Primary Colors

The latest trends in provider compensation and productivity from the AMGA 2023 Medical Group Compensation and Productivity Survey

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In the results from AMGA's 2023 *Medical Group Compensation and Productivity Survey*, based upon 2022 data, overall median provider compensation increased by 3.5% from the previous year, with a corresponding 2.9% increase in median work RVUs (wRVUs) per provider. These changes yielded a small 0.3% increase in median compensation per wRVU. These data indicate a return of volume in many specialties, and the results show the impact of the Centers for Medicare and Medicaid Services (CMS) changes, implemented in 2021, has more fully materialized in the market data, with primary care specialties seeing the most significant effect with an increase of 6.1%.

The positive trend extends to net collections, for which the median net collections per provider increased 5.1% over 2022 survey results. Prior to the pandemic, the net collections trend was flat. This year's results suggest that not only may the demand for services be back to "normal," but additionally that the market data and related metrics are moving forward.

We will discuss short- and longer-term trends in compensation and productivity for primary care and specialty physicians as well as advance practice clinicians (APCs) reflected in the *AMGA 2023 Medical Group Compensation and Productivity Survey* results. The 2023 survey results, representing one of the largest datasets in the history of the survey, provide insight into the market for critical medical group resources.

Median physician compensation for primary care physicians increased 6.1% over the prior year, with a 4% increase in wRVUs.

Figure 1

Percent Change Over Prior Year: Primary Care Specialties

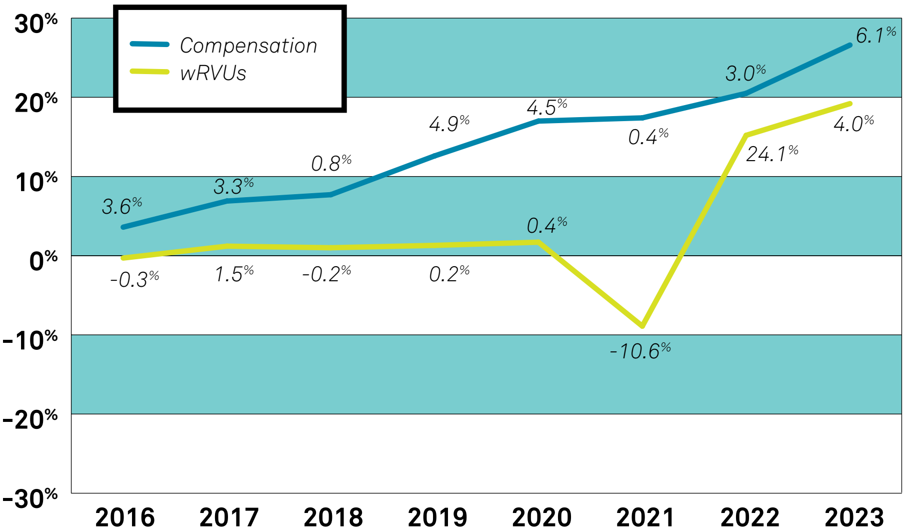
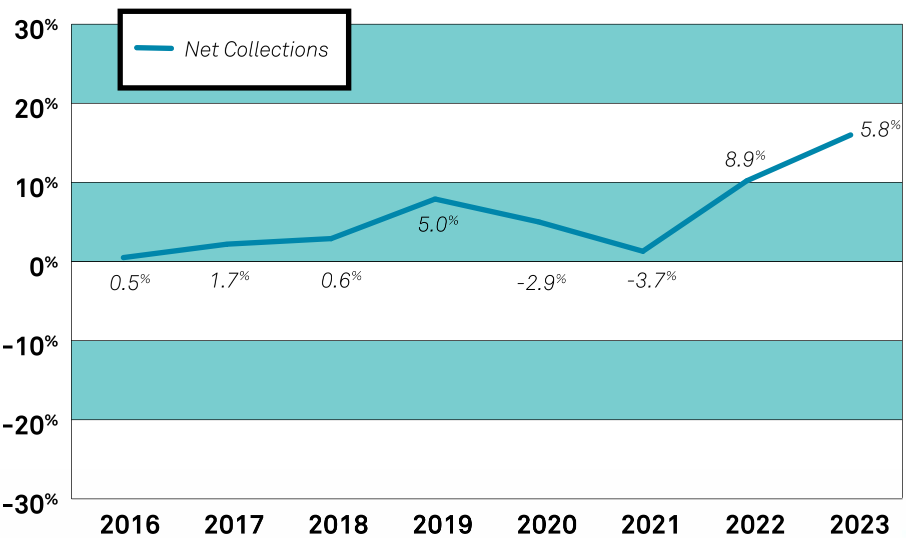


