



Market research report

The State of Practice Management 2026

How medical groups are addressing staffing, AI,
and patient access in the front office

AUGUST 2026

A Venn diagram consisting of three overlapping circles. The top-left circle is light green and labeled "Addressing staffing". The top-right circle is light blue and labeled "AI". The bottom circle is light purple and labeled "Patient access". The central area where all three circles overlap is a darker shade of purple and is labeled "medical groups".

Addressing
staffing

AI

*medical
groups*

Patient
access

Based on a national survey of 200 U.S. medical practice executives
Research conducted by Wakefield Research on behalf of Third Way Health

Executive Summary

Medical practices aren't struggling because they can't fill front-office positions. They're struggling because they can't retain the experience that keeps patient access running smoothly.

Based on a **national survey of 200 U.S. medical practice executives**, intentionally balanced across mid-to-large (50–100 medical professionals) and very large practices (more than 100 medical professionals), this research shows that the

industry's biggest front-office challenge is no longer simply staffing, but operational continuity.



Adequate Staffing Can Still Leave Practices Vulnerable to Turnover

80%

adequately staffed,
but not sustainably

7%

fully staffed
and stable

90%+

annual turnover
of 20% or more

While most practices report being adequately staffed, they also acknowledge their current staffing model is not sustainable. Persistent turnover means organizations continually replace people, but not always the institutional knowledge that keeps patient access, scheduling, and administrative workflows running reliably.

Healthcare organizations have responded by investing in both AI and outsourcing. More than **four in five** organizations now use AI to automate at least some front-office functions, while **86%** outsource portions of their front-office operations. Yet neither approach is sufficient on its own. AI still depends on human judgment for many patient interactions, while outsourcing alone cannot replace the experience and operational knowledge needed to deliver consistent patient care. That's why 85% of practice leaders say their ideal front-office model is a hybrid model.

85%

say their ideal front-office
model is a hybrid model

This report examines why healthcare organizations are converging on a hybrid front-office model, and why the future of the front office is becoming less about choosing between people, AI, or outsourcing than about how those capabilities work together.

SECTION 1

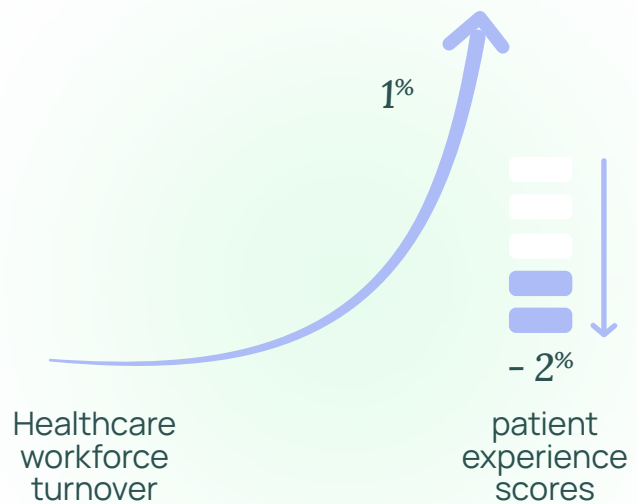


The Hidden Cost of Front-Office Turnover

The cost of front-office turnover isn't simply replacing employees. It's rebuilding the experience, workflows, and judgment that leave with them.

While staffing shortages are often discussed in terms of vacancies or recruiting challenges, the data suggests the greater impact is operational.

Persistent turnover disrupts the day-to-day functions that determine how patients experience a practice long before they see a clinician. Industry research reinforces that connection, finding that **for every 1% increase in healthcare workforce turnover, patient experience scores decline an average of two percentile ranks.**



Higher staff turnover directly lowers patient experience.

