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Private Equity and the Changing Physician Practice Landscape

For most of the 20th century, private practice was the way of delivering health care. That model is fading fast. In 2024, only 42.2 percent of U.S. physicians worked in practices wholly owned by physicians, down from 60.1 percent in 2012, according to the American Medical Association's ("AMA") biennial Physician Practice Benchmark Survey.[1] Account for the growth of the physician workforce, and the decline translates into roughly 80,000 fewer doctors in private practice than there were twelve years earlier.

The shift is not confined to ownership status. The share of physicians working in small practices of ten or fewer doctors slipped below 50 percent for the first time last year, falling to 47.4 percent from 61.4 percent in 2012.[2] Physicians who hold any ownership stake in their practice—whether full or partial—dropped to 35.4 percent in 2024 from 53.2 percent in 2012.[3] Hospital-owned practices, meanwhile, grew to 34.5 percent of physicians in 2024 from 23.4 percent in 2012.[4] A separate analysis by the Physician Advocacy Institute found an even steeper slide, with the share of physicians in fully independent practices falling to 22.4 percent in 2024 from 37.8 percent in 2019.[5]

AMA researchers point to a familiar set of pressures such as Medicare reimbursement rates that have not kept pace with inflation, the rising cost of electronic health records and other overheads, and administrative burdens tied to prior authorization and payer contracting. "The share of doctors working in practices wholly owned by physicians is unraveling under compounding pressures," Bruce A. Scott, then the AMA's president, said when the 2024 survey results were released.[6] Carol K. Kane, the AMA economist, wrote that inadequate payment, costly resources and regulatory burden were "longstanding and important drivers of this change".[7]

[1] "Smaller Share of Doctors in Private Practice Than Ever Before." *American Medical Association* (June 2, 2025). <https://www.ama-assn.org/practice-management/private-practices/smaller-share-doctors-private-practice-ever>.

[2] "Smaller Share of Doctors in Private Practice Than Ever Before." *American Medical Association* (June 2, 2025). <https://www.ama-assn.org/practice-management/private-practices/smaller-share-doctors-private-practice-ever>.

[3] Vogel, Susanna. "Share of Physicians Working in Private Practice Continues to Fall: AMA." *Healthcare Dive* (June 2, 2025). <https://www.healthcaredive.com/news/physicians-working-in-private-practice-dips/749388/>.

[4] Kane, Carol K. "Policy Research Perspectives." *American Medical Association*. <https://www.ama-assn.org/system/files/2024-prp-pp-characteristics.pdf> at 4.

[5] "Updated Report: Hospital and Corporate Acquisition of Physician Practices and Physician Employment 2019-2023." *Physician Advocacy Institute* (April 2024). <https://www.physiciansadvocacyinstitute.org/Portals/0/assets/docs/PAI-Research/PAI-Avalere%20Physician%20Employment%20Trends%20Study%202019-2023%20Final.pdf?ver=uGHF46u1GSeZgYXMKFyYvw%3d%3d> at 13.

[6] "More Physicians Move to Practices Owned by Hospitals & Private Equity Groups." *American Medical Association* (May 29, 2025). <https://www.ama-assn.org/press-center/ama-press-releases/more-physicians-move-practices-owned-hospitals-private-equity>.

[7] Kane, Carol K. "Policy Research Perspectives." *American Medical Association*. <https://www.ama-assn.org/system/files/2024-prp-pp-characteristics.pdf> at 1.

Private Equity Steps In

Hospitals remain the largest acquirers of independent practices, but private equity has emerged as a fast-growing buyer with a distinct playbook. Firms typically acquire a "platform" practice in a specialty, then add smaller practices to it in a strategy known in the industry as a roll-up. In 2024, 6.5 percent of physicians reported their practice was owned by a private equity firm, up from about 4.5 percent in both 2020 and 2022.[8] Corporate buyers, a category that includes private equity firms, insurers and pharmacies, purchased nearly twice as many physician-owned practices as hospital systems did in 2024 and 2025, though the physician headcount at those newly acquired practices grew only slightly, suggesting some doctors left after the deals closed.[9]

The specialties most exposed to private equity ownership share certain traits: aging patient populations, procedure-heavy revenue and limited ability for patients to shop around. Dermatology, gastroenterology, ophthalmology, urology, anesthesiology and radiology have all seen significant consolidation under private equity owners.[10] A 2023 report by the American Antitrust Institute found that a single private equity firm controlled more than 30 percent of the market for full-time-equivalent physicians in a given specialty in 28 percent of metropolitan statistical areas nationwide, and more than 50 percent of that market in 13 percent of metro areas.[11] Research examining claims data found that in the two years following a private equity acquisition, practices in dermatology, gastroenterology and ophthalmology charged insurers about 20 percent more per claim, on average, than practices that remained independent.[12]

Deal activity has continued into 2025 and 2026, if at a more measured pace than the boom years of 2021 through 2023. Recent transactions include Partners Group-backed Forefront Dermatology's acquisition of Wichita Dermatology & Aesthetics, Kohlberg & Company-owned United Digestive's purchase of two Georgia and Florida gastroenterology practices, and Cardinal Health's expansion of its Specialty Alliance management-services arm to include roughly 3,000 gastroenterology and urology providers[13]. Industry analysts now describe a "two-track" market in which generalist

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[8] Kane, Carol K. "Policy Research Perspectives." *American Medical Association.* <https://www.ama-assn.org/system/files/2024-prp-pp-characteristics.pdf> at 7.

