Implications of the new era of physician employment

2023 update on the physician landscape

Published - April 2023 • 15-min read

After years of change and instability, the physician landscape is entering a new era of employment. It’s an era marked by a rise in corporate ownership, expanding practice opportunities, a new bar for autonomy, and an arms race for practice assets. These shifts will impact all industry stakeholders — physicians themselves, as well as those who employ or partner with physicians.

Read our take to understand four key implications of this new era of physician employment and what it means for your organization.
Table of contents

The conventional wisdom ..........................................

Our take .................................................................

4 implications of the new era of physician employment. .............

1. More practice options will catalyze physician turnover. ............

2. Trade-offs to autonomy are unavoidable ..............................

3. More physicians will be embedded in vertical ecosystems ..........

4. Integration will differentiate winners from losers ....................

Parting thoughts ..........................................................

Related content ........................................................
The conventional wisdom

Physician employment is on the rise. In January 2022, almost 74% of physicians and 54% of practices were employed, continuing a long-standing trend toward ownership. Physician employers and partners held several key assumptions about this increase in physician employment.

1. Physicians remain loyal to their practices.
Median physician turnover has hovered around 6% to 7% since 2016 — even during the height of the pandemic in 2020 and 2021. Employers took this to mean that physicians would remain unconditionally loyal despite burnout and disengagement.

2. Employment requires trade-offs between stability and autonomy.
Independent practice promised the allure of clinical autonomy and decision-making control, but it demanded employees be both doctors and business executives. While hospital employment offered job security and a safety net, it meant giving up control in key areas.

3. Health systems drive physician aggregation.
Medical groups got bigger across the past decade, and more physicians became employed in large part due to health system activity. Health system employment has steadily increased with a quarter of physician practices owned by hospitals today.

4. Integration is important — but not imperative.
Physician employers prioritized quick growth over meaningful integration. As groups got bigger, integration was viewed as “nice-to-have” rather than “need-to-have.”
Our take

We’re entering a new era of physician employment. While ownership continues to steadily increase, with over half of physician practices now employed, this trend alone doesn’t tell the full story.

Percentage of physician practices owned by hospitals and corporations

But that’s just physician employment overall. Looking at employment by type of owner paints a very different picture, as shown below.

Over the same period that physician employment increased, corporate ownership of physician practices grew almost 10 times faster than hospital ownership. As of 2022, corporate owners are leading the race. These corporations include health plans, private equity firms, and retail giants that have become increasingly active in practice acquisition.

We believe this shift in ownership signals a larger transformation in physician employment. This transformation challenges the conventional assumptions about physician employment and has strategic implications for those who work with doctors and medical groups.
4 implications of the new era of physician employment

As physician employment evolves, physician practices today look less like traditional employed medical groups and more like diverse physician enterprises. In the following pages, we outline four implications of this shift, and what they mean for physicians as well as those who partner with and employ them.

01 IMPLICATION
More practice options will catalyze physician turnover

02 IMPLICATION
Trade-offs to autonomy are unavoidable

03 IMPLICATION
More physicians will be embedded in vertical ecosystems

04 IMPLICATION
Integration will differentiate winners from losers
More practice options will catalyze physician turnover

While turnover has remained stable at 6% to 7% for more than five years, there is a concerning and revealing trend: intent to leave. Across the past decade, nearly half of physicians say they have considered making a career change, with these numbers rising to 54% of physicians in 2021. At the same time, physician burnout has increased, with over half of physicians reporting feeling burned out in 2022.

Physicians considering career changes vs. actual turnover


1. 2021 data point from an alternate surveyor (see source)
1. MORE PRACTICE OPTIONS WILL CATALYZE PHYSICIAN TURNOVER

What’s different today: More employment opportunities

While physician burnout and intent to leave have been on the rise for years, physicians today have more employment options than ever before, including working for corporate-backed medical groups. With more viable practice options available, physicians can finally act on their discontent and change employers. We expect this will result in higher and more sustained turnover rates. Said another way, physician loyalty is no longer a given.
OUR TAKE
A new era of physician employment

02 Trade-offs to autonomy are unavoidable

Physician practices have grown larger for the past decade. In 2012, only 38.6% of physicians worked in a practice with more than 10 doctors, but this number increased to 46.3% by 2020. In the past, physicians had to pick between a large practice that guaranteed financial stability, or a smaller one that offered more autonomy. However, as groups got bigger, with many receiving corporate investment, employment became more secure across the board. Simply put, stability is a common denominator across practices, not a trade-off.

**Autonomy increasingly important and not one-size-fits-all**

While autonomy has always been sacred to physicians, it has emerged as the most important factor when evaluating practice options. In 2022, physicians ranked autonomy as the top attribute they value in their role, according to Advisory Board clinician survey data. There are three types of physician autonomy: clinical, schedule, and strategic.

**Clinical autonomy**

"I can make decisions that are best for my patients."

**Schedule autonomy**

"I can spend my days in a way that works for my patients, my family, and myself."