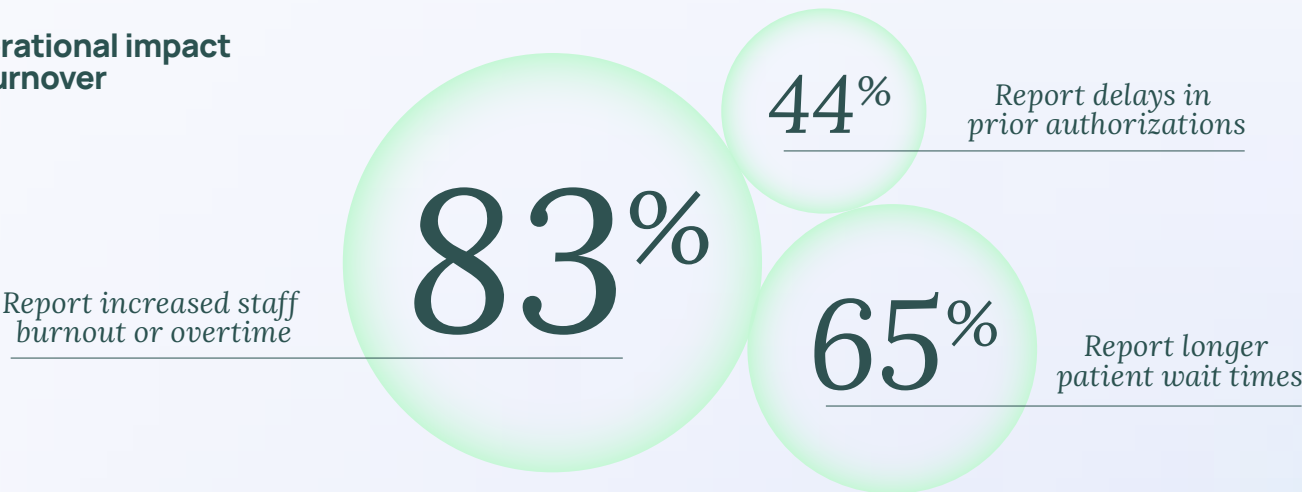
As experienced employees leave, organizations don't just lose people. They lose scheduling expertise, payer and authorization knowledge, call-handling experience, and the institutional knowledge that keeps front-office operations running consistently. Those interactions can also influence where patients seek care. **Advisory Board research has found that a positive experience with both the provider and office ranks among patients' strongest preferences**, with consumers relying on tangible factors such as appointment access, wait times, and interactions with practice staff when evaluating their care.

Operational Disruption Quickly Reaches the Patient

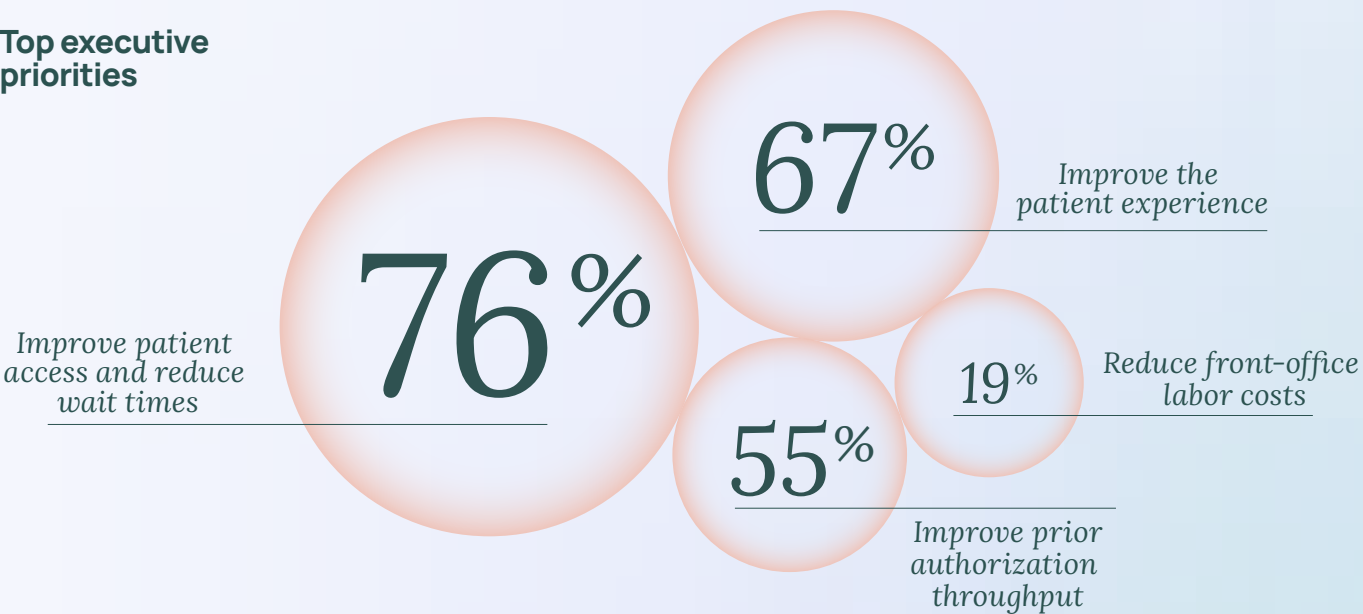
Staffing shortages create consequences that extend far beyond the front office. Executives report longer patient wait times, delays in prior authorizations, and increased burnout or overtime. Persistent turnover can compound the problem, placing greater pressure on remaining staff and making an already unstable staffing model even harder to sustain.

