HEALTHCARE INDUSTRY GROUP

The Most Undervalued Asset in Health Systems Isn't a Building — It's the Physician Enterprise

Perspectives from the inside: Chris George brings 30+ years of leadership across academic, community, and for-profit health systems, as well as large physician organizations. He has served on the board of a 13-hospital system and chaired the Finance Committee for its highest performing community hospital. As a Managing Director in A&M's Healthcare Industry Group and Health System Practice Leader, he helps hospitals, health systems, and physician organizations tackle their most complex challenges and deliver measurable outcomes.

As health systems enter 2026, they are facing unprecedented changes to federal funding as well as sustained margin pressure, capital constraints, payer friction, and ambulatory migration. Many leadership teams are asking the same question—where does scalable growth come from?

It's not another inpatient tower or incremental rate negotiation, or cost cutting alone.

In my experience, the most undervalued asset in most health systems today is the physician enterprise.

And in many organizations, it is still being managed like a department—not as a strategic platform.

THE STRATEGIC SHIFT: FROM MEDICAL GROUP TO ENTERPRISE PLATFORM

The systems that are outperforming today are reframing the physician enterprise as a fully integrated asset class, central to:

- Ambulatory growth, including consumer access, and high quality medical in the right place and at the right time.
- Revenue cycle yield, capturing every dollar that is owed to them.
- Workforce optimization, highest and best use of the team.
- Capital allocation and investing in the right infrastructure to scale and grow the health system.

They are building what I would call an Enterprise Physician and Ambulatory Platform, not just a managed medical group.

THE MEASUREMENT PROBLEM

Physician enterprises are too often evaluated on narrow practice-level metrics:

- Practice EBITDA
- Subsidy per wRVU
- Compensation/productivity ratios

This lens is void of enterprise contribution/value creation.

I worked in a health system where the CEO used to refer to this as the "Halo Effect." For example, a primary care practice drives:

- Downstream hospital and specialty revenue
- Reduced leakage in high-margin service lines
- Attribution in Medicare Advantage and ACO contracts
- Payer leverage through controlled lives

When physician groups are evaluated only at the clinic or individual provider level, health systems are undervaluing their highest-leveraged asset.

FOUR AREAS WHERE VALUE IS BEING UNLOCKED

Unified Governance and Enterprise P&L

High-performing systems align hospital, physician, and risk products under a single portfolio lens. Incentives shift from local clinic margin to enterprise contribution.

Ambulatory-First Growth Engine

Care migration is structural, not temporary. The physician enterprise controls referral pathways, ASC utilization, infusion strategy, specialty capture, and access expansion. That is where margin growth lives.

Risk and Payer Strategy Activation

You cannot succeed in Medicare Advantage or value-based care without physician alignment. Total cost of care performance, specialty discipline, and attribution management sit squarely within the physician enterprise.

Digital and AI Enablement

The real ROI of AI in healthcare is not theoretical—it's operational. Emerging solutions such as ambient listening, prior authorization automation, and documentation support are examples of where AI can help. The physician enterprise is where those gains compound at scale.

WHAT BOARDS SHOULD BE ASKING

These are some of the questions I would be asking of the health system management teams:

- Have we developed the right strategies for continued and sustained growth?
- Ultra important in mature markets: is patient leakage to other systems being actively managed?
- Do we understand downstream revenue per physician?
- Are incentives aligned to system margin, not just wRVUs?
- What is the strategy to embed AI in clinical and revenue workflows to drive efficiency and support growth and improved quality?
- Are we treating the physician enterprise as a growth platform—or a subsidy line?

In a capital-constrained environment, the hospital bed is no longer the growth engine.

The physician enterprise is.

Health systems that govern, scale and digitally enable their physician platforms will outperform in margin, growth and resilience over the next decade.

The question is not whether to invest in the physician enterprise.

It's whether you are structuring it to scale.

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