

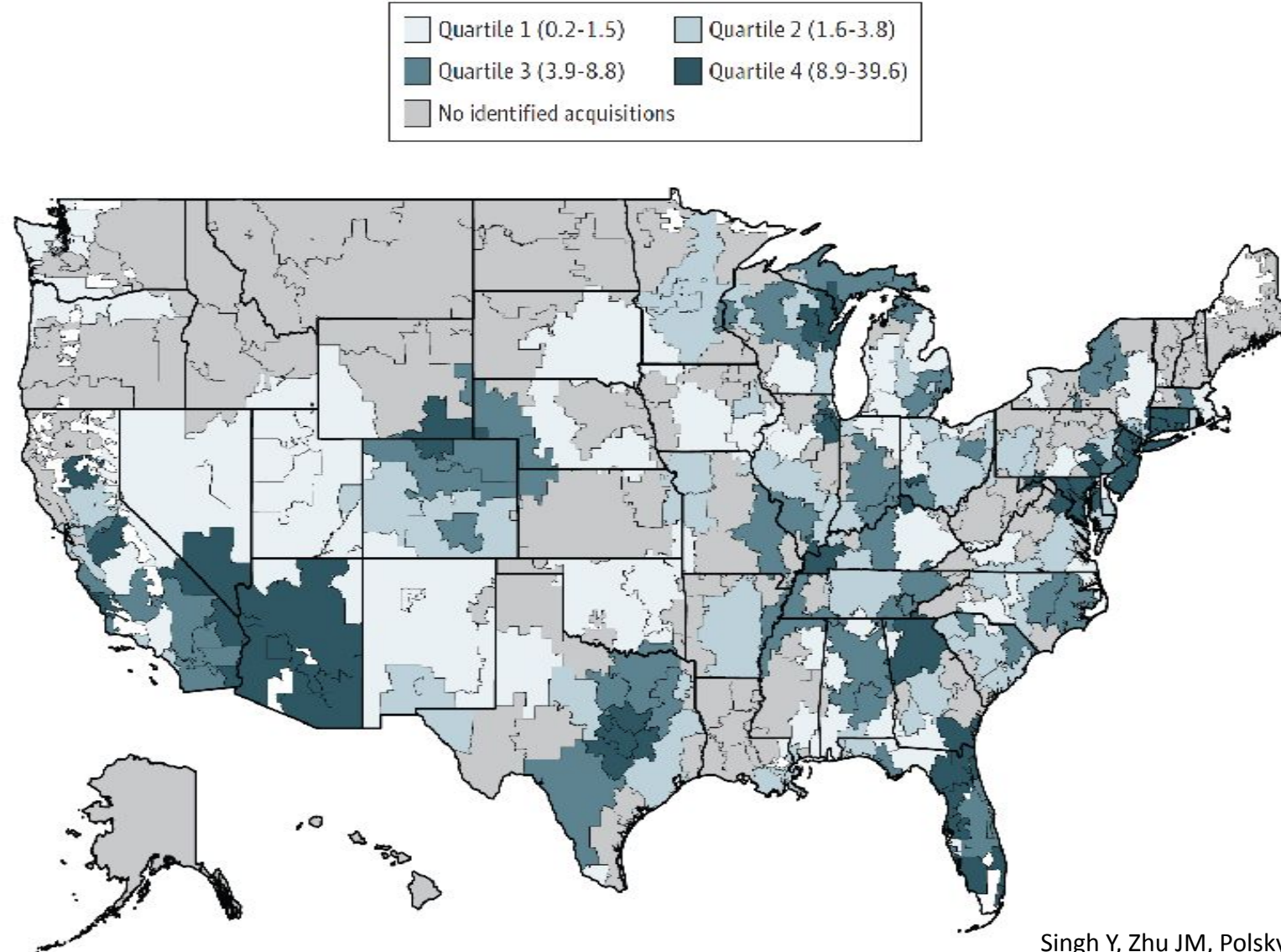
Private Equity Acquisitions of Physician Practices

NIHCM Webinar
June 6, 2023

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Geographic Distribution and Penetration of Physician Practices

