
	West	13.7%	29.4%	114.0%



Scope of Study On Physician Perceptions of Employment

NORC surveyed employed physicians
to explore the impact of practice acquisitions on job satisfaction and care delivery

- For over a decade, there has been a sustained trend of physicians leaving private practice for employment by corporate-owned practices, often affiliated with hospitals, health systems, health insurers and private equity firms.
- NORC conducted a survey of 1,000 employed physicians on behalf of the PAI to gain insights into the implications of this trend on care delivery, clinical decision making, physician practice administration and professional satisfaction.
- Over half of employed physicians reported that changes in practice ownership **reduced the quality of patient care**, citing an erosion **in clinical autonomy** and a greater focus on financial incentives. **Almost half of physicians reported** a deterioration in relationship with patients, seen mainly in decreased visit time and communication.
- For physicians who shifted from independent medical practices, various factors including government and private insurer payment cuts, drove their decisions.



Employed Physicians Survey

PAI Commissioned NORC Study

- First-of-its-kind survey exploring impact of non-physician ownership on:
 - Care delivery
 - Clinical decision making
 - Physician practice administration
 - Professional satisfaction
- Findings offer insights on:
 - Trends driving growth of “corporate” practice ownership
 - Successes and limitations of non-physician practice ownership



Care Delivery

Physicians report concerning trends in care delivery, indicating reduced autonomy, strained patient relationships, and diminished communication due to ownership changes

- 58% of physicians reported that reduced autonomy was one of the top negative impacts of ownership changes on patient care quality
- Nearly half of physicians (45%) reported that ownership changes **worsened their relationships with patients**
- **Decreased time and communication** were reported as top negative impacts of ownership changes on the physician-patient relationship



Clinical Decision Making

Physician responses underscore the complexities involved in making clinical decisions for their patients, including employers' policies that influence these decisions

- 56% of respondents said that cost of care to the patient has some impact on their clinical decision-making
- Nearly half (47%) of respondents said that practice policies or incentives frequently led them to adjust treatment options to reduce costs
- 37% of physicians report moderate or low autonomy in making clinical decisions
- 61% of respondents have moderate or low autonomy to refer patients outside of their ownership structure/ system
- 70% of respondents report employer uses incentives for physicians to see more patients



Administration

Two-thirds of physicians' report having little or no involvement in practice management policies

- More than 40% of physician respondents expressed dissatisfaction with workforce-related issues including hiring, staff management, and administrative support
- Respondents expressed high satisfaction with medical equipment, technology training, and the quality of technology/EHR policies and procedures at their current practice
- Interestingly, more than half (52%) of respondents lacked awareness of a formal process to resolve disputes at their workplace



Career Path and Employment Trends

Physicians who moved from independent practice to employment cited a myriad of factors that influenced their decisions with work-life balance and compensation ranking the highest

- Government and private insurer reimbursement cuts were driving factors in choosing employed positions for over half of physicians who responded to the survey (53%)
- 60% of respondents stated that their current employer required them to sign a non-compete agreement
- Frustrations with current employment are reflected in the 44% of respondents who said they would join a union if available and amongst the compelling reasons they cite for wanting to retire early – burnout (74%) ranking the highest



Survey Methods and Demographics

- **Exclusion Criteria #1: Percentage of Professional Time Dedicated to Patient-Facing Activities**
 - Respondents who dedicated less than 50% of their time to patient-facing activities were disqualified for the survey.
- **Exclusion Criteria #2: Practice Ownership Structure**
 - Respondents employed by practices either wholly or majority owned by physicians, or faculty groups or medical schools were disqualified for the survey.
- **Final Sample of 1,000 physician respondents**
 - with a 1:1 ratio of primary care physicians and physicians from all other specialties, as well as regional sub-quotas (South was highest region represented with 32% of entire sample and West was lowest region represented with 16% of entire sample).
- **Age:**
 - 79% were under the age of 61 and 25% were under the age of 40
- **Employed By:**
 - 90% Hospital or Health System
 - 7% VC/PE
 - 3% Health Insurance Company
 - 1% Staffing Agency
- **Specialty**
 - 90% Medical
 - 10% Surgical

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