

Title page:

**The Future of the Independent Physician Practice:
*A look at the challenges and opportunities ahead***

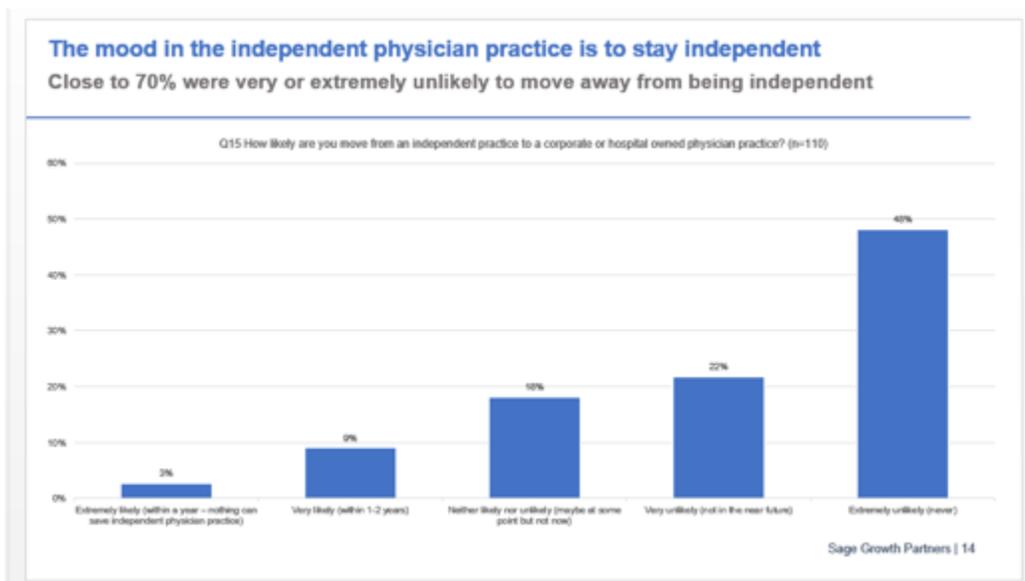
A new survey reveals the strategic priorities that allow independent providers to thrive.

**Section 1
Executive Summary**

Independent physician practices have become rarer over time. Today, nearly 70% of all US physicians are employees of health systems or other entities.¹ The pandemic has accelerated this large-scale corporate acquisition of private practices and the trend toward consolidation.²

A new survey conducted by DAS Health and Sage Growth Partners captures the perspective of 110 physician practices that have remained independent. Of the private practices surveyed, nearly 70% convey they want to retain their current status. Only 12% report being “likely” or “very likely” to move to a hospital-owned or corporate practice setting.

CHART for Question 15



Yet current industry pressures are intense for the independent practice:

Anticompetitive contracting and payment practices by dominant insurers and hospitals, high administration costs, and regulatory compliance burden and expense are a few of the reasons that commonly lead to physician burnout and the resulting decision to sell their practices, according to the report.

-- Excerpted from [Healthcare Finance News](#)

Under these trends, how can physicians in private practice maintain their clinical autonomy and manage to thrive? Our survey provides some insights.

Optional graphic text box:

Market Trends

A report by the Physician Advocacy Institute found that the COVID-19 pandemic has accelerated the acquisition of physician practices nationwide.

In 2019 and 2020, 48,400 physicians left independent practice and became employees of hospitals or other corporate entities – and 22,700 of them made the shift after the onset of COVID-19.³

Section 2

The challenge of practice economics

Generating income, driving growth, and managing costs are top concerns

For physicians who crave autonomy, the challenges to remaining independent revolve largely around **practice economics**. Not surprisingly, reimbursement tops the list of factors believed to be critical to success. Private practices, particularly the smaller ones, may find themselves in a weaker negotiating position with insurers. And value-based reimbursement models have been criticized for penalizing independent practitioners.

Efficiency is the number two concern of those surveyed. Large health systems benefit from economies of scale that are beyond the reach of the solo practice. This makes it especially important for practitioners to streamline day-to-day operations, rely on technology to create new efficiencies, and outsource administrative work – three proven methods to maximize practitioner productivity.

