

Learn about trends affecting **physician businesses**, and find more information on opening your own **medical practice**. Don't forget you can receive free or low-cost training and **free professional business advice**, from [your local Small Business Development Center!](#)

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## **Primary Care Physicians Industry Overview & Trends**

**NAICS Code: 621111; SIC Codes: 8011 & 8031**

This [market research regarding the Physicians Industry excerpt is from First Research](#) which also sells a full version of this report.

“Offices in this industry provide general or specialized medical care. No major companies dominate.

Globally, there are about 10 million physicians (not including midwives, dentists, or other health personnel), according to the World Health Organization. China has the largest number of physicians at around 2.5 million; followed by India, with around 1 million; and the US, with around 800,000. Countries with the most physicians per capita include Cuba, with more than seven doctors per 1,000 population; Monaco, San Marino, and Greece, with more than six; and Austria, with about five.

The US physicians industry includes about 225,000 offices with combined annual revenue of about \$495 billion.

### **COMPETITIVE LANDSCAPE**

Physicians are under pressure from government payers and insurers to lower costs while improving quality of care. The profitability of individual practices depends on the reputation, cost, operational efficiencies, and expertise of the physician and staff. Large practices have advantages in leveraging administrative processes and expensive diagnostic equipment. Small practices compete effectively by providing specialized skills and good customer service. Population growth, injury and illness rates, and demographics play a role in demand for services. Physicians practicing in urban areas generally have several direct competitors in the immediate geographic area, while access to care may be restricted in rural communities.

The US industry is highly fragmented: the top 50 firms account for about 15% of industry revenue. About 75% of all physician offices are small,."

This [Healthcare market research report summary is from Euromonitor](#), which also sells a full version of this report.

### Households Taking on More Costs

Ageing populations, increasing wages, rising prices and an increase in high deductible low premium healthcare plans are shifting the cost burdens more on the patients.

### Affordable Care Act Uncertainty

With overall debate and uncertainty over the regulatory framework of the ACA, the healthcare sector is preparing for some possible hurdles, and are projecting moderate growth compared to the major growth when the ACA was initially implemented in 2014.

### Healthcare Infrastructure

Infrastructure development is growing in the urban and suburban settings in the forms of micro-sized hospitals as advanced technology and shorter stints reduce patient cost. On the other hand, rural areas are still having issues generating revenue as access to newer technology and maintaining ambulatory capabilities are becoming increasingly troublesome.

## Medical Practice Customer Demographics

IBISWorld reports on the major market segments for [Primary Care Doctors in the US](#). The full version of the report is available for purchase.

- Primary Care Doctors generate approximately \$261.9 billion with key market segmentation being defined by demographics & sources of payment.
- Patients are segmented by age and include 18-44 (26.6%), under 18 (24.7%), 55-64 (13.8%), 45-54 (12.4%), 65-74 (11.7%) and 75 + (10.8%).
- Sources of payment are segmented and include Private Health Insurance Reimbursements (41.4%), Government Health Insurance Programs (22.4%), Patient Out-of-Pocket (7.2%) and all other sources (29.0%).

## Medical Practice Startup Costs

- [Cost vs Reward of Opening a Medical Private Practice](#)  
"Consultants estimate that the cost to launch a small primary care practice ranges from \$70,000 to more than \$100,000 - an estimation that includes the money needed

for rent, insurance, payroll, and living expenses for the first few months.”

- [Cost to Start a Medical Practice](#)
- [How to Open a Private Medical Practice](#)

## **Medical Practice Business Plans**

- [Family Medicine Clinic Business Plan](#)
- [Medical Practice Business Plan](#)
- [Starting a Rural Health Clinic](#)

## **Medical Practice Publications & Resources**

- [Physician's Weekly](#)
- [Physicians Practice](#)
- [Modern Healthcare](#)
- [American Medical News](#)
- [Physicians News Digest](#)
- [News from American Association for Physician Leadership](#)
- [Private Practice Management, from the American Medical Association](#)
- [Practical Tools for Primary Care Practice](#)
- [Opening a Medical Practice Guide](#)

## **Medical Associations**

Trade associations often are excellent sources of information on an industry. Here are some relevant industry associations:

- [American Medical Association](#)
- [American College of Physicians](#)
- [American Academy of Family Physicians](#)
- [World Health Organization](#)
- [American Association for Physician Leadership](#)
- [Medical & Professional Associations List](#)

## **Physicians & Surgeons Employment Trends**

Understanding trends in your industry is important when opening a new medical practice. Here is a Physicians & Surgeons labor market summary from the Bureau of Labor Statistics focused on [Physicians & Surgeons Market Conditions](#).

<b>Quick Facts: Physicians and Surgeons</b>	
<b>2018 Median Pay</b>	This wage is equal to or greater than \$208,000 per year or \$100.00 per hour.
<b>Typical Entry-Level Education</b>	Doctoral or professional degree
<b>Work Experience in a Related Occupation</b>	None
<b>On-the-job Training</b>	Internship/residency
<b>Number of Jobs, 2016</b>	713,800
<b>Job Outlook, 2016-26</b>	13% (Faster than average)
<b>Employment Change, 2016-26</b>	91,400

### **“Work Environment**

Many physicians and surgeons work in physicians’ offices. Others worked in hospitals, in academia, or for the government.

Increasingly, physicians are working in group practices, healthcare organizations, or hospitals, where they share a large number of patients with other doctors. The group setting allows them more time off and lets them coordinate care for their patients, but it gives them less independence than solo practitioners have.

### **Job Outlook**

The growing and aging population is expected to drive overall growth in the demand for physician services. As the older population grows and rates of chronic illnesses increase, consumers will seek high levels of care that use the latest technologies, diagnostic tests, and therapies.

Demand for physicians and surgeons is expected to increase despite factors that can temper growth. New technologies, such as improved information technologies or remote monitoring, are expected to allow physicians to treat more patients in the same amount of time. If adopted, new technologies can reduce the number of physicians who would be needed to complete the same tasks. In addition, physician assistants and nurse practitioners can do many of the routine duties of physicians and may be used to reduce costs at hospitals and doctor’s offices.

Demand for physicians’ services is sensitive to changes in healthcare reimbursement policies. Consumers may seek fewer physician services if changes to health coverage result

in higher out-of-pocket costs for them.

A more specific breakdown of wages for Health Care and Social Assistance businesses in the US can be found [here](#) (see [29-1069](#)).”

## **Additional Small Business Resources**

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- View small business help topics here: [Small Business Information Center](#)
- View industry-specific research here: [Market Research Links](#)
- View business plans samples here: [Sample Business Plans](#)

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