Those same challenges are reflected in what healthcare leaders say matters most. Improving patient access, patient experience, and prior authorization throughput all rank well ahead of reducing front-office labor costs, suggesting organizations are focused less on cutting costs than on restoring operational consistency.

Operational impact of turnover



Top executive priorities



¹ Press Ganey, Employee Engagement in 2024: Trends, Challenges, and Opportunities, July 17, 2024.
² Advisory Board, The Medical Group Executive's Guide to Boosting the Patient Experience, 2017, pp. 8–9.

Operational Instability Quietly Erodes Revenue

Front-office instability can reduce clinical capacity and revenue in multiple ways. The first opportunity can be lost before an appointment is ever booked. Third Way Health's internal operational data shows that approximately 60% of inbound patient calls are scheduling-related, meaning unanswered calls can translate directly into lost appointment opportunities.³

Staffing pressure can also make it harder to sustain proactive work such as appointment reminders, no-show prevention, waitlist management, and patient recapture. Nearly half of practices (46%) report a no-show or late cancellation rate of 5% or higher, while another 51% report rates between 4.0% and 4.9%. Even modest improvements can translate into meaningful financial gains.

Use Case Scenario

*What a 5%
No-Show Rate
Can Cost*

Modeled on a **hypothetical** 50-provider independent medical group averaging 20 patient visits per provider per day, with an average reimbursement of \$150 per encounter.

50

Appointments
lost every day

12,500

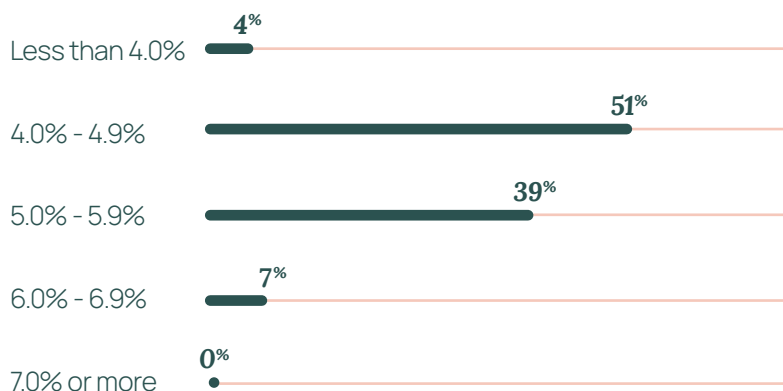
Missed visits
annually

\$1.9M

Potential unrealized
annual revenue

When front offices are unstable, staff often lack the capacity for proactive scheduling, patient reminders, waitlist management, and outreach that help recover these appointments.

Approximately what percentage of your scheduled appointments result in no-shows or late cancellations? Your best guess is fine.



Around half (45%) report that 5% or more of their scheduled appointments result in no-shows or late cancellations.

³ Third Way Health internal operational data, 2026. Analysis of over 620K inbound patient calls across Third Way Health-supported practices. Scheduling-related calls include appointment cancellations, appointment-detail confirmations, rescheduling, new appointment scheduling, and authorization/referral calls. These categories collectively account for approximately 60% of inbound call volume.

When the Front Office Struggles, Patients Notice

For many organizations, the effects extend well beyond the call center, and even beyond the front office into the exam room.

“

“For years, our patients struggled to get through on the phone with our team—to the point where it became routine for our providers to start visits by apologizing for the wait.”

— **Jamie Reddick,**
COO, Graybill Medical Group

That experience illustrates an important point: front-office breakdowns don't remain in the front office. They follow patients into the exam room, shaping first impressions, delaying care, and increasing pressure on clinical staff.



SECTION 2

AI and Outsourcing Are Solving the Same Problem, But Hitting the Same Ceiling

Healthcare organizations aren't choosing between AI and outsourcing. They're investing heavily in both to expand capacity, improve responsiveness, and reduce the operational disruption caused by persistent front-office turnover.

More than four in five organizations use AI in at least one front-office function (81%), while 86% outsource some portion of their front-office operations. Both are concentrated in high-volume workflows: AI is most commonly used for billing intake and eligibility, inbound call-center operations, and patient messaging, while outsourcing is most common for inbound call-center operations and billing intake and eligibility.