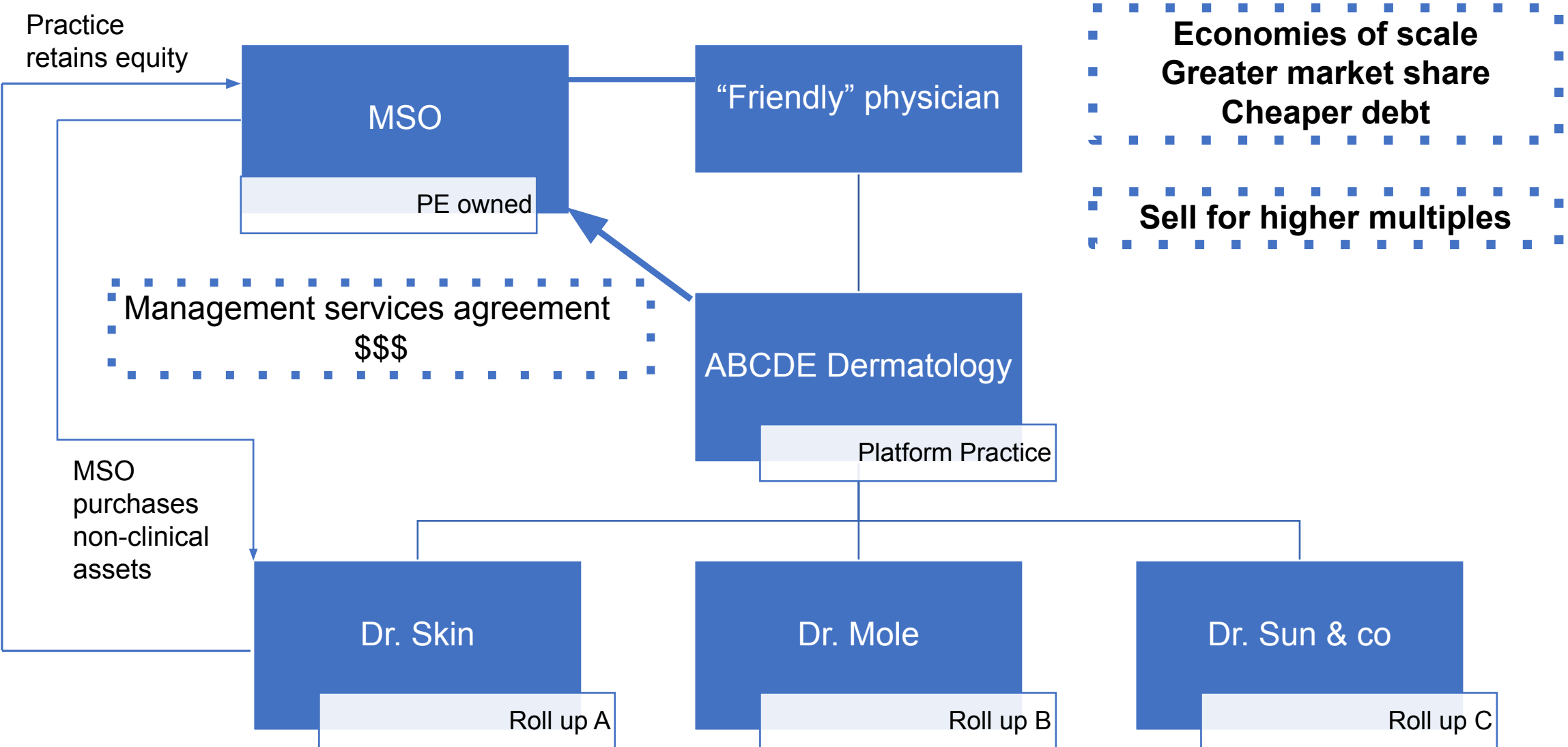
Figure 1. Private Equity (PE) Penetration Across 6 Office-Based Specialties by Hospital Referral Region (HRR)



