



## STATEMENT FOR THE RECORD

### “The Collapse of Private Practice: Examining the Challenges Facing Independent Medicine”

U.S. Committee on Ways and Means

Subcommittee on Health

June 5, 2024

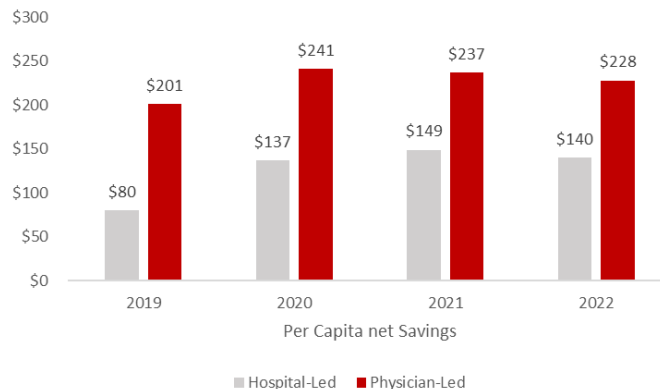
The Partnership to Empower Physician-Led Care (PEPC) is an advocacy coalition supporting value-based care to reduce costs, improve quality, empower patients and physicians, and increase access to care for millions of Americans through a competitive health care provider market. We believe that it is impossible to achieve true value-based care without a robust independent practice community. Our members include Aledade, American Academy of Family Physicians (AAFP), California Medical Association, and Medical Group Management Association (MGMA). We also have individual and small medical group supporters across the country, many of whom are independent physicians/practices and wish to remain so.

We commend the Committee for its attention to the financial and regulatory burdens facing independent medical providers and how continued challenges result in consolidated health care systems and barriers to high-quality patient care. **Our comments highlight the role of value-based care in supporting and preserving today’s independent workforce.**

The independent practice landscape has dramatically changed in the last decade. The percentage of U.S. physicians in private practice has decreased from 60.1 percent in 2012 to [46.7 percent](#) in 2022. Increasing investment from private equity and other corporate entities has also contributed to this shift, with the number of physicians employed by corporate entities increasing more than [seven percent](#) between January 2019 and January 2024. However, the decline in physician practice ownership does not tell the complete story and does not mean that the independent physician landscape is collapsing.

Many independent practices are [doing business differently](#) and turning to value-based care models to generate greater, more predictable revenue streams. This transition is paying off, as independent physicians [consistently outperform](#) their hospital counterparts in accountable care models. For example:

- *Medicare Shared Savings Program (MSSP):* Physician-led accountable care organizations (ACOs) are creating a better experience for patients while lowering costs across the entire system. MSSP results show that, across the health care system, ACOs led by physicians, often called “low revenue,” typically create more than twice the Medicare savings per beneficiary than hospital-led ACOs, often known as “high revenue.”



- *Next Generation Accountable Care Organization (NGACO) Model*: Physician practices participating in NGACO were more likely to [reduce spending](#) in acute care hospital and outpatient facility spending compared to hospital-led NACOs. Physician-led ACOs reduced spending in acute care hospitals by over 37 percent and outpatient facilities by nearly 20 percent. In total, the model was associated with \$667 million in gross Medicare savings.
- *Comprehensive Primary Care Plus (CPC+)*: Independent practices had [greater autonomy](#) to make changes tailored to their local environment and were able to quickly make improvements based on patient feedback, positioning them to adapt and provide flexible care delivery in changing circumstances, such as during the COVID-19 pandemic. For example, some small, independent practices reported pivoting quickly to alternative platforms such as FaceTime, Zoom, and telephone calls as soon as payers began covering services provided through those platforms, while some system-based practices were slower to respond.

Today's independent physician landscape looks different than the prior generation of independent practices. As our health care system prioritizes interoperability, multi-payer alignment, and coordination among specialties and providers, our perspective of 'independence' must change. A provider can no longer succeed operating in a silo, nor would we want them to.

**We must shift our perspective accordingly, and focus on supporting practices that are led by physicians who have clinical autonomy and accountability to their patients. This includes ensuring robust Medicare fee-for-service (FFS) reimbursement as a platform for value-based care; leveraging and encouraging more physician-led models; and advancing policies that support independent physicians and promote provider competition.**

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We hope you will consider this evidence and recommendations as Congress looks to take legislative and regulatory action to ensure a robust and competitive health care market, supporting our nation's independent physicians in providing high-quality, value-based care.

Sincerely,

Kristen McGovern  
Executive Director