



AVALERE: HOSPITALS AND CORPORATIONS OWN NEARLY HALF OF U.S. PHYSICIAN PRACTICES

Covid-19 Accelerated Ownership Trend, New Analysis Finds

Nearly 70% of U.S. physicians are now employed by hospital systems and corporate entities like private equity firms and health insurers according to [new data](#) by Avalere for the Physicians Advocacy Institute (PAI) examining the period between January 1, 2019 and January 1, 2021.

The research found that the COVID-19 pandemic accelerated a long-term national trend of hospitals and corporate entities acquiring physician practices and employing physicians. During the two-year period, these entities acquired 20,900 additional physician practices. Forty-eight thousand additional physicians left independent practice for employment by hospital systems or other corporate entities.

“COVID-19 exacerbated financial vulnerabilities of physician practices and forced them to make difficult decisions,” said Kelly Kenney, chief executive officer of PAI. “The practice acquisition trend has potentially serious implications for competition and health care costs, which have been shown to increase with this type of marketplace consolidation.”

Every U.S. region experienced these national trends of steady growth in employment and acquisitions, with an uptick in the last half of 2020. The cumulative findings by Avalere researchers during the two-year period revealed:

- Hospitals, health systems and corporate entities now own nearly half of the nation’s medical practices.
- The sharpest increase in physician practice acquisitions and employment was among corporate entities such as private equity firms and health insurers (32%).
- Across regions, hospital ownership of practices grew between 6 percent and 11 percent and corporate ownership grew between 44 percent and 59 percent.

PAI believes that physicians should be in the driver’s seat when it comes to managing their patients’ medical care. “Regardless of the practice setting, physicians must retain autonomy to make clinical decisions, free from interference by corporate entities motivated primarily by profits,” said Kenney.

PAI will continue to work with Congress and state policymakers to champion policies that enable physician-led organizations and independent physician practices to compete with larger corporate entities to deliver health care services to patients.

PAI is examining these trends as part of an ongoing effort to better understand how physician employment and healthcare consolidation affects the practice of medicine as well as implications on healthcare costs and spending.

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 from January 2019 through January 2021. Full methodology is available in the analysis.

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About PAI

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.