Geographic Distribution and Penetration of Physician Practices

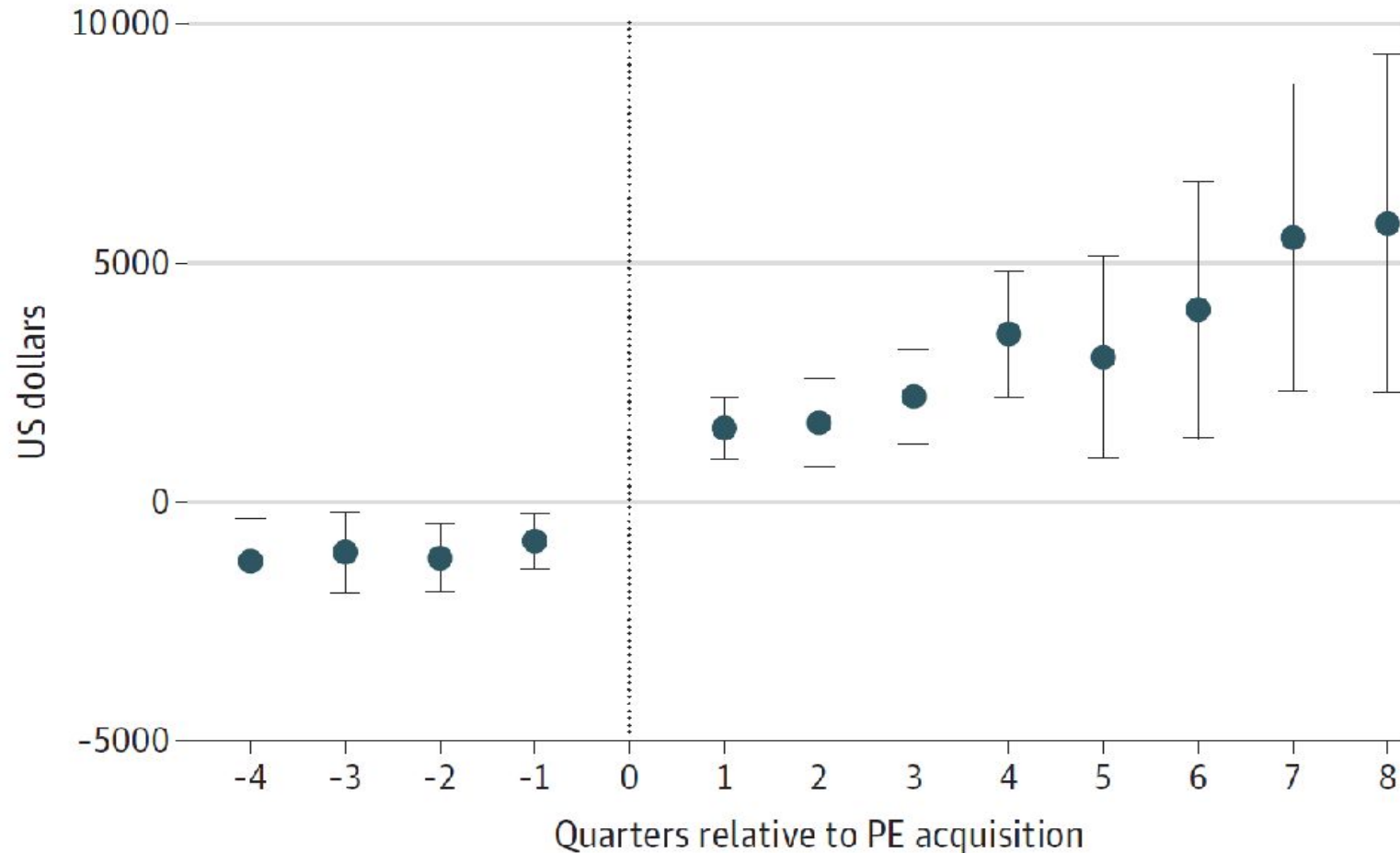
Specialty	Count of physicians identified in PE-acquired practices	Count of physicians in office-based settings	Estimated PE penetration (%)
Gastroenterology	845	6,147	13.7
Urology	492	4,758	10.3
Dermatology	851	8,565	9.9
Women's Health	1,352	15,360	8.8
Ophthalmology	741	11,398	6.5
Orthopedics	460	15,588	3.0
Total	4,738	61,752	7.7