Operational Disruption Quickly Reaches the Patient

Front-Office Function

Inbound Call Center / Phone

67% of Practices Outsourcing

83% of Practices Using AI

Billing Intake / Eligibility Verification

61% of Practices Outsourcing

52% of Practices Using AI

Patient Messaging

25% of Practices Outsourcing

43% of Practices Using AI

Prior Authorization

14% of Practices Outsourcing

31% of Practices Using AI

None (kept entirely manual / in-house)

14% of Practices Outsourcing

19% of Practices Using AI

Percentage of front office functions that are either outsourced or automated with AI.

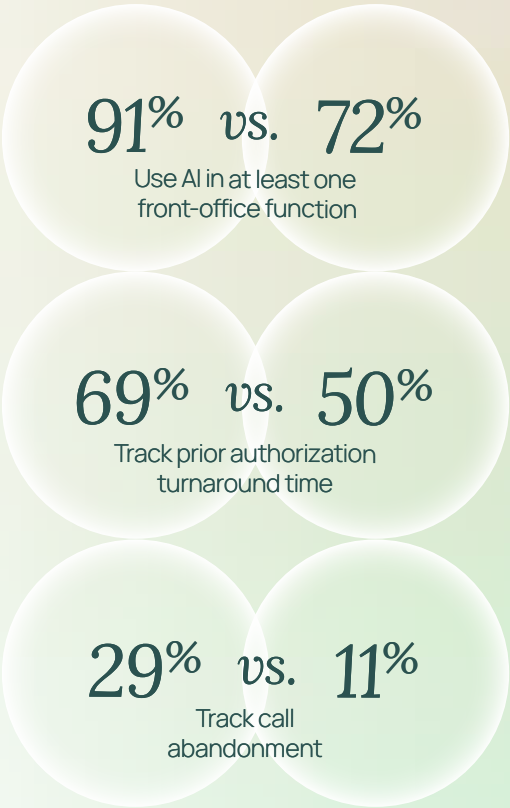
Prior authorization stands out as an exception to otherwise widespread adoption. Although 55% of executives rank improving prior authorization throughput among their top operational priorities, it remains the least automated front-office function (31%) and one of the least frequently outsourced (14%). The gap highlights the challenge of modernizing workflows that require greater coordination, variability, and human judgment.

Larger Practices Are Pulling Ahead in AI Adoption and Operational Visibility

Very large practices are further along in both AI adoption and the operational measurement needed to manage front-office performance. 91% use AI in at least one front-office function, compared with 72% of mid-to-large practices, a 19-point gap.

The divide may reflect a broader resource and scale advantage. Larger organizations often have greater capacity to invest not only in new technology, but also in the infrastructure and measurement needed to manage it effectively.

That advantage extends to visibility into critical patient-access workflows. Very large practices are more likely to track prior authorization turnaround time (69% vs. 50%) and nearly 3× as likely to track call abandonment (29% vs. 11%). Both are important measures of front-office performance. Call abandonment is increasingly recognized as a core measure of patient access, while new federal requirements are placing greater emphasis on prior authorization turnaround times and performance measurement.



AI Still Requires Human Expertise



Despite widespread adoption, AI has not eliminated the need for people.

More than half of executives (59%) say AI still requires human backup, while 80% cite protecting the patient experience as a barrier to expanding AI use. By comparison, just 27% cite budget constraints and 11% say they have yet to see a convincing ROI case.

59% of executives say AI still requires human backup.

⁴ OmniMD, Adoption of AI in U.S. Clinics Report, 2026
⁵ Medical Group Management Association (MGMA), Patient Access Priorities for 2026: Tackling Wait Times, Phones, No-Shows and More, 2025.
⁶ Centers for Medicare & Medicaid Services, CMS Interoperability and Prior Authorization Final Rule (CMS-0057-F), accessed August 18, 2026.

The Challenge Isn't Whether AI Creates Value, But Where Technology Reaches Its Limits

The need for human support extends beyond patient interactions. Front-office operations are rarely static. Scheduling rules change, provider preferences vary, and workflows evolve over time, creating exceptions and complexity that technology alone may struggle to manage consistently. Human expertise remains important both for navigating these operational realities and for handling patient interactions that require judgment, empathy, or reassurance.



Nearly **nine in ten (89%)** believe humans should remain involved in emotionally sensitive, urgent, or all patient interactions.

That caution exists even as AI is producing meaningful results. Among organizations using AI, 79% report improved patient experience, 57% report faster prior authorization processing, and 52% report reduced call abandonment. Only 26% report reduced staff hours or labor costs, reinforcing that AI's value is showing up more in patient experience and operational performance than in workforce reduction.