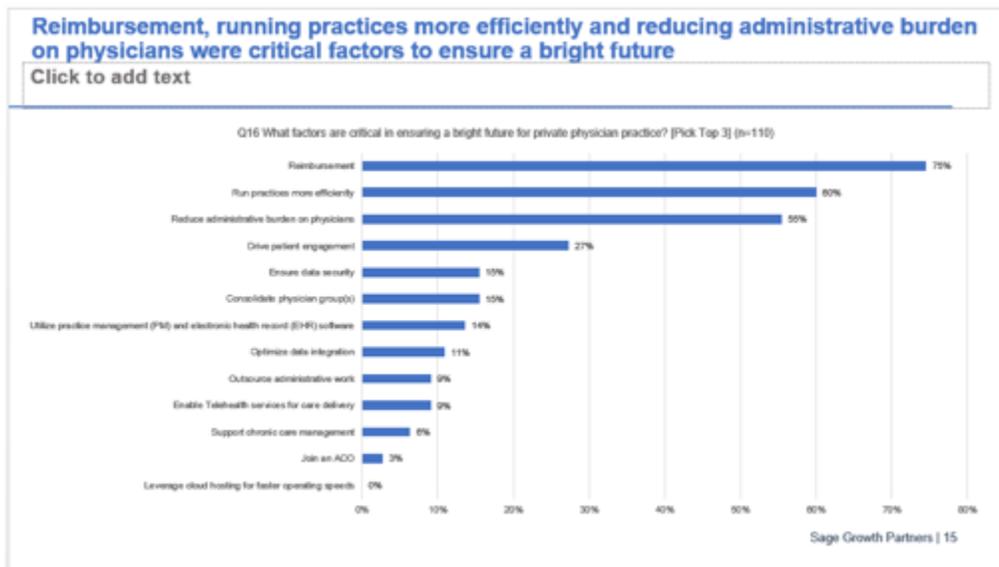
This ties in perfectly with the third critical factor to success: reducing the **administrative burden** on physicians. This can allow a practitioner to see more patients in a day, and to engage with patients at higher level.

Optional graphic quote box:

“Under antitrust law, independent physicians cannot negotiate collectively with health insurers. This imbalance in relative size leaves most physicians with a weak bargaining position relative to commercial payers.”

-- from the AMA report, *Competition in Health Insurance: A comprehensive study of U.S. markets*⁴

Chart for Q16



Section 3

Strategic priorities mirror the challenges faced

Revenue growth, patient acquisition, and improving efficiency are key to success.

Survey participants have a clear sense of the strategies they must employ in order to maintain their independence. When asked to rank their top five priorities in order of importance, they focused on practice economics.

Again, improving efficiency emerges as a critical success strategy, along with growing revenue and increasing the number of patients seen. (Patient volumes dropped during the pandemic, as consumers deferred care and hospitals canceled elective procedures.)

At the bottom of the ranked list of strategic priorities is marketing tactics (“increase online presence”) and clinical offerings like telehealth and chronic disease management.

The survey respondents also ranked their strategies for revenue growth. Attracting new patients to the practice is the key growth lever – along with adding more physicians.

Respondents did not view a focus on quality scores or chronic care management as key growth levers.

Chart for Q9



Section 4

A focus on the patient is a common theme

Patient loyalty is key to revenue and practice growth.

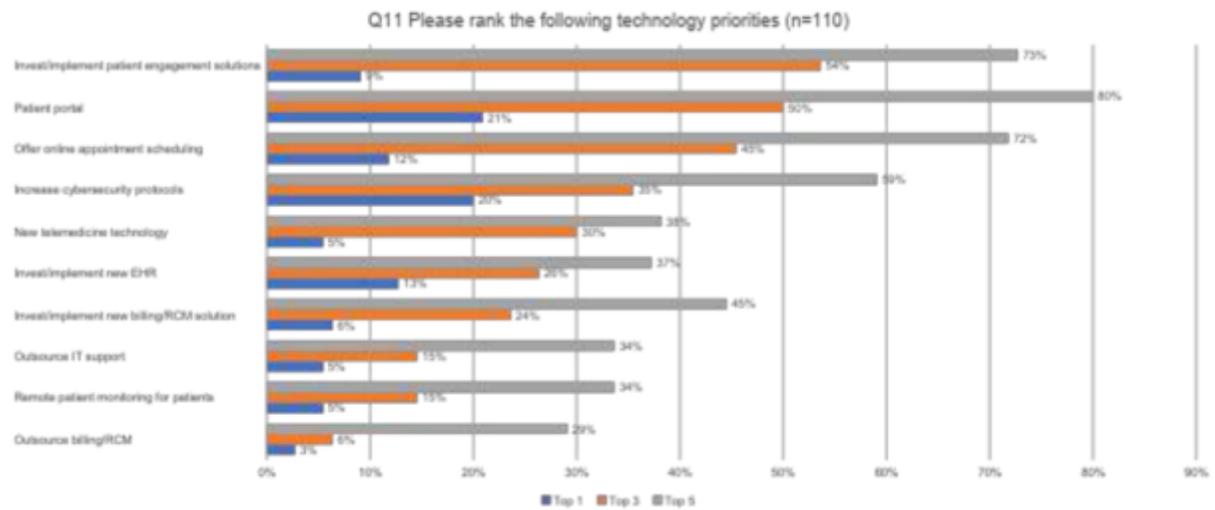
The survey reveals that respondents place a strong emphasis on the patient, from several different angles -- all of which contribute to overall patient satisfaction.