Empire Building by Roll-Up



Acquisitions of MD Practices $\square \uparrow$ Spending, Charges, Prices, Volume

Figure 1. Changes in Total Spending per Practice Associated With Private Equity Acquisition, by Quarter

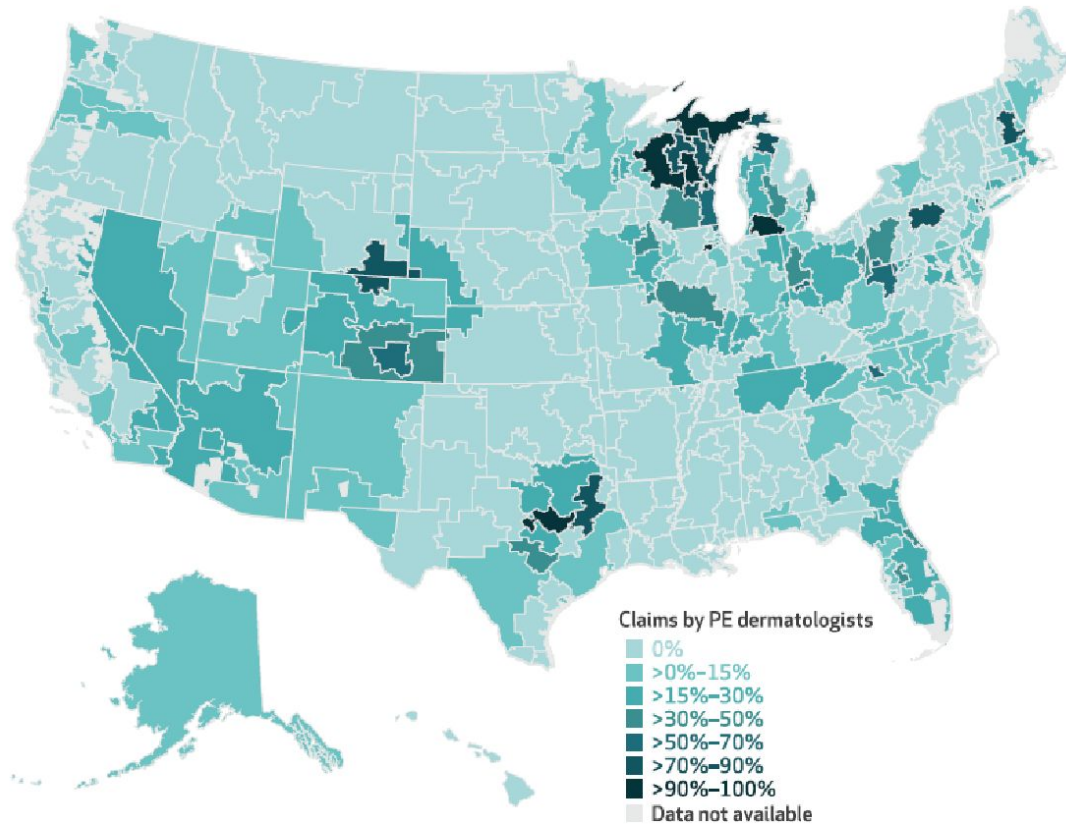


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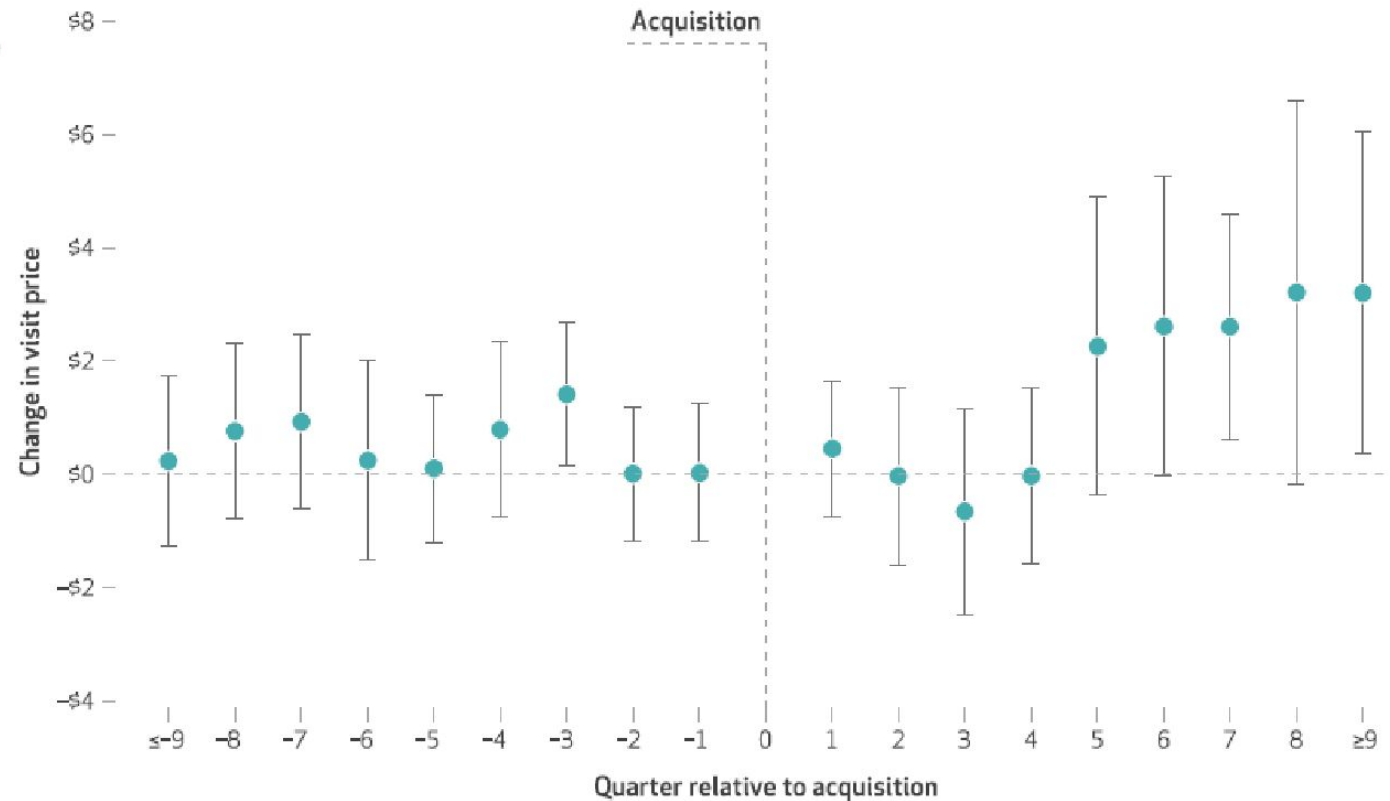
Relative to controls, PE acquisitions increased:	
Charges	20%
Prices	11%
Aggregate volume	16%
Unique patients	26%
New patient visits	38%
Long (>30 min) visits	9%

Additional Evidence on Private Equity Acquisitions: Dermatology

Percent of dermatologist claims made by private equity (PE) dermatologists, by hospital referral region, 2017