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AI is delivering measurable gains

79% Report improved patient experience

57% Report faster prior authorization processing

52% Report reduced call abandonment

26% Report reduced staff hours or labor costs

Top executive priorities

80% Cite concerns about patient experience

38% Cite EHR integration complexity

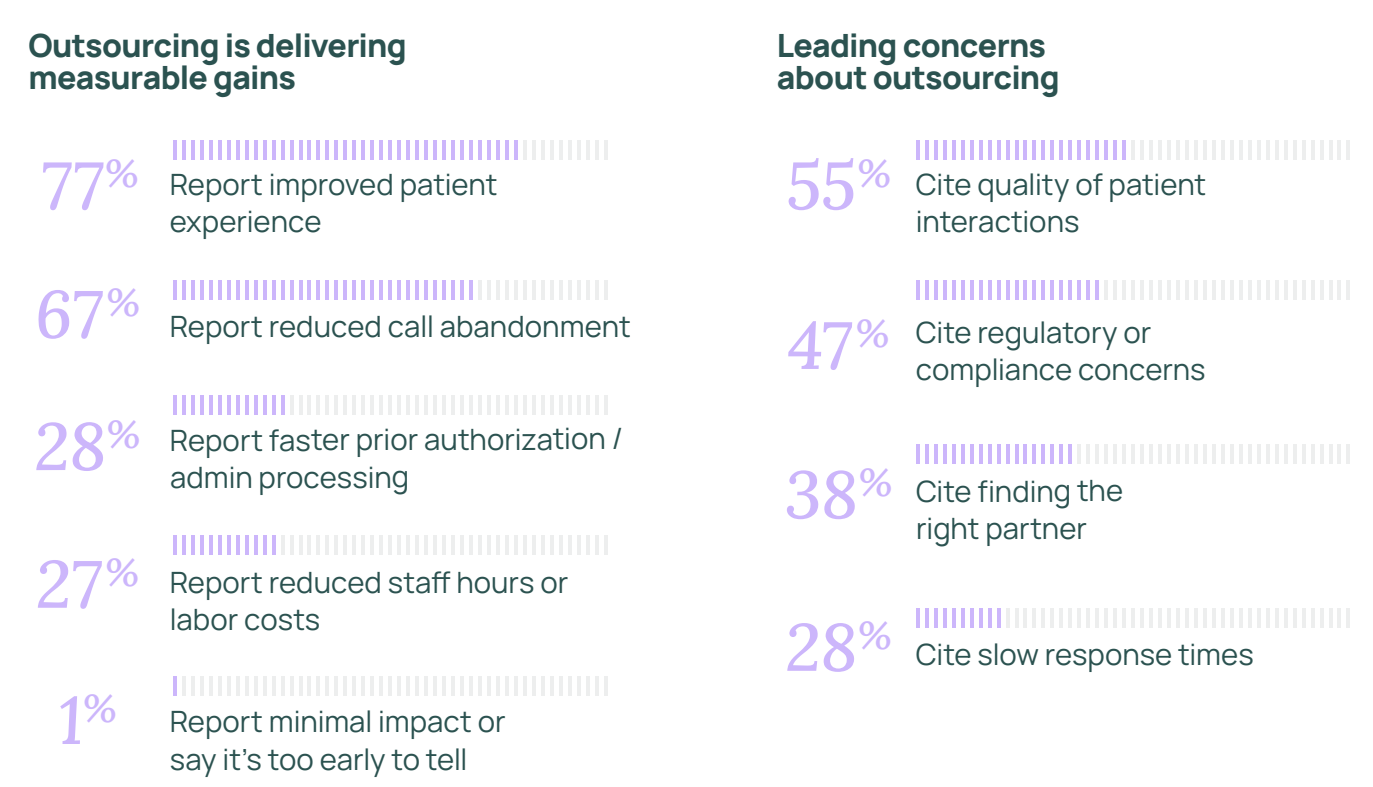
27% Cite budget constraints

11% Say they haven't seen a convincing ROI case

Outsourcing Faces the Same Patient-Experience Test

Like AI, outsourcing is delivering measurable operational value, but practices remain focused on whether it can improve performance without compromising the patient experience. Among organizations outsourcing front-office functions, 77% report improved patient experience and 67% report reduced call abandonment. Faster prior authorization and administrative processing is reported by 28%, while 27% report reduced staff hours or labor costs. The strongest benefits are showing up in patient experience and operational performance, not simply labor reduction.

Yet, quality of patient interactions is the leading concern, cited by 55% of executives, followed by regulatory or compliance concerns (47%) and finding the right partner (38%). More than one-quarter (28%) also cite slow response times.



The findings suggest practices are not simply looking for an external source of labor. They want partners that can extend front-office capacity while maintaining the responsiveness, consistency, and quality patients expect.