Figure 2

Percent Change Over Prior Year: Primary Care Net Collections

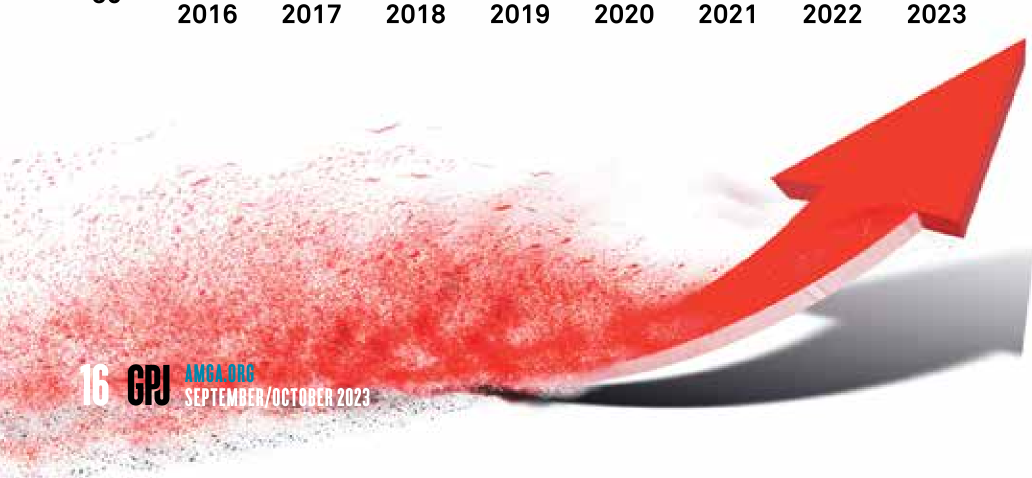


Primary Care

Median physician compensation for primary care physicians increased 6.1% over the prior year, with a 4% increase in wRVUs (Figure 1). The compensation trend prior to the pandemic was on the rise, specifically in the 2019 and 2020 surveys. But these increases were not unique to primary care, whereas in the 2023 survey results the outcomes for primary care are considerably different than those of the medical and surgical specialties.

The increase reflects the impact of the CMS outpatient evaluation and management (E/M) code changes being more widely adopted in organizations' actual income distribution plans in the 2023 survey compared to the 2022 survey. Of the 2023 survey respondents utilizing a wRVU-based plan, 72% indicated the use of the 2021-to-current CMS physician fee schedule in provider compensation calculations—approximately double the 37% indicated by the 2022 survey respondents. The median compensation per wRVU for primary care physician specialties also saw an increase that was higher than medical and surgical specialties.

In further analyzing primary care indicators, there are some other notable results. The 4% increase in median wRVUs in the 2023 survey is significantly higher than the pre-pandemic years. In addition, the median net collections for primary care in the 2023 survey increased by 5.8%, higher than both the overall change and the change for medical and surgical specialties (Figure 2). While this is a significant increase after the 8.9% increase in the 2022 survey results, the net collections trend has been highly variable, with both increases and decreases over the past five years. It remains to be seen whether the full impact of



the wRVU transition is evident in the market data for compensation, productivity, and collections.

Medical and Surgical Specialties

In the 2023 survey, median physician compensation for the roll-up of medical specialties increased by 1.5%, with a 1.8% increase in median wRVUs, resulting in flat median compensation per wRVU.

Looking at the seven-year trend, the compensation increase of 1.5% and the productivity increase of 1.8% in the 2023 survey results are more in line with the prior survey years with the noted exception of the pandemic (Figure 3).

The results are similar for the surgical specialty roll-up, with median physician compensation increasing by 1.6% over the prior year, while median wRVU productivity increased by 1.4%. Median compensation per wRVU for surgical specialties experienced a nominal decline at –0.2%.

Surgical specialties had not seen a decline in median compensation per wRVU for several years prior to the pandemic (Figure 4). Like the medical specialties, looking over a multiyear period, the 2023 results are more consistent with the pattern prior to market disruptions that affected survey results in 2021 and 2022. While the trend was variable, the year-to-year percentage change was small.

In the 2023 results, the roll-ups for both medical and surgical specialty types, compensation, and wRVU increases are more aligned. Prior to the pandemic, the compensation and wRVU production trends were more divergent. The 2023 results may indicate that the variability of the past few years in physician compensation may be coming to an end, with more stable and predictable results.