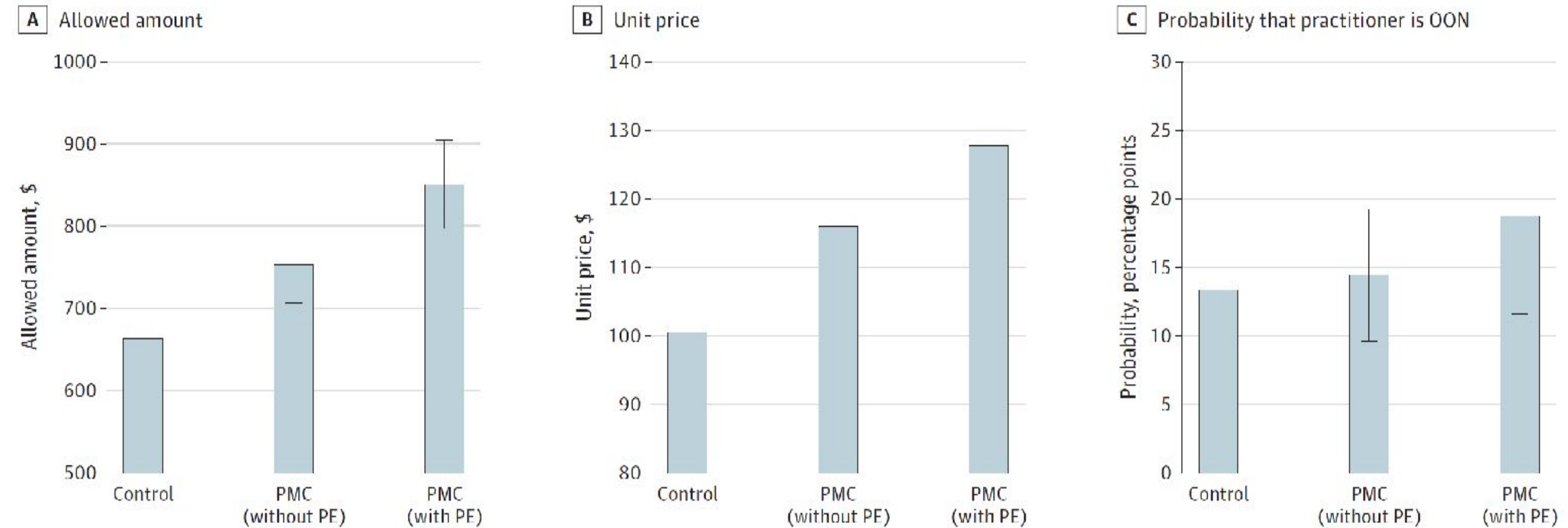
Effect of private equity acquisition on the price of a routine dermatology office visit, by quarter, 2012-17



“At 1.5 years after acquisition, prices paid to private equity dermatologists for routine medical visits were 3-5 percent higher than those paid to non-private equity dermatologists. There was no significant consistent impact on dermatology spending or use of biopsies, lesion destruction, or Mohs surgery.”

Additional Evidence on Private Equity Acquisitions: Anesthesia

Figure 2. Adjusted Differential Changes in Outcomes Associated With Physician Management Company (PMC) Contract With and Without Private Equity (PE) Investment