Attitudes toward outsourcing also closely mirror attitudes toward AI. Practices see measurable value in both, but are unwilling to trade patient experience for operational efficiency. For outsourcing, that makes selecting a partner that can operate as an extension of the internal team especially important. More broadly, the findings point toward an operating model that brings technology, external expertise, and internal teams together rather than relying on any one approach alone.

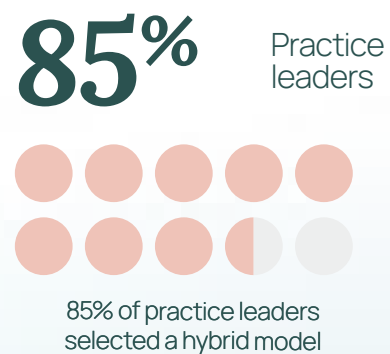
SECTION 3



Healthcare Leaders Show a Strong Preference for a Hybrid Front-Office Model

Healthcare leaders aren't viewing AI, outsourcing, and internal teams as mutually exclusive. They increasingly see value in a model that brings all three together.

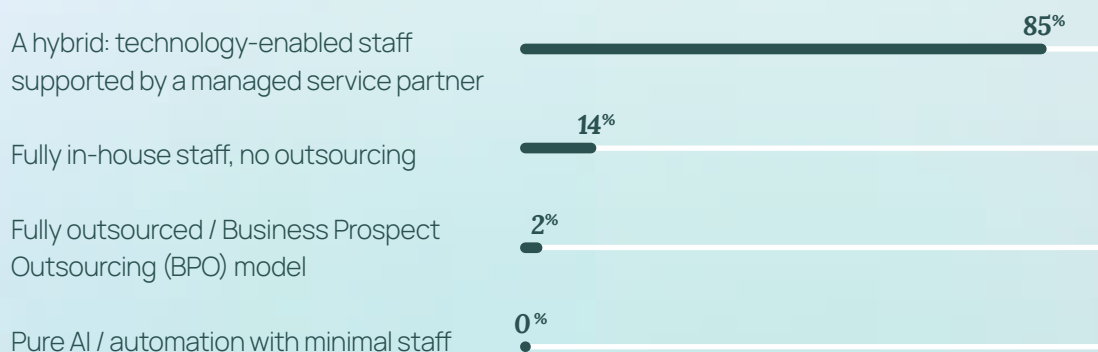
When asked to describe their ideal future-state front office, **85% of practice leaders selected a hybrid model** that combines technology-enabled staff with a managed service partner. That preference holds across practice size and leadership level: 85% of very large practices and 84% of mid-to-large practices prefer the model, as do 83% of C-suite executives and 86% of vice presidents and directors.



What leaders rejected is equally telling. Only 14% prefer a fully in-house model, just 2% favor traditional full outsourcing, and none of the 200 executives surveyed selected a primarily AI-driven front office with minimal human involvement.

Outsourcing Faces the Same Patient-Experience Test

Which of the following best describes your ideal front-office model?



The Goal Isn't Fewer People—It's Putting People Where They Add the Most Value

AI and outsourcing are already improving patient experience and operational performance, but neither eliminates the need for human expertise.

Practices are increasingly using technology and external support to expand capacity, improve responsiveness, and create more consistent patient experiences. But they continue to value trained people when interactions require judgment, empathy, context, or trust.

