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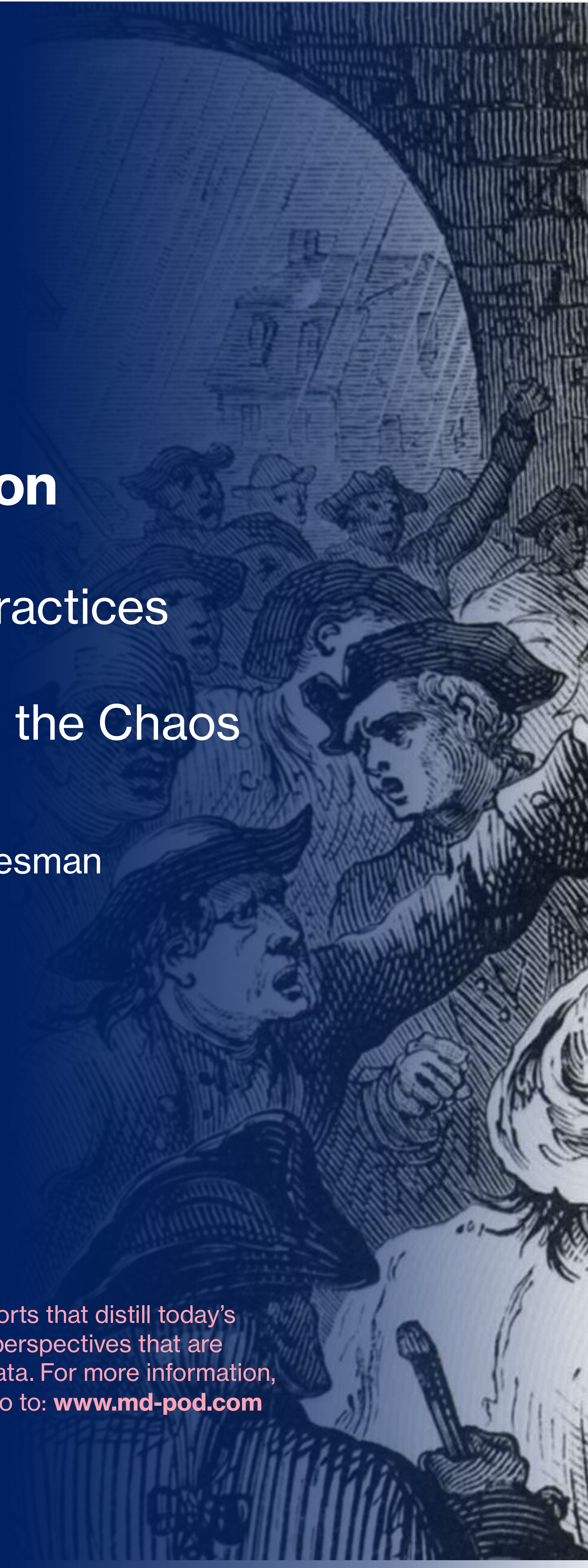

The Quiet Rebellion

How Small Medical Practices are Beating the Odds and Finding Margin in the Chaos

Paul Schrimpf, Christine Arbesman

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For years, the story of American healthcare has read like an obituary for small, independent medical practices. Faced with shrinking reimbursements, staffing shortages, and rising administrative burden, many physicians traded autonomy for stability, selling to health systems or private equity.

Yet beneath the consolidation headlines, a quiet rebellion is taking shape. Across the country, small specialty and multi-site practices are not only surviving but posting strong margins. They're lean, tech-forward, and operationally disciplined, proving that small can be powerful when run like a high-performing business.

A Landscape Under Pressure

According to the American Medical Association, only 42 percent of physicians now work in practices wholly owned by doctors, down from 60 percent a decade ago. The shift is as economic as it is structural. Medicare reimbursement has fallen roughly 30 percent in real terms since 2000, while wage inflation, IT costs, and compliance demands have hit independents hardest.

On paper, a three-physician rheumatology or GI practice shouldn't make sense anymore. But the smartest independents are finding leverage where large systems rarely look: workflow, data, automation, and disciplined supply management.

They're not just modernizing old habits; they're unlearning decades of inefficiency that equated more staff, paperwork, and time with better care. This new generation of leaders runs their practices like startups, questioning every assumption, rethinking every cost, and rebuilding around speed, transparency, and technology.

Tech Stack Discipline: Fewer and Focused

The average small practice runs on a Frankenstein stack of legacy systems: one for the EHR, one for billing, another for scheduling, plus a tangle of spreadsheets. That's death by a thousand integrations.

The survivors treat technology as part of their business strategy. Dermatology groups on ModMed, pediatric offices on PCC, and urology practices using integrated EHR and RCM stacks show how much margin can be reclaimed when data flows seamlessly: fewer clicks, fewer denials, fewer missed charges.

At Kappelman Dermatology in Illinois, consolidating to a single ModMed system unified billing, scheduling, and reporting. The practice's MIPS score jumped to 98, denial rates dropped sharply, and staff time on paperwork was cut in half. "I didn't realize how much we were losing in the seams until they were gone," said Dr. Kappelman.

