



STATEMENT FOR THE RECORD

“The Doctor Is Out: How Washington’s Rules Drove Physicians Out of Medicine”

U.S. Senate Special Committee on Aging

February 11, 2026

The **Partnership to Empower Physician-Led Care (PEPC)** is a membership organization dedicated to 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 physicians – especially independent physician practices – are the lynchpin of our nation’s health care system, and that value-based care is a path to independence for those who want it. Physician-led groups have repeatedly demonstrated their superior ability to generate positive results in value-based care arrangements, both in improved health outcomes and reduced costs. In our vision of the future, this important piece of the health care system not only survives but thrives as a result of policies that place independent physicians on a level playing field with other providers and opportunities to test new models with components that reflect their unique circumstances.

Increasing consolidation in the hospital and provider markets creates greater urgency to ensure viable value-based care options for practices and physicians who are independent and wish to remain so. Because many value-based care models are built on a foundation of federal policies that apply to providers regardless of their practice setting and mode of reimbursement, we are dedicated to advancing policies that create a level playing field. We believe that the primary care physician-patient relationship is most powerful when there is patient choice and provider competition within local markets. We support legislative and regulatory action that creates parity across practice settings; aligns incentives to enable a range of providers to move toward value-based care; and prohibits anti-competitive behavior such as information blocking.

Independent Practice Is Declining and Consolidation Is Accelerating

The percentage of providers practicing in independent settings has been dropping year over year, with rates of consolidation accelerating during and after the COVID-19 pandemic. National survey data indicate that only about 42 percent of physicians worked in private practice in 2024, down from roughly 60 percent in 2012¹, while at least 47 percent were employed by or affiliated with hospital systems.² Financial strain, administrative burden, and misaligned payment structures have compounded this shift, eroding the sustainability of independent medicine and reinforcing the central concern of this hearing that policy and market forces are increasingly pushing physicians away from independent practice and, in some cases, out of the profession altogether.

Consolidation increases costs and reduces competition. Evidence consistently shows that consolidation:

- Raises costs without consistent quality improvement³

¹ American Medical Association, [Physician Practice Characteristics in 2024](#).

² Government Accountability Office, [Health Care Consolidation: Physician Practice Trends](#), GAO-25-107450 (2025).

³ Medicare Payment Advisory Commission, [March 2024 Report to the Congress: Medicare Payment Policy](#) (Mar. 15, 2024).

- Reduces competition and patient choice⁴
- Shifts care toward higher-cost settings and increases overall spending⁵

Private equity investment and vertical integration are also reshaping physician practice, contributing to higher prices, reduced clinical autonomy, and diminished access to care in some communities.⁶

Value-Based Care Provides a Pathway to Financial Independence

Evidence from Medicare accountable care and advanced primary care models demonstrates that prospective population-based payments, shared savings opportunities, and care management resources can enable independent physician organizations to remain financially viable while improving outcomes. Across CMS payment models such as the Medicare Shared Savings Program (MSSP), the ACO Investment Model (AIM), the Next Generation ACO Model, and Comprehensive Primary Care Plus (CPC+), independent practices have consistently demonstrated strong performance, often outperforming larger or hospital-affiliated organizations.^{7,8}

In 2024, this performance advantage remained evident within the Medicare Shared Savings Program, where independent and physician-led accountable care organizations generated stronger financial results than their hospital-affiliated counterparts. Low-revenue ACOs generated \$319 in net per-capita savings compared to \$180 for high-revenue ACOs, reflecting the typical distinction between physician-led or FQHC/RHC-based organizations and hospital-led systems. Performance differences were also evident based on clinical composition, as ACOs composed predominantly of primary care clinicians achieved \$403 in net per-capita savings compared to \$224 among ACOs with fewer primary care clinicians.⁹

Recent policy direction¹⁰ from the Center for Medicare and Medicaid Innovation reflects increasing federal recognition that independent and physician-led organizations are essential to the long-term success of value-based care and to promoting competition in health care markets. Consistent with the CMS Innovation Center’s Choice and Competition strategic pillar, models are intended to expand opportunities for independent providers and practices to be rewarded for delivering better care while also promoting patient choice in both coverage and sites of care. Current and future models – such as the LEAD model – are designed to increase independent provider participation in value-based payment programs, promote patient choice in care, and improve the administration of value-based payment programs through more standardized design features that reduce administrative burden.¹¹

⁴ Montague, A. D., et al., “[Considerations for State-Imposed Conditions on Health Care Transactions](#),” *Health Services Research* (2023).

⁵ Curto, V., et al., “[Price Effects of Vertical Integration and Joint Contracting Between Physicians and Hospitals](#),” *Health Affairs* 41, no. 2 (2022).

⁶ Neprash, H. T., et al., “[Vertical Integration Likely Increases Spending](#),” *Health Affairs* (2019).

⁷ Centers for Medicare & Medicaid Services, [Medicare Shared Savings Program: Performance Year Financial and Quality Results](#).

⁸ Centers for Medicare & Medicaid Services, [Comprehensive Primary Care Plus \(CPC+\) Model Evaluation Annual Report](#).

⁹ Centers for Medicare & Medicaid Services, [Medicare Shared Savings Program Accountable Care Organizations Updated Performance Year 2024 Financial and Quality Results](#).

¹⁰ CMS Innovation Center, [Strategic Direction for the Center for Medicare and Medicaid Innovation](#).

¹¹ CMS Innovation Center, [LEAD \(Long-term Enhanced ACO Design\) Model](#).

Congressional Action Is Needed

Additional action is needed to support robust provider competition and ensure that value-based care continues to be a meaningful pathway to financial independence for physician practices, particularly those who do not wish to align with a health system, health plan, or private equity organization.

Address Consolidation and Market Distortion

Congress should act to restore competition and protect patient access by:

- Expand Medicare site neutral payment policies to additional services/procedures proven to increase in cost after a practice's acquisition without an increase in quality.
- Strengthen antitrust enforcement and transparency around mergers, acquisitions, and private equity transactions with an anti-competitive impact in particular geographic areas.
- Enforce information blocking prohibitions so patient data cannot be used to entrench market power.

Advance Physician-Led Value-Based Care

Congress should also accelerate the transition to physician-led accountable care by:

- Ensure a range of value-based care options for physician-led groups, building on successful underlying chassis (e.g., CPC+, MSSP, etc.) where appropriate to encourage providers to enter into value-based care models with predictable implementation and proven results.
- Ensure options for providers to join entry-level value-based care models with a glidepath to greater amounts of risk and/or more sophisticated requirements while also clearly communicating the bridge or "off ramp" to another model at the end of the model test.
- Align Medicare payment with longitudinal, preventive, and coordinated care delivery.

Thank you for reviewing this statement. We respectfully urge Congress to consider the above as it evaluates legislative and regulatory actions to address continued consolidation in the provider market, strengthen competition, and support the long-term viability of independent, value-based care.

Please do not hesitate to reach out to me if the Partnership to Empower Physician-Led Care can be a resource to you. I can be reached at kristen@physiciansforvalue.org.

Sincerely,

Kristen McGovern
Executive Director