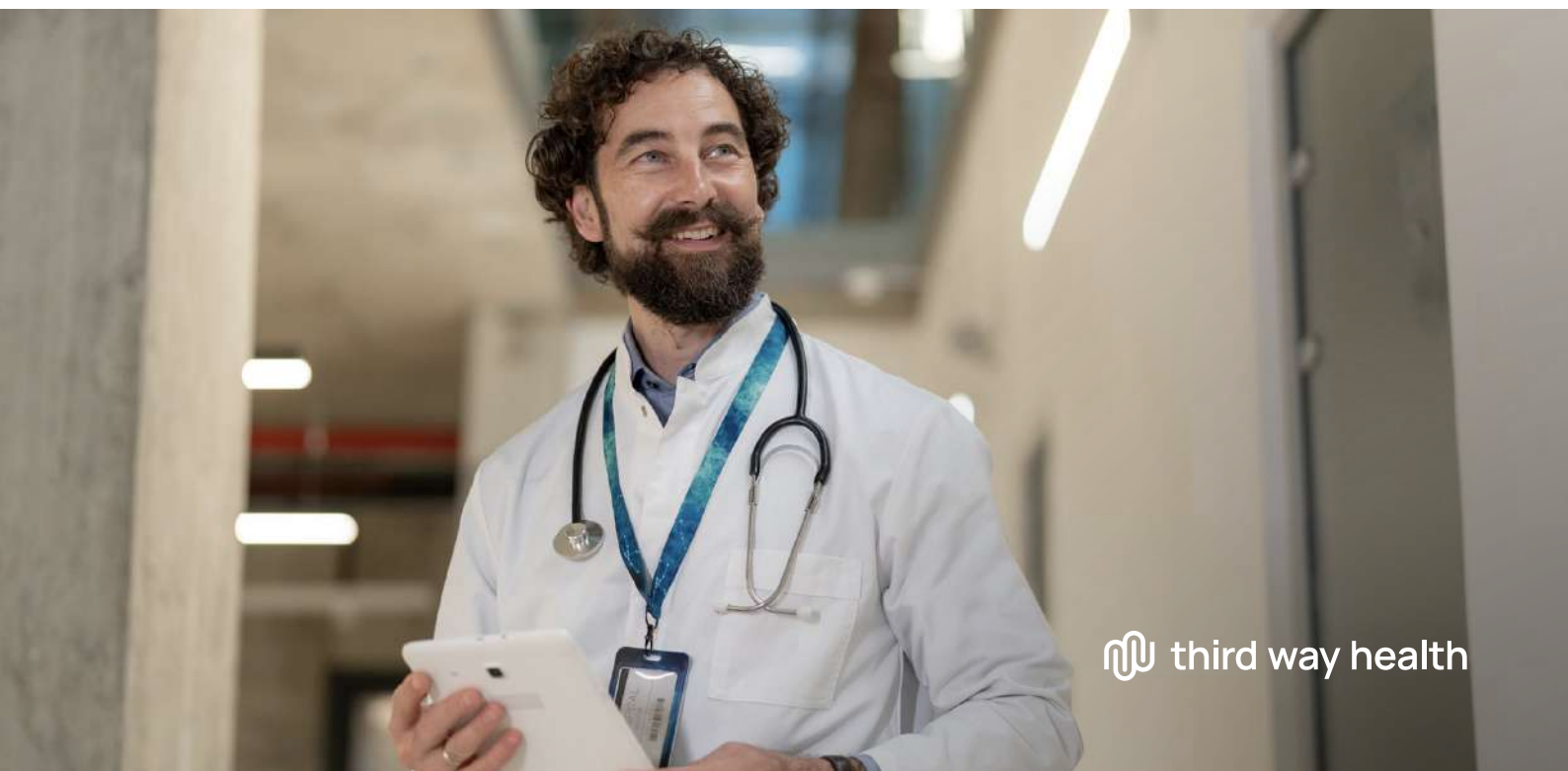
The emerging hybrid model isn't about replacing people. It's about putting the right work in the right hands. This means using technology and external capacity where they improve speed, consistency, and scale, while keeping people where human expertise matters most.

Hybrid Operations Are Already Delivering Results

The value of a hybrid model is ultimately measured by whether it improves the experience for patients while creating a more resilient front-office operation.

Graybill Medical Group* offers one example of what that can look like. After centralizing patient access and implementing a hybrid AI and live-agent operating model across its nine locations, Graybill reduced average patient call wait times, lowered call abandonment, reduced patient no-shows, and achieved almost perfect patient satisfaction scores, while reducing front-office operational costs by approximately 50%.

*<https://thirdway.health/case-studies/case-study-graybill-medical-group/>



Graybill Medical Group Hybrid Model Delivers Better Patient Access, Experience, and Operational Efficiency

20.2 sec

Average patient call wait time

1.5%

Call abandonment rate

24%

Reduction in patient no-shows

4.8/5

Patient satisfaction

~50%

Reduction in front-office
operational costs

“

“Today, the friction is gone, and satisfaction amongst our patients has improved significantly.”

— **Jamie Reddick**, COO, Graybill Medical Group

Integrated Operations Can Scale Across Different Organizations

The hybrid model can also change the role of external partners, creating opportunities for deeper operational integration rather than support for isolated tasks.

At AMG Medical Group*, the hybrid model was applied to front-office and patient-access operations across multiple provider groups, spanning inbound calls, scheduling, eligibility, referrals, prior authorizations, reminders, and no-show follow-up. The approach combines AI-powered technology with embedded operational talent and workflows adapted to each organization's needs.

Across three provider groups, the model delivered consistent improvements in patient access, capacity, and cost performance, demonstrating that an integrated approach can scale across organizations with different operational needs.