These clinics don't have IT departments; they have systems that act like one. They automate coding, surface outcomes for value-based contracts, and simplify intake.

"Our technology wasn't the problem," said a Florida dermatology administrator. "Our fragmentation was. Once everything lived in one place, it finally felt like we had control again."

Automation Where It Hurts Most

When you can't hire, automate. Labor shortages have forced small practices to replace headcount with intelligent processes, especially at the front and back ends of care.

Digital scheduling, SMS reminders, and asynchronous messaging tools like Klara or Tebra have cut no-shows by half and phone volume by 60 percent. Bellevue Pain & Wellness in Washington used Tebra's digital front door to grow website traffic from 450 to 7,000 visits per month, halving no-shows and doubling bookings in a year. "Automation doesn't replace people; it makes their work matter more," said Bellevue's practice manager. "Our staff stopped chasing phone calls and started focusing on patients again."

An orthopedic group in North Carolina now handles 25 percent more visits with the same staff after automating scheduling and insurance follow-ups. "We didn't hire more people," said the administrator. "We just gave the ones we have their time back."

Ancillaries and Service Diversification

For years, "ancillary revenue" was a buzzword. Now it's survival economics. Thriving practices are adding clinically aligned services that deepen relationships and stabilize cash flow.

Rheum to Grow, a pediatric rheumatology clinic in Houston, built an in-office infusion center. Families love the convenience; the practice loves the reliable revenue. Dermatology and OB-GYN clinics are layering in wellness, cosmetic, and menopause care. Pain and rehab centers are adding diagnostics and regenerative procedures that remain cash-based.

"We used to grow by volume; now we grow by value," said the founder of Rheum to Grow. "Adding infusion wasn't just about revenue; it was about giving families everything they needed under one roof."
As reimbursement for standard visits keeps falling, cost-cutting alone won't save independents. The path forward is diversified, automated service lines that create value and carry stronger margins.

The Supply Chain as a Hidden Profit Center

Many of the highest-margin small practices aren't winning on patient volume or pricing. They're winning on supply-chain precision. A five-doctor clinic may spend hundreds of thousands a year on supplies, often without visibility into the true cost per visit. Today's strongest independents know those numbers cold.

Using platforms like Hybrent, practices consolidate purchasing, receiving, and invoicing while tracking costs by physician, department, or location.

At the Physicians' Clinic of Iowa, Pavilion Services Director Zach Grimm once spent 75 percent of his time managing supplies. Within eight weeks of adopting Hybrent, the clinic reduced on-hand inventory by more than $50,000 in one category. "Those aren't just boxes of supplies; they each have a cost," Grimm said. "Every dollar I can save is another dollar we can spend on patient care."

Smaller groups are following suit: standardize SKUs, automate ordering, and track spend like any other business metric. One Texas rheumatology group cut supply costs by 18 percent in a quarter, savings that went straight to the bottom line.

In the past, "scale" meant ownership. Today, it means access to shared data, collective purchasing, and automated oversight. "Everyone talks about patient outcomes; we obsess over operational ones," said a Texas administrator. "When your shelves, invoices, and EMR all talk to each other, profit stops leaking out of the cracks."

Financial and Care Model Reinvention

The most resilient practices are also rethinking how they get paid. Primary care groups are adopting direct primary care (DPC) and employer-based subscription models that replace unpredictable claims with steady monthly revenue. Nextera Healthcare in Colorado uses Hint Health's DPC platform to manage members and employer plans, turning fee-for-service volatility into subscription stability.

Specialists are aligning operations with measurable outcomes, tracking adherence, recovery rates, and complications to strengthen payer leverage. Charleston GI, for instance, uses Klara's automation tools to improve follow-up adherence and reduce complications, building payer incentives instead of penalties. These independents aren't waiting for payers to recognize their value. They're quantifying and proving it themselves.

The Unsung Hero: The Practice Manager

Behind this reinvention is a role once taken for granted: the practice manager. Once seen as a back-office necessity, today's practice manager is part operator, part technologist, part strategist, and central to small-practice success. They integrate tech, deploy automation, diversify revenue, master supply chains, and track the metrics that make value-based care work.

They know independence isn't about ownership; it's about optimization. The "new math" of small-practice survival is simple but disciplined: a 10-person team can outperform a 100-person one if built on efficiency, visibility, and smart partnerships. Data, not headcount, drives leverage.

At Urology Specialists of the Carolinas, the practice manager led a documentation overhaul using a urology-specific EHR, eliminating financial leaks that had quietly cost six figures annually. Across specialties, managers are interpreting dashboards, renegotiating vendor contracts, automating revenue capture, and anchoring culture in service.

In a system obsessed with scale, they're proving that clarity and control matter more than size. "Doctors create the outcomes," said one Midwestern leader, "but managers create the environment that makes those outcomes possible."

Great care doesn't require massive infrastructure, just great management. And finally, the people who deliver it are getting their due.

Acknowledgements & Citations
This report draws insights and direct quotes from:
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