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The Quiet Mistakes That Undermine Practice Independence

The independent, physician-owned medical practice has been gradually disappearing in this country. According to a June 2025 AMA report, 42.2% of physicians were in private practice in 2024, down significantly from 2012, when 60.1% of physicians practice in a private setting. The causes are numerous and complex, with many – but not all – outside of physician control. Physician practices, however, don't lose independence overnight ... they lose it gradually—often through a series of small, well-intentioned but imprudent decisions that compound over time.

Here are a few of the most common “quiet” mistakes that I see:

Mistake #1: Treating Practice Ownership Like a Financial Investment

Many physicians assume their practice ownership interests should appreciate in value like financial investments, without understanding that this has significant negative implications. A more sustainable practice model mirrors how many law firms are structured: modest buy-ins, limited or no appreciation on exit, and economic returns earned in the form of a share of the profit distributions (to which actively practicing physicians alone are entitled).

Mistake #2: Confusing FMV Compensation with Ownership Economics

Successful practices very clearly and intentionally differentiate between (i) fair market compensation (salary + bonus) for a physician's services, and (ii) a physician's share of the

profits distributed out of the practice. They are entitled to be paid for the former; taking the latter out of the practice, however, has very real opportunity costs, which physicians need to understand.

Mistake #3: Buy-In/Buy-Out Structures That Don't Align with Practice Needs

Multiple-based formulas tied to EBIT or EBITDA, particularly when significant profit is derived from ancillary services or procedures provided by the practice, can quickly inflate exit values, drain capital, and make ownership unaffordable or unattractive for younger physicians—undermining succession and independence. These structures also create further strains on the practice when they are required to be paid in cash immediately upon retirement/exit versus paid out over a period of years.

Mistake #4: Short-Sighted Decision Making

Many older partners often forget how difficult it was for them to buy into the practice when they were just beginning their careers. It is easy to fall into the trap of wanting or expecting younger physicians to pay you for the growth realized during your tenure. All physicians, however, need to understand their obligations to: (i) re-invest and provide resources needed for the group to thrive as an independent practice; and (ii) make a buy-in both attractive and affordable for younger physicians. Without a balanced approach, the practice dramatically risks continuity.

Mistake #5: Failing to Bring in Professional Management

As practice size and complexity grows, non-physician leadership becomes essential to preserving—not diluting—physician control. Especially for large or fast-growing practices, physicians need to be prepared to cede management to experienced (non-physician) professionals, and focus instead on direct patient care.

Mistake #6: Failure to Embrace the Use of Advanced Practice Providers (“APPs”)

With an ever-widening physician shortage and providers facing relentless reimbursement pressures, practices must learn to train, mentor and use APPs effectively. The physician mindset needs to shift from “what am I comfortable allowing them to do with patients” to “how can I teach/train them to do more of what I’ve historically done.”

Mistake #7: No Shared, Long-Term Strategic Vision

I see many physician groups that appear to be continuously “on sale” if the “price is right,” willing to readily engage with or entertain proposals from solicitous hospital systems or private equity firms at a moment’s notice. This erodes morale, especially among the younger physicians. Independence needs to be a deliberate, affirmative choice by the entire group. Creating and ratifying a shared long-term vision for the practice is not a nice-to-have ... it’s a must-have.

The Strategic Takeaway

Independence is not a given. It requires intentional and deliberate planning and action around ownership structures and mechanisms, sustainable economics, continual reinvestment, and an aligned strategy across different generations of physicians.

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