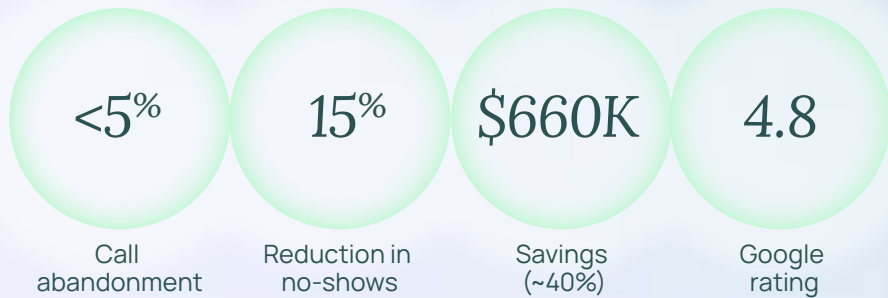
*<https://thirdway.health/case-studies/patient-access-success-in-value-based-care/>

Astrana Health Measurable Results Across Multiple Provider Groups

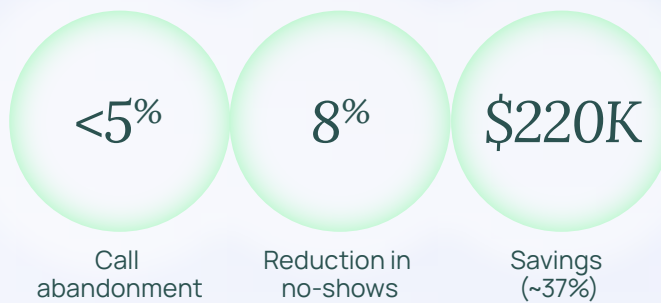
AMG Medical Group



Valley Oaks Medical Group



Southern California Heart Centers



The results also demonstrate how the role of an external partner can evolve as organizations gain confidence in the model. At Astrana Health, the relationship expanded from front-office and patient-access support into increasingly complex back-office workflows, creating a more integrated role across operations.

SECTION 4



The Front Office Is Becoming an Operating Model, Not a Staffing Model

The next generation of front-office operations will be defined less by who performs the work than by how the work gets done.

The traditional approach of building front-office performance primarily around internal staffing is becoming harder to sustain. Persistent turnover has made continuity difficult, while AI and outsourcing have each demonstrated meaningful value, but also clear limits when used independently.

The organizations best positioned to succeed will combine technology, specialized operational support, and internal teams around a common goal: maintaining reliable patient access and a consistently strong patient experience, even as staffing needs and patient demand change.

That is ultimately what the shift toward hybrid operations represents: not replacing people, but building a front office that is less dependent on perfect staffing and better equipped to deliver the experience patients expect.

Methodology

This report is based on original research conducted by Wakefield Research on behalf of Third Way Health to examine the operational challenges, priorities, and technology trends shaping healthcare front-office operations.

The survey was conducted between June 23 and July 9, 2026, among 200 U.S. medical practice executives using an online survey distributed via email invitation. At the 95% confidence level, the overall survey results have a margin of error of ± 6.9 percentage points. The margin of error for each of the two practice-size cohorts is ± 9.8 percentage points.

The sample was intentionally balanced to enable meaningful comparisons by organization size, and included:

- 100 executives from mid-to-large medical practices (50–100 medical professionals)
- 100 executives from very large medical practices and groups (more than 100 medical professionals)

Respondents included C-suite executives as well as vice presidents and directors responsible for front-office operations, patient access, revenue cycle, practice management, or related operational functions.

The research explored front-office staffing and workforce stability, patient access, operational performance, AI adoption, outsourcing, and emerging front-office operating models.

Unless otherwise noted, percentages represent the share of respondents selecting each response option. Due to rounding, totals may not equal exactly 100%.

ABOUT THIRD WAY HEALTH

Third Way Health provides end-to-end virtual front office operations for healthcare organizations, combining an AI-enabled platform with a dedicated service team to handle patient calls, scheduling, eligibility verification, prior authorizations, referrals, appointment reminders, and no-show follow-up. Third Way Health serves medical practices and other healthcare organizations, supporting more than 5 million patients annually across 20,000+ providers, with

Clients typically see 40% cost savings on front-office operations, an 11% lift in visit volume, and phone wait times cut in half. Third Way Health is the operations layer between healthcare organizations and their patients.

Research conducted by Wakefield Research · July 2026 · n=200 practice executives
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Ready ^{to} transform *your* operations?

Modernize your front office with an AI-enabled healthcare operations partner focused on improving patient access, efficiency, and satisfaction.

CONTACT US TODAY!

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 Call us at 323-237-9252