Technology

- As respondents ranked their technology priorities, patient-centric technologies topped the list – ahead of even security and privacy issues. These include portals, online appointment scheduling, telehealth, and more.

Technology priorities revolved around the patient; Only increasing cybersecurity protocols was comparable

Patient engagement solution, patient portal and online appointment scheduling were the top 3 technology priorities



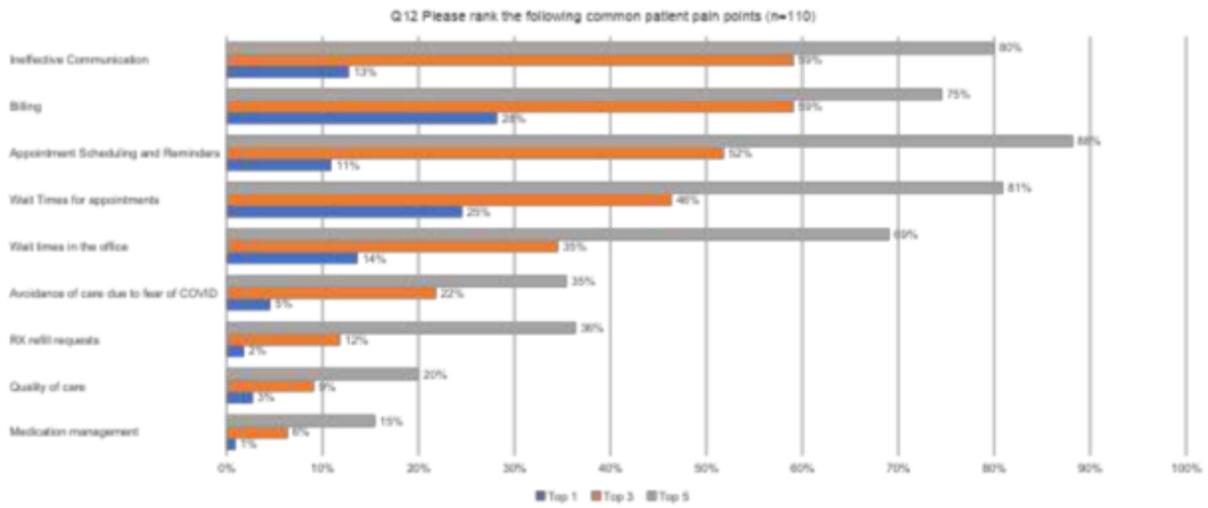
Patient Engagement

- About 27% of respondents ranked patient engagement as a key factor in driving success – right after reimbursement and efficiency concerns. And the top-ranked technology priority was solutions that drive engagement.

Patient Experience

- When asked about their patient’s pain points, respondents demonstrated an awareness of the areas in which they could improve the patient experience. Effective communication was cited by 80% as a top concern, followed by billing practices, appointment scheduling, and wait times.

Ineffective communication, billing, appointments and wait times were the major pain points for the patients



The link between patient satisfaction and ROI

A large body of research demonstrates how patient engagement and satisfaction are linked to revenue. Today's patients are savvy consumers who demand the same level of service they receive in other industries. And their core expectation is *convenience*. A practice who disappoints in this area is likely to lose patients – along with their referrals to family and friends.

Consider this: As of 2017, the U.S. Census Bureau reported that the average lifetime value of an individual healthcare consumer is \$1.4 million (or \$4.3 million for a family of four). Clearly, loyal and satisfied patients drive revenue.

Graphic text box or sidebar:

What patients want:

70%

want to schedule appointments online, rather than by phone.⁵ This convenience means more filled appointment slots and more revenue. Plus, personalized reminders reduce no-shows significantly.