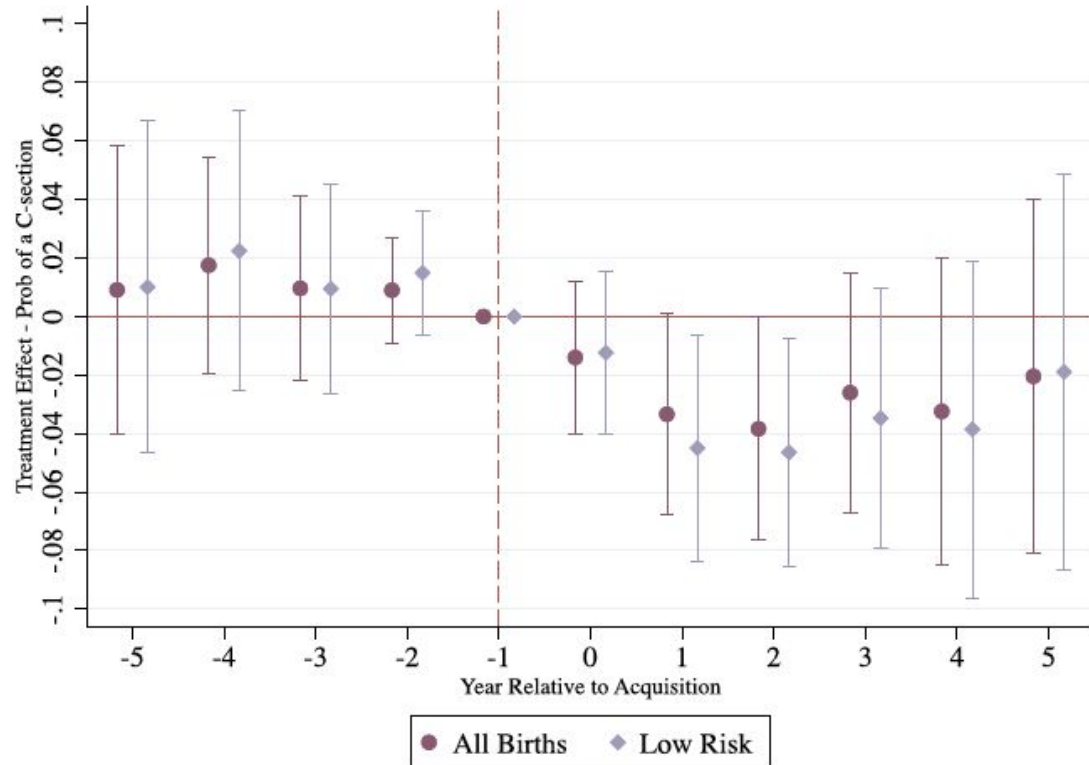


Role of Management Priorities

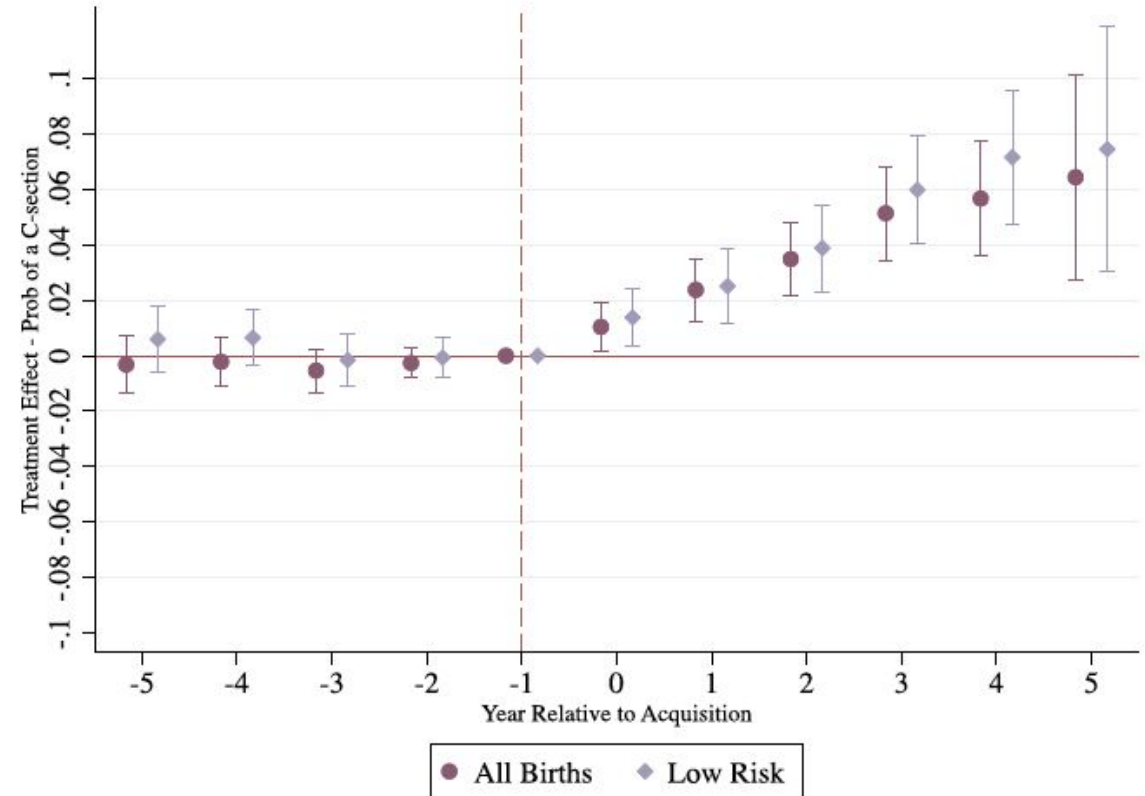
The Impact of Management on Clinical Performance: Evidence from Physician Practice Management Companies