[9] Payerchin, Richard. "Physician Independence Vanishes as Corporate Medicine Swallows Up U.S. Health Care." Medical Economics (May 13, 2026). <https://www.medicaleconomics.com/view/physician-independence-vanishes-as-corporate-medicine-swallows-up-u-s-health-care>.

[10] Keyser, Brian, Alexandra Thornton, and Claire Koyle. "5 Consequences of Private Equity's Expansion in Health Care Services." *Center for American Progress* (Oct. 30, 2025) <https://www.americanprogress.org/article/5-consequences-of-private-equitys-expansion-in-health-care-services>.

[11] Scheffler, Richard M., Laura Alexander, Brent D. Fulton, Daniel R. Arnold and Ola A. Abdelhadi. "Monetizing Medicine: Private Equity and Competition in Physician Practice Markets." American Antitrust Institute (July 10, 2023). < https://www.antitrustinstitute.org/wp-content/uploads/2023/07/AAI-UCB-EG_Private-Equity-I-Physician-Practice-Report_FINAL.pdf>.

[12] Singh, Yashaswini, Zirui Song, Daniel Polsky, Joseph D. Bruch, and Jane M. Zhu. "Association Of Private Equity Acquisition of Physician Practices with Changes in Health Care Spending and Utilization." *JAMA Health Forum* (2022) 3.9: e222886-e222886.

[13] "Private Equity Health Care Acquisitions – October 2025." *PE Stakeholder Project* (Nov. 25, 2025). <https://pestakeholder.org/news/private-equity-health-care-acquisitions-october-2025>; "Is Private Equity a Friend or Foe to Physicians? The Devil Is in the Details." *Commonwealth Fund* (Apr. 30, 2026).

primary-care roll-ups have cooled while capital continues to flow into behavioral health, fertility care, dermatology and dental service organizations.[14]

Regulators Take Notice

The pace of consolidation has drawn scrutiny from antitrust enforcers and state legislators. Many private equity health care deals fall below the $126.4 million threshold that triggers premerger review under the Hart-Scott-Rodino Act, allowing serial "tuck-in" acquisitions to proceed largely unreported.[15] In 2023, the Federal Trade Commission sued U.S. Anesthesia Partners and its private equity backer, Welsh, Carson, Anderson & Stowe, alleging the firm had engaged in a roll-up scheme that pushed anesthesia prices in Texas to roughly double the state median.[16] The case was partly resolved in January 2025 through a settlement barring Welsh Carson from increasing its stake in the company and requiring advance notice of future acquisitions in anesthesia and other hospital-based specialties, though related litigation continues.[17]

States have moved as well. Massachusetts and Indiana passed laws in 2025 requiring private equity firms and hedge funds to disclose financial information about health care transactions, Oregon strengthened its corporate-practice-of-medicine restrictions to target such deals, and California lawmakers introduced similar legislation in September 2025.[18]

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<https://www.commonwealthfund.org/publications/2026/apr/private-equity-friend-or-foe-physicians-devil-is-in-details>.

[14] Totter, Christoph. "Healthcare M&A Trends (2026): Where the Capital Is Flowing." *CT Acquisitions* (Apr. 27, 2026). <https://ctacquisitions.com/healthcare-ma-trends-2026>.

[15] Keyser, Brian, Alexandra Thornton, and Claire Koyle. "5 Consequences of Private Equity's Expansion in Health Care Services." *Center for American Progress* (Oct. 30, 2025) <https://www.americanprogress.org/article/5-consequences-of-private-equitys-expansion-in-health-care-services>.

[16] "FTC Challenges Private Equity Firm's Scheme to Suppress Competition in Anesthesiology Practices Across Texas." *Federal Trade Commission* (Sept. 21, 2023). < https://www.ftc.gov/news-events/news/press-releases/2023/09/ftc-challenges-private-equity-firms-scheme-suppress-competition-anesthesiology-practices-across>.

[17] "FTC Secures Settlement with Private Equity Firm in Antitrust Roll-Up Scheme Case." *Federal Trade Commission* (Jan. 17, 2025). <https://www.ftc.gov/news-events/news/press-releases/2025/01/ftc-secures-settlement-private-equity-firm-antitrust-roll-scheme-case>.

[18] "Continued Antitrust Scrutiny of Private Equity Health Care Transactions." *Medical Economics* (Mar. 11, 2026). <https://www.medicaleconomics.com/view/continued-antitrust-scrutiny-of-private-equity-health-care-transactions>.