

GAO Report: Rising Physician Consolidation Increases Prices

On September 22, 2025, the Government Accountability Office (GAO) released a report estimating “the Extent and Effects of Physician Consolidation.”¹ The GAO, the non-partisan audit, evaluation, and investigative arm of Congress, undertook the analysis of physician consolidation in response to lawmakers’ request.² This Health Capital Topics article reviews the GAO report and stakeholder reactions.

As discussed in a recent Health Capital Topics issue,³ physician consolidation has increased over the past couple of decades. The proportion of physicians practicing independently decreased significantly between 2012 and 2024, from 60% to 42%, as a result of “inadequate payment rates, costly resources, and burdensome regulatory and administrative requirements.”⁴ On the other hand, hospitals have increasingly sought closer relationships with physicians, including direct employment, contracting, co-management, and joint ventures, in response to emerging accountable care and value-based reimbursement models that require providers to coordinate care and achieve better outcomes at lower cost. While proponents argue that consolidation leads to operational efficiency, efficiencies of scale, and greater leverage in health insurer negotiations, opponents assert that consolidation in healthcare has resulted in increased prices, with no increase in the quality of care.⁵

In response to the 2022 directive from the U.S. House of Representatives Committee on Appropriations that the GAO “study the extent health care consolidation is taking place across Medicare and Medicaid, and how the involvement of private equity in healthcare could be contributing to consolidation,”⁶ the agency conducted a literature review of 100 peer-reviewed studies and reports published between 2021 and July 2025; interviewed officials in the U.S. Department of Health and Human Services (HHS); and consulted with 14 stakeholders, including groups representing physicians, hospitals, health insurers, private equity firms, and retail companies.⁷ The report “describes what available research indicates about (1) the extent of physician consolidation, including practice ownership by hospital systems, corporate entities, or private equity firms; and (2) the effects of these types of physician consolidation on health care spending and prices, quality of care, and access.”⁸

The GAO report confirmed the increasing consolidation of physicians, noting that “at least 47 percent of physicians were employed by or affiliated with hospital systems in 2024, up from less than 30 percent in 2012,” and approximately 6.5% of physician practices are owned or invested in by private equity firms.⁹

Some of the findings in the GAO-analyzed studies include:

- Increased Medicare spending when physicians were consolidated in a hospital system, by virtue of providing services in more expensive hospital-based settings.
- Higher Medicare spending when physicians were consolidated in a hospital system, by virtue of providing more services in hospital-based settings, including one analysis that found total spending per Medicare patient increased by 5% for select elective surgeries from 2010 to 2015, in part due to replacing doctor’s office visits with pricier hospital outpatient visits.
- Mixed findings on the effect of hospital-physician consolidation on commercial insurance spending, with one finding decreased per-patient spending (even with office visit prices increasing 17%), and another finding a 6% increase in per-patient spending in Massachusetts post-consolidation.
- No change to, or decreases in, the quality of care provided after a hospital-physician consolidation.¹⁰

The GAO noted that, due to the dearth of data available, “the effects of physician consolidation with health insurers, other corporate entities, or private equity firms on spending, prices, and quality were less clear or unknown,” as was “the effects of physician consolidation with any entity type on access to care.”¹¹

Physician stakeholders interviewed by the GAO argued alternative reasons for cost increases, including:

- Post-acquisition spending could rise due to increased utilization and access to care: “Hospitals may expect primary care physicians to see more patients in shorter duration appointments, which could increase patient referrals for additional diagnostic testing or visits with specialists.”

- Hospital acquirers sometimes incur costs to improve the financial stability of purchased practices.¹²

The GAO found gaps where additional research would be helpful, including “the effects of consolidation by hospital systems on patient access to care; consolidation by insurers or other corporate entities on spending, prices, quality, or access; and private equity investment on quality and access.”¹³

A number of physician stakeholder groups lauded the GAO’s work, with the American College of Emergency Physicians (ACEP) noting it was:

“pleased that federal policymakers and expert healthcare economics researchers continue to analyze the effects of various business practices across health care. The ongoing efforts to increase transparency related to consolidation of healthcare entities and the role of private equity are critical to identifying future strategies for improvements to the healthcare delivery system.”¹⁴

The Community Oncology Alliance (COA) added that the report:

“reinforces what the ...COA...has been saying for years: as physicians are bought out or forced to close their practices by hospital systems or insurers, patients suffer from higher costs, reduced care access, and often lower quality of care.... This GAO report should serve as a wake-up call for Congress and CMS to take action and shift the balance in health care back toward greater patient satisfaction at lower costs.”¹⁵

While physician practice acquisitions – and the concerns surrounding it – are not new, the GAO report “appears to be among the most comprehensive seeking to answer the extent and effects of physician consolidation on areas like spending, pricing, care quality and access.”¹⁶ Importantly, the GAO report identifies significant gaps in available data, particularly regarding consolidation involving health insurers, corporate entities, and private equity firms. These informational gaps impede policymakers’ ability to craft evidence-based regulations and highlight the need for improved data collection and transparency requirements. The GAO’s findings underscore the urgency for federal and state regulators to develop more robust oversight mechanisms while balancing the potential efficiency gains of consolidation against cost increases.

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- 2 *Ibid*; “About” U.S. Government Accountability Office, <https://www.gao.gov/about> (Accessed 9/29/25); “Provider consolidation is rising, fueling higher prices, GAO study confirms” By Dave Muoio, Fierce Healthcare, September 24, 2025, <https://www.fiercehealthcare.com/providers/provider-consolidation-rising-fuels-higher-prices-government-accountability-office-study> (Accessed 9/29/25); “H. Rept. 117-403 - Departments of Labor, Health And Human Services, and Education, and Related Agencies Appropriations Bill, 2023” U.S. House of Representatives Committee on Appropriations, July 5, 2022, available at: <https://www.congress.gov/committee-report/117th-congress/house-report/403/1> (Accessed 9/29/25).
- 3 “Hospital Acquisitions of Physician Practices Increase Prices” Health Capital Topics, Vol. 18, Issue 8 (August 2025), https://www.healthcapital.com/hcc/newsletter/08_25/HTML/HPA/covert_hosp-phys-practice-acquisition-study.php (Accessed 9/29/25).
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- 7 “GAO finds increase in doctor acquisitions” By Lauren Brensel and Ruth Reader, Politico, September 23, 2025, <https://www.politico.com/newsletters/future-pulse/2025/09/23/gao-finds-increase-in-doctor-acquisitions-00575760> (Accessed 9/29/25).
- 8 “HEALTH CARE CONSOLIDATION: Published Estimates of the Extent and Effects of Physician Consolidation” U.S. Government Accountability Office, GAO-25-107450, September 22, 2025, <https://files.gao.gov/reports/GAO-25-107450/index.html> (Accessed 9/29/25).
- 9 *Ibid*.
- 10 *Ibid*; “Physician practice acquisitions on the rise: GAO” By Emily Olsen, Healthcare Dive, September 24, 2025, <https://www.healthcaredive.com/news/physician-practice-acquisitions-healthcare-consolidation-rising-government-accountability-office-gao/760919/> (Accessed 9/29/25).
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- 12 “Physician practice acquisitions on the rise: GAO” By Emily Olsen, Healthcare Dive, September 24, 2025, <https://www.healthcaredive.com/news/physician-practice-acquisitions-healthcare-consolidation-rising-government-accountability-office-gao/760919/> (Accessed 9/29/25).
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