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FIVE THOUSAND INDEPENDENT PHYSICIAN PRACTICES ACQUIRED BY HOSPITALS IN 12 MONTHS

New data show hospital acquisition trends continued nationwide between July 2015 and July 2016

WASHINGTON, DC — Five thousand independent physician practices were acquired by hospitals between July 2015 and July 2016, according to new data released by the Physicians Advocacy Institute (PAI). Over the same period, the number of physicians employed by hospitals grew by 14,000, representing nearly 11 percent growth in employed physicians. Forty-two percent of physicians were employed by hospitals in July 2016, compared to just one in four physicians in July 2012.

The analysis, conducted by Avalere Health, shows that over the four-year period from July 2012 to July 2016, the nationwide trend of physicians leaving private practice to become employed by hospitals and health systems intensified significantly.

“As payers and hospitals continue drive consolidation across the health care system, it is becoming more and more difficult for a physician to maintain an independent practice,” said Robert Seligson, PAI president and CEO of the North Carolina Medical Society. “Payment policies mandated by insurers and government heavily favor large health systems, creating a competitive advantage that stacks the deck against independent physicians, who are already struggling to survive under expensive, time-consuming administrative and regulatory burdens.”

From mid-2012 to mid-2016, the percentage of hospital-employed physicians increased by more than 63 percent, with increases in nearly every six-month time period measured over these four years. All regions of the country saw an increase in hospital-owned practices at every measured time period, with a range of total increase from 83 percent to 205 percent.

Earlier research conducted by Avalere and released by PAI found that increased physician employment by hospitals caused Medicare costs for four health care services to rise \$3.1 billion between 2012 and 2015, with beneficiaries facing \$411 million more in financial responsibility for these services than they would have if they were performed in independent physicians’ offices.

PAI is examining these trends as part of an ongoing effort to better understand how physician employment and health care consolidation affects the practice of medicine and impacts patients.

Full methodology is available in the analysis.

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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.