**Strategic autonomy**

"I can help shape the practice’s future direction."

Source: Advisory Board 2022 Clinician Survey.
2. TRADE-OFFS TO AUTONOMY ARE UNAVOIDABLE

With practice stability a given, autonomy is the currency that today’s employers trade on. Physicians value different types and degrees of autonomy, and it can vary widely by practice model. Autonomy will emerge as a key differentiator in employee value propositions, especially as competition for physicians heightens.

Expect more trade-offs to clinical autonomy

Not only will physicians need to make tradeoffs to autonomy across employers, but value-based care and other market forces will require *all* practices make changes to clinical autonomy. As medical groups get bigger, scale care models, and integrate around shared goals, they will need to drive toward greater consistency. This means that all doctors, regardless of the practice they work in, will lose some degree of clinical autonomy.
ABOUT OUR RESEARCH

Change has always defined healthcare, but today’s leaders face unprecedented challenges and market shifts. Developing successful strategies and advancing make-or-break objectives has never been more challenging due to mounting complexity, intensifying competition, and a growing roster of stakeholders.

HOW WE HELP

The knowledge you need to stay current, plus the strategic guidance, data and tools you need to take action.

WHO WE SERVE

Hospitals • Health systems • Medical groups • Post-acute care providers • Life sciences firms • Digital health companies • Health plans • Healthcare professional services firms

To learn more visit advisory.com/memberships or contact programinquiries@advisory.com.

Reimagining healthcare, together

Our team of 200+ experts harnesses a time-tested research process and the collective wisdom of our 4,500+ member network to develop provocative insights, actionable strategies, and practical tools to support execution.
**LEGAL CAVEAT**

Advisory Board has made efforts to verify the accuracy of the information it provides to members. This report relies on data obtained from many sources, however, and Advisory Board cannot guarantee the accuracy of the information provided or any analysis based thereon. In addition, Advisory Board is not in the business of giving legal, medical, accounting, or other professional advice, and its reports should not be construed as professional advice. In particular, members should not rely on any legal commentary in this report as a basis for action, or assume that any tactics described herein would be permitted by applicable law or appropriate for a given member’s situation. Members are advised to consult with appropriate professionals concerning legal, medical, tax, or accounting issues, before implementing any of these tactics. Neither Advisory Board nor its officers, directors, trustees, employees, and agents shall be liable for any claims, liabilities, or expenses relating to (a) any errors or omissions in this report, whether caused by Advisory Board or any of its employees or agents, or sources or other third parties, (b) any recommendation or graded ranking by Advisory Board, or (c) failure of member and its employees and agents to abide by the terms set forth herein.

Advisory Board and the “A” logo are registered trademarks of The Advisory Board Company in the United States and other countries. Members are not permitted to use these trademarks, or any other trademark, product name, service name, trade name, and logo of Advisory Board without prior written consent of Advisory Board. All other trademarks, product names, service names, trade names, and logos used within these pages are the property of their respective holders. Use of other company trademarks, product names, service names, trade names, and logos or images of the same does not necessarily constitute (a) an endorsement by such company of Advisory Board and its products and services, or (b) an endorsement of the company or its products or services by Advisory Board. Advisory Board is not affiliated with any such company.

**IMPORTANT:** Please read the following.

Advisory Board has prepared this report for the exclusive use of its members. Each member acknowledges and agrees that this report and the information contained herein (collectively, the “Report”) are confidential and proprietary to Advisory Board. By accepting delivery of this Report, each member agrees to abide by the terms as stated herein, including the following:

1. **Advisory Board owns all right, title, and interest in and to this Report.** Except as stated herein, no right, license, permission, or interest of any kind in this Report is intended to be given, transferred to, or acquired by a member. Each member agrees to abide by the terms as stated herein, including the following:

   1. Advisory Board owns all right, title, and interest in and to this Report. Except as stated herein, no right, license, permission, or interest of any kind in this Report is intended to be given, transferred to, or acquired by a member. Each member agrees to abide by the terms as stated herein, including the following:

   2. Each member shall not sell, license, republish, or post online or otherwise this Report, in part or in whole. Each member shall not disseminate or permit the use of, and shall take reasonable precautions to prevent such dissemination or use of, this Report by (a) any of its employees and agents (except as stated below), or (b) any third party.

   3. Each member may make this Report available solely to those of its employees and agents who (a) are registered for the workshop or membership program of which this Report is a part, (b) require access to this Report in order to learn from the information described herein, and (c) agree not to disclose this Report to other employees or agents or any third party. Each member shall use, and shall ensure that its employees and agents use, this Report for its internal use only. Each member may make a limited number of copies, solely as adequate for use by its employees and agents in accordance with the terms herein.

   4. Each member shall not remove from this Report any confidential markings, copyright notices, and/or other similar indicia herein.

   5. Each member is responsible for any breach of its obligations as stated herein by any of its employees or agents.

   6. If a member is unwilling to abide by any of the foregoing obligations, then such member shall promptly return this Report and all copies thereof to Advisory Board.