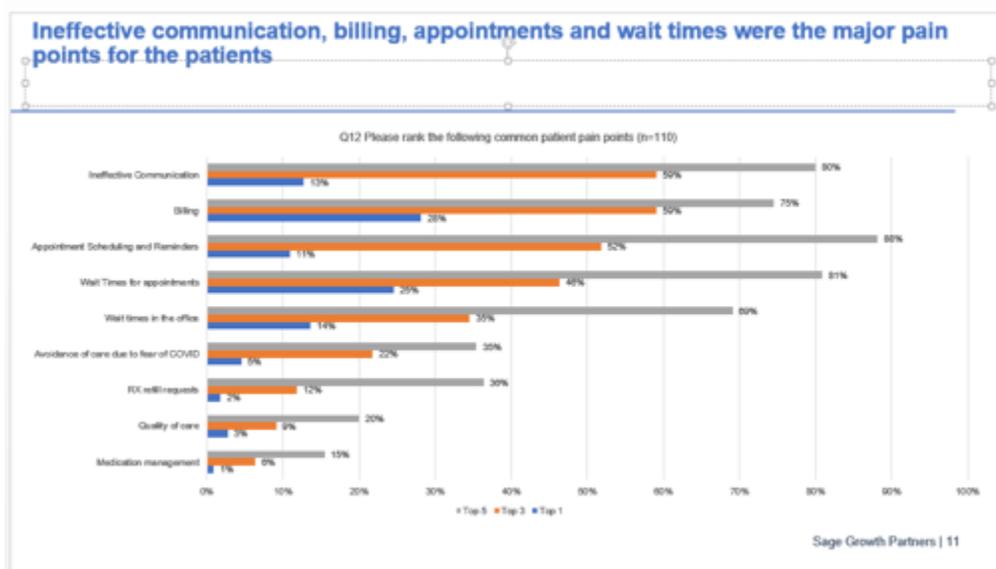
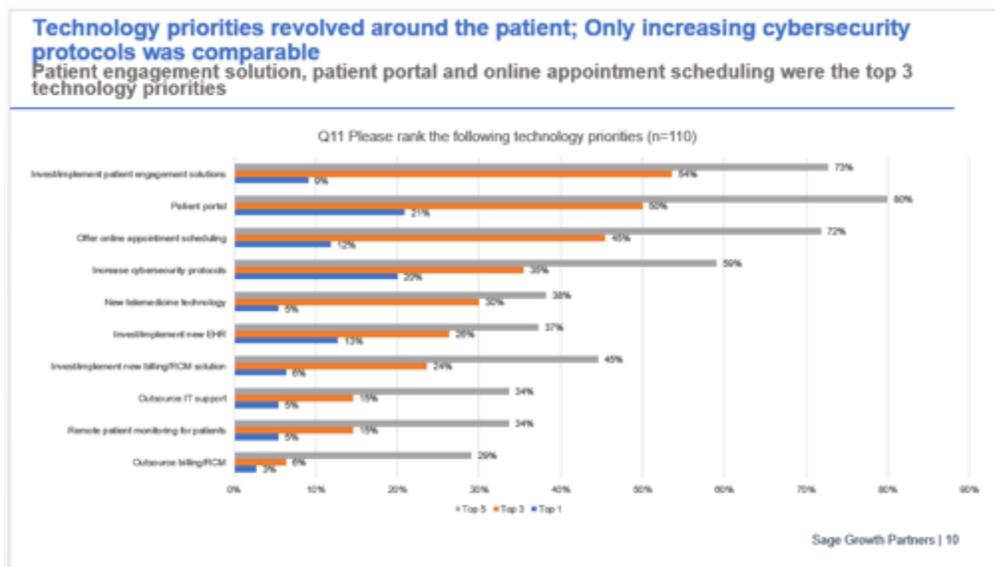
85%

prefer to use electronic payment methods to pay their medical bills, and more than half (58%) would download a new mobile app to pay healthcare bills.⁶ The takeaway? Make bill pay more convenient, and you improve cash flow.

51%

plan to continue using telehealth after the pandemic⁷, offering technology-equipped practitioners a way to drive volume and revenue.