Ambar La Forgia^a

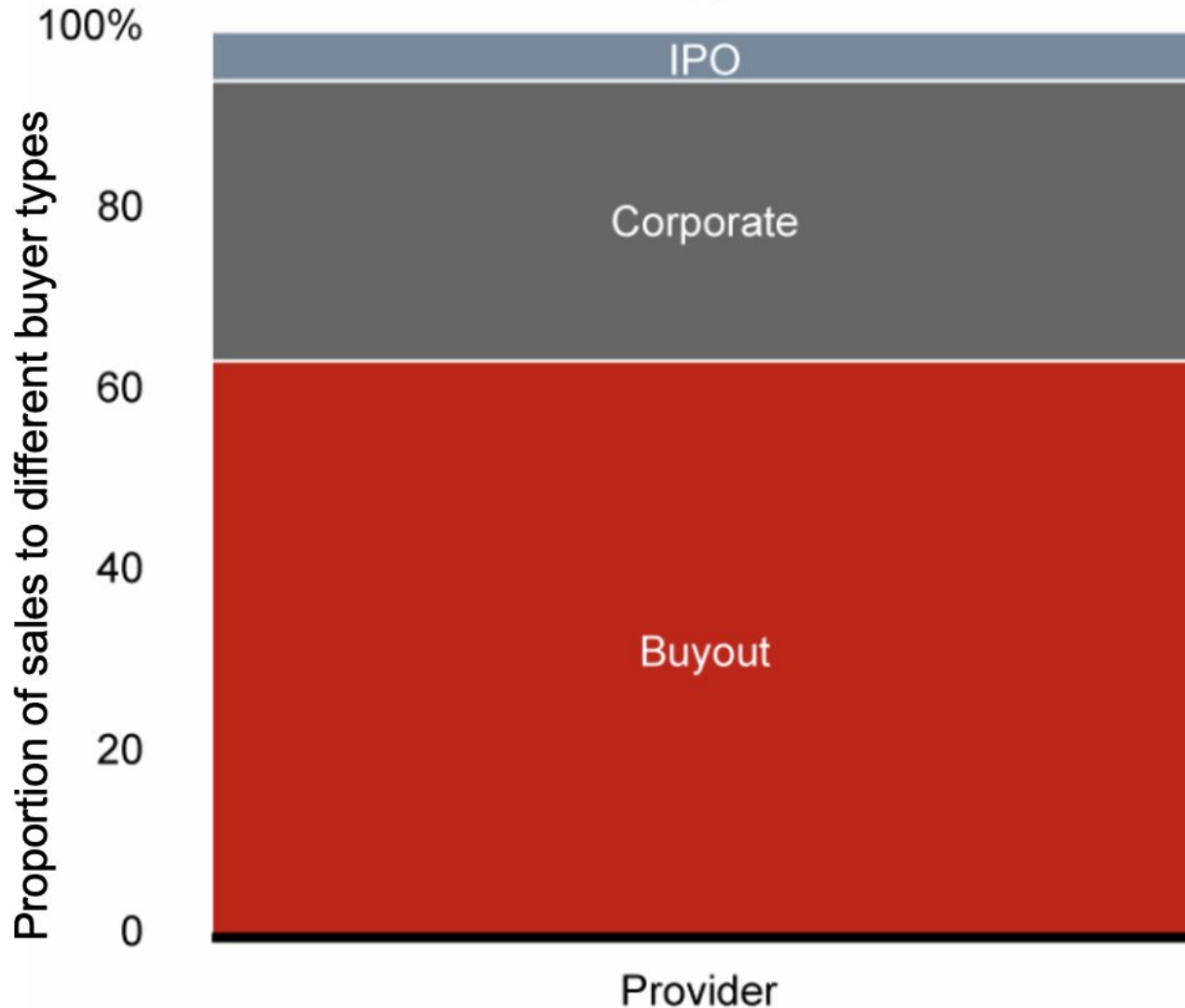
(a)



(c)



The Future? What Happens After PE Acquisition



~65% of sold to other PE firms

