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Editorial

The Demise of Private Practice in the United States of America

Mustafa Sajjad Cheema[1] and Salim Surani[2]*

[1]CMH Lahore Medical College, Lahore, Pakistan

[2]Adjunct Clinical Professor of Medicine and Pharmacology, Texas A&M University, College Station, USA

***Corresponding Author:** Salim Surani, Adjunct Clinical Professor of Medicine and Pharmacology, Texas A&M University, College Station, USA.

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The Healthcare industry in the US is one of the country's largest industries, and its importance can be easily recognized by the fact that it is the largest employment sector in the US and accounts for nearly 19.7% of the total GDP [1,2]. Private practices have always remained an integral part of this healthcare system. Physician-patient relation has been considered a key element of the fabric of the healthcare system. Patients and their families have entrusted physicians to care for their health and health-related issues for decades. The solo private practitioners were on call for their patients 24/7, 365 days a year. Later, that started giving way to group practice, where the primary care physicians saw the patients, but they shared calls with other group members when they were out or for emergencies (making the physicians' life more palatable). However, with the changes in healthcare rules, finances, and regulations, new patient care and management trends, economic uncertainty, and the recent COVID-19 pandemic, we are witnessing an ensuing decline in private practice in the US.

According to a survey by American Medical Association, nearly 54% of physicians in the United States worked in physician-owned practices in 2018, which decreased to 49.1% in 2020 [3]. Likewise, 53.2% of physicians were self-employed in 2012 in the country, which reduced to 44% in 2020 [3]. Alongside this, the number of private practices with a size of 5 physicians or less decreased by 6.4% from 2012 to 2020 [4] (Table 1). The decline in private practice in the country can be attributed to several factors such as difficulty in credentialing new private practice with insurance companies, insurance reimbursement, student debt, lack of business knowledge and financial skills amongst medical professionals, and the introduction of new regulations for medical practice by the government and the generational shift, with newer physicians being more focus on life-work balance, and employment model suit them to achieve their preferences.

Practice size	2012	2014	2016	2018	2020
Fewer than 5 Physicians	40.0%	40.9%	37.9%	35.7%	33.6%
5 to 10	21.4%	19.8%	19.9%	20.8%	20.0%
11 to 24	13.4%	12.1%	13.3%	12.7%	11.5%
25 to 49	7.1%	6.3%	7.4%	7.6%	7.8%
50+ physicians	12.2%	13.5%	13.8%	14.7%	17.2%
Direct Hospital Employee/Contractor	5.8%	7.4%	7.7%	8.5%	9.7%
Total	100%	100%	100%	100%	100%

Table 1: Adapted from Policy Research Perspectives Recent Changes in Physician Practice Arrangements: Private Practice Dropped to Less Than 50 Percent of Physicians in 2020 By Carol K. Kane, PhD https://www.ama-assn.org/system/files/2021-05/2020-prp-physician-practice-arrangements.pdf [10].

Starting a new private practice can be an arduous task. Currently, 76-89% of medical school graduates have student loan debt, with the average student debt owed by medical school graduates being $ 241,600 [5]. For many of these individuals, setting up a private practice after graduation might not seem financially feasible since private practice involves several tasks such as setting up an office, hiring staff, purchasing medical equipment, and credentialing with insurance companies, which is time-consuming and expensive process. The financial cost brought by this might be a risk, especially when starting a medical career with student loans needed to be paid. Many medical graduates look forward to paying off student loans after graduation, and it may make sense to become employed with a hospital, managed care, or multi-specialty group. According to the American Medical Association, more than 60% of physicians aged 55 and older worked in practices with a size of ten or fewer physicians. However, the percentage of physicians below 40 years of age working in private practices of a similar proportion was 40.9 and decreased yearly with younger physicians entering the healthcare industry [6].

The introduction of the Affordable Care Act in 2010 has also influenced the current state of private practice [7]. In 2012, while aiming to improve healthcare quality and reduce costs, it encouraged the integration of healthcare systems [7]. The new law provided several incentives for physicians to collaborate to form accountable care organizations. These groups focused on prevention to reduce overall costs of healthcare. There were more financial bonuses for such healthcare models working in collaboration compared to running a solo private practice. Such financial incentives influence physicians to sell their private practices and join larger groups of health care providers. Additionally, reimbursement rates by private insurance companies are lower for smaller private practices compared to large hospitals for Medicare.

In addition, the rise of telemedicine and generation Z has changed the healthcare landscape. Patients may choose not to visit the doctor's office and prefer an online consultation. With many medical physicians available for consultation on websites and apps offering telemedicine services, visiting a physician may be a click away and is also cost-efficient for both the patients and the providers. Furthermore, running private practices involves a great deal of administrative responsibility. Finding and maintaining good employees at private practices can also be a challenge since many private physician practices cannot offer the same salary or benefits as that of a large organization and hospital. Besides this, physician burnout has become a major issue, with a burnout rate of 42%, according to an online survey [8]. For physicians working in large groups or hospitals, delegating administrative work to other staff members may alleviate burnout by reducing responsibilities. Lastly, the advent of the COVID 19 pandemic further created challenges for private practitioners by reducing patient volume and increasing medical care costs. A survey found 81% of physicians reporting lower revenues during the pandemic, with an average drop of 32% in revenue [9].

Joining large physician groups or hospitals offers various advantages for physicians. Large physician groups can negotiate better deals on capital purchases compared to solo private practices. There is better access to marketing, and physicians do not have to deal with the stress of handling a business. In addition, physicians in large hospitals can spend more time focusing on patients' needs rather than negotiating reimbursement from insurance companies or worrying about different hurdles in running a business and indigent care. On the contrary, the biggest challenge is loss of autonomy, which is the foremost reason most physicians have entered medicine, to be followed by respect. Moreover, money was the major factor in private practice, but with time, that gap has significantly narrowed. Moreover, the larger health systems are now offering competitive and even better salaries, benefits, and wife-life balance schedules, attracting more and more younger physicians.

The way out of private practice provided a venue to have a better work-life balance, less administrative stress, and more financial security with the cost of losing autonomy. This change for sure has helped decrease burnout initially with a better work schedule, but higher paperwork, lack of autonomy, respect, and constrained time for a physician-patient visit at these corporations has created job dissatisfaction and physician burnout leading to early retirement and change of profession.

From the patient perspective, the physician-patient continuity has been marginalized, especially in the in-patient setting, where most of the service lines are managed by national contracts. These agencies have high physician turnover, and different physicians take care of patients every couple of days, creating a lack of continuity in care and physician-patient rapport.

In conclusion, the healthcare landscape has and is undergoing various changes. Technology is changing the ways physicians work compared to their old counterparts, and many practices are closing or merging with others. Though the private practices once were the cornerstone of healthcare, they now seem to be on their way to becoming extinct. The need for the baby boomers who loved to wait in the waiting area and see the same physicians for all their healthcare need are going to be soon gone to be replaced by millennials who want to see the provider at the time of their choosing without waiting by clicking connect visit to the physician on the app.

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