Figure 3

Percent Change Over Prior Year: Medical Specialties

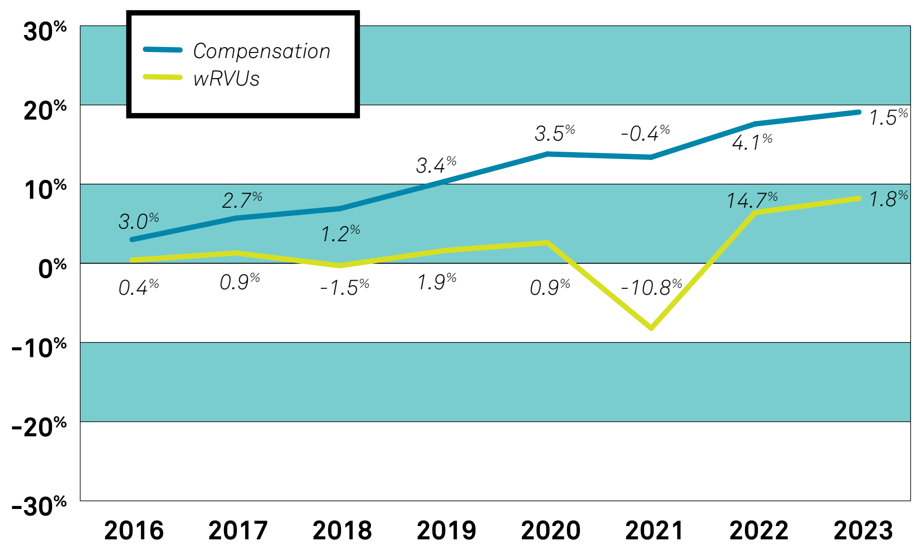


Figure 4

Percent Change Over Prior Year: Surgical Specialties

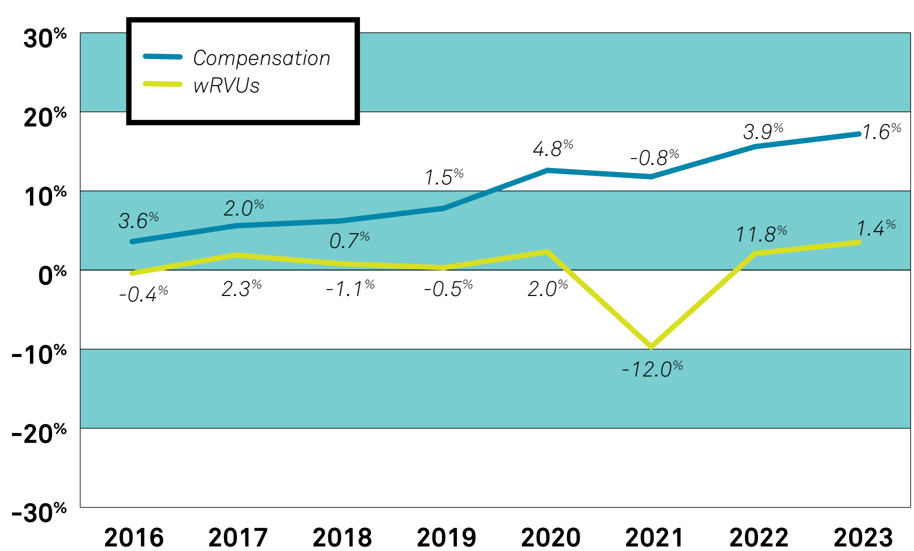


Table 1

Change from 2021 to 2022 — Advanced Practice Clinicians

Type	Compensation	wRVUs	Compensation per wRVU
Nurse Practitioner (Primary Care)	6.1%	10.9%	-2.9%
Physician's Assistant (Primary Care)	7.0%	10.7%	-5.6%
NP - Medical Specialties	6.2%	1.8%	2.9%
PA - Surgical Specialties	5.0%	0.4%	4.6%

Advanced Practice Clinicians – NP/PAs

The variability of the past few years also impacted other provider types, particularly for nurse practitioners (NPs) and physician assistants (PAs). We learned in the results from the 2021 and 2022 surveys that these roles saw a decline in utilization at the onset of the pandemic, experiencing furloughs and layoffs (Table 1). The situation in the 2022 calendar year was quite different, as hiring and increased utilization of NPs and PAs to meet access demands skyrocketed as the pandemic came to a close. In AMGA's *2023 Clinic Staffing Survey*, the percent of groups increasing the number of APCs was 91% in the 2023 survey results, compared to 70% in the 2022 survey results.

Clinic Staffing Survey results showed APC-to-physician ratios at their highest point for primary care and surgical specialties and an upward trend for all specialty types. The *2023 Compensation and Productivity Survey* data show alignment with strong sample sizes in these roles, with increases in median compensation and productivity.