Chart for Q11 (could also be Q12 for patient pain points)



Section 5 – In summary

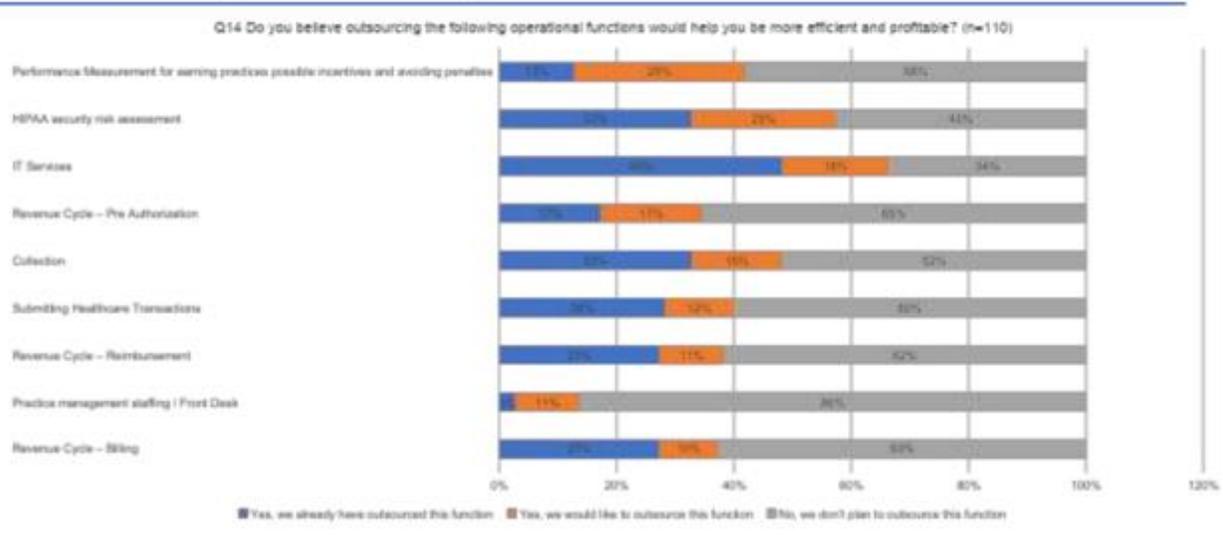
Independent physician practices are now a minority. The trend toward practice acquisition, consolidation, and physician employment is likely to continue, as younger doctors are more likely to prefer employment.

Yet despite the market trends, there are still practitioners who value autonomy and entrepreneurship and are committed to retaining independent status. These providers are considering solid strategies for driving revenue and growth. They are ready to leverage technology that drives greater practice efficiency, increases patient loyalty, and streamlines day-to-day operations. Patient engagement is a top strategy for growing a practice and regaining patient volumes that decreased during the pandemic.

Practitioners are also willing to outsource key functions as a strategy toward managing costs and reducing the administrative burden on physicians, allowing them to focus on the patient and advance strategic goals. Performance measurement, HIPAA security risk assessment, and IT services are the top three areas where practices are looking to outsource. Other services providers should consider outsourcing are staffing, administrative and marketing services.

The independent practices surveyed are fully in touch with their strategic needs during this era of consolidation. Outsourcing essential practice functions will not only allow providers to focus on what they do best, but to thrive.

Independent practices seem to be willing to outsource a wide range of functions Performance measurement, HIPAA security risk assessment and IT services were the top 3 areas where these practice are looking to outsource



About the survey

In the summer of 2021, Sage Growth Partners surveyed 110 professionals from independent physician groups. The majority of respondents were key decision makers for technology purchases and/or outsourcing contracts. The remainder were mostly influencers.

The practices involved in the survey represent diverse specialties, including primary care, orthopedics, OB/GYN, dermatology, cardiology, pediatrics, and multi-specialty practices.

The survey was commissioned by DAS Health, a provider of healthcare informational technology solutions and trusted consultant to physician groups, hospitals, and healthcare systems across North America.

Q5 Chart showing practice type here?

¹ <https://www.healthcarefinancenews.com/news/nearly-70-us-physicians-are-employed-hospitals-or-corporate-entities>

² http://www.physiciansadvocacyinstitute.org/Portals/0/assets/docs/Revised-6-8-21_PAI-Physician-Employment-Study-2021-FINAL.pdf

³ http://www.physiciansadvocacyinstitute.org/Portals/0/assets/docs/Revised-6-8-21_PAI-Physician-Employment-Study-2021-FINAL.pdf

⁴ <https://www.ama-assn.org/system/files/2020-10/competition-health-insurance-us-markets.pdf>

⁵ <https://www.patientpop.com/blog/online-scheduling-statistics-healthcare/>

⁶ <https://www.instamed.com/white-papers/trends-in-healthcare-payments-annual-report/> - InstaMed Consumer Healthcare Payments Survey 2020

⁷ https://www.prweb.com/releases/updcox_survey_reports_42_percent_of_americans_now_using_telehealth_convenience_51_and_speaking_with_provider_of_choice_49_are_top_consumer_demands_post_covid_19/prweb17139115.htm