



June 28, 2021

Dear Member of Congress:

New research conducted by Avalere Health for the Physicians Advocacy Institute (PAI) reveals that at the start of 2021, nearly 70% of U.S. physicians were employed by hospital systems or other corporate entities such as private equity firms and insurers, leaving just three of 10 of the nation’s physicians practicing in independent medical practices.

This **PAI-Avalere report** shows that the COVID-19 pandemic accelerated a decade-long trend of growth in physician employment and acquisitions of physician practices by hospitals, health systems and other corporate entities like private equity firms and health insurers, dramatically reshaping the practice of medicine in the U.S. These trends accelerated even further during the height of the COVID-19 pandemic. Unfortunately, the marketplace forces¹ driving these trends show no sign of abating.

Key findings from Avalere researchers include:

- **The COVID-19 pandemic accelerated the decade-long consolidation trend as physicians struggled to maintain private practices. In 2019 and 2020, 48,400 additional physicians left independent practice and became employees of hospitals or other corporate entities, and 22,700 of that growth occurred *after* the onset of COVID-19.**
- **Hospital systems and other corporate entities now own half of the nation’s medical practices.**
- **The sharpest increase (32%) in medical practice acquisitions during 2019 and 2020 was by corporate entities such as private equity firms and health insurers.**
- **All U.S. regions saw continued growth in physician employment and practice acquisitions throughout the two-year study period that accelerated in last half of 2020.**

¹ Marketplace incentives make physician practices attractive acquisition targets by corporate entities. Hospitals and large health systems have a vested interest in “capturing” physicians’ patient base to maintain a steady stream of revenue. Private equity firms acquire and consolidate medical practices, implement short-term, revenue-maximizing policies and sell practice assets for a profit. Health insurers’ buy practices to control healthcare spending and to compete with dominant hospital systems.



PAI's affiliated state medical associations² represent physicians who practice in all types of practice arrangements, including independent medical practices and employment with various types of entities. Our organizations also work to help physicians nationwide who struggle to maintain independent practices. We respectfully urge consideration of the following principles.

Regardless of the practice setting, we believe that physicians should retain clinical autonomy to provide high quality, cost effective care for their patients. This report shows a startling shift towards the corporatization of healthcare across the U.S., which if left unchecked, may result in an inappropriate incursion into the practice of medicine. PAI urges Congress to consider policies to help protect the physician-patient relationship from undue corporate interference. Federal regulatory scrutiny into corporate acquisitions of medical practices is needed.

We applaud federal policymakers who are committed to ensuring that our nation's patients have the option of seeking healthcare services from physicians who practice independently.

- **Our healthcare system wins when physician-led organizations are able to compete with larger corporate entities to deliver healthcare services to patients, which would promote competition and offer patients greater choice.** For instance, we urge Congress to lift the moratorium on physician-owned hospitals.
- **Physicians who *choose* private practice need to be able to sustain those practices and compete in the healthcare marketplace.** The continued trend for physicians to sell their practices and become employees comes as no surprise, as physicians routinely cite high administrative costs that detract from time with patients, onerous regulatory compliance burden and expense, and anticompetitive contracting and payment practices by dominant insurers and hospitals. These forces have contributed to physician "burnout" and willingness to become employees to shed these administrative responsibilities that detract from time spent caring for their patients.

We appreciate your attention to these important findings and welcome the opportunity to discuss these trends and principles in greater detail.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kelly Kenney', is enclosed in a thin black rectangular border.

Kelly Kenney
Chief Executive Officer

² PAI's affiliated state medical association include California Medical Association, Connecticut State Medical Society, Medical Association of Georgia, Medical Society of the State of New York, Nebraska Medical Association, North Carolina Medical Society, South Carolina Medical Association, Tennessee Medical Association and Texas Medical Association.