As with the trends for the physicians, there is an increase in compensation and wRVUs for NPs and PAs in primary care specialties. The increased hiring of NPs and PAs post-pandemic and the intense competition to hire and retain these clinicians are also likely factors in the change in market medians.

A Closer Look at the Past Three Years

The past three years of provider compensation market data in the surveys from 2021, 2022, and 2023 reflect the two major unusual occurrences that impacted medical groups in the years covered by those publications.

Given the significant market- and compensation-related metric disruptions, such as the production decrease during the pandemic and the 2021 CMS coding changes, it can be difficult to fully understand the true impact upon provider compensation. While the last few years have been a bit disorienting in the reporting given these issues, we believe that by looking at the compensation change trend from data years 2019 to 2020, 2020 to 2021, and 2021 to 2022 (this takes into account the Survey Reports from 2020–2023) allows for better understanding of the true trends. That approach shows that primary care has finally received a more significant increase in compensation than in the past at a higher rate of change than other medicine and surgical specialties.

Primary care has received a 9.5% increase in compensation during this period, while medicine subspecialties have increased by 5.2% and surgical subspecialties have seen a 4.7% increase (see Table 2). Our perspective is that the CMS coding changes have resulted in additional compensation for primary care. While this was "promised" with the original implementation of the resource-based relative value scale (RBRVS) and specifically in the coding changes affecting the E/M wRVU weights in 2021, this is the first three-year period in which primary care's growth in compensation has exceeded that of other specialties.

Considerations Looking Forward

While it may be easy to review the 2023 survey results and identify new performance levels after the pandemic and the 2021 CMS outpatient E/M code changes, more market changes are ahead. In calendar year 2023, additional CMS wRVU weight and code changes were implemented, with the largest impact expected with changes to E/M codes for initial care, subsequent care, observation, and discharge day visits provided in

Table 2

Three-Year Compensation Change

Primary Care	Medical Specialties	Surgical Specialties
9.5%	5.2%	4.7%

inpatient and skilled nursing facility settings. We anticipate a much smaller influence than from the 2021 change, but it will likely affect several specialties.

The ongoing workforce challenges caused by provider shortages and the Great Resignation also have an impact on productivity and, ultimately, provider compensation. AMGA members and AMGA Consulting clients have expressed ongoing priority placed on ensuring provider compensation models align with the needs of the medical group. Medical groups are keenly focused on their ability to recruit and retain high-quality providers. As such, organizations continue to evaluate and adjust not only their overall compensation plans, but also concerns such as sign-on bonuses and student loan repayment programs to accomplish their recruitment and retention goals.

Care model redesign and the transition from volume to value also continue to be critical factors as we look forward. Optimizing the care model to meet demand and reduce the cost of care continues to be a focus for many medical groups. Physician compensation models will continue to evolve to align with the value transition.

As we anticipate the market data in 2024 and beyond, we look forward to being able to answer the following questions:

1. Will there be continued evolution of market data as more groups adopt the 2021 CMS physician fee schedule changes into their compensation formulas?
2. How influential will the 2023 CMS physician fee schedule changes be, particularly for hospital-based specialties?
3. How will the ongoing physician workforce challenges impact compensation plans?
4. What other market disrupters will have an impact on the market?

Survey Demographics

The results of the *2023 Medical Group Compensation and Productivity Survey* represent one of the largest national datasets in the 36-year history of the survey, with data for more than 193,000 physicians and other providers. The report contains data specific to 143 physician specialties and 32 other provider types.

Of the 446 medical groups that participated in the 2023 survey, 82.5% are from system-affiliated groups, representing 86% of providers in the survey (see Table 3). In the 2023 survey results, more than 60% of participating groups have more than 300 physician FTEs, representing almost 80% of providers in the report. The survey has a very strong geographic balance, with close to 25% of the respondents located in one of the four survey regions. GPJ

Table 3

2023 Survey Demographics

		% of Group		% of Phys.
By Group Size	**Groups**	**Total**	**Providers**	**Total**
Fewer than 50	41	9.2%	2,438	1.26%
50 to 150	59	13.2%	10,950	5.67%
151 to 300	75	16.8%	25,534	13.22%
More than 300	271	60.8%	154,210	79.85%
By Geographic Region				
Eastern	64	14.35%	46,279	24.0%
Northern	170	38.12%	56,563	29.3%
Southern	70	15.70%	47,485	24.6%
Western	142	31.84%	42,805	22.2%
By Type of Clinic				
Independent	78	17.5%	26,242	13.6%
System Affiliated	368	82.5%	166,890	86.4%
Total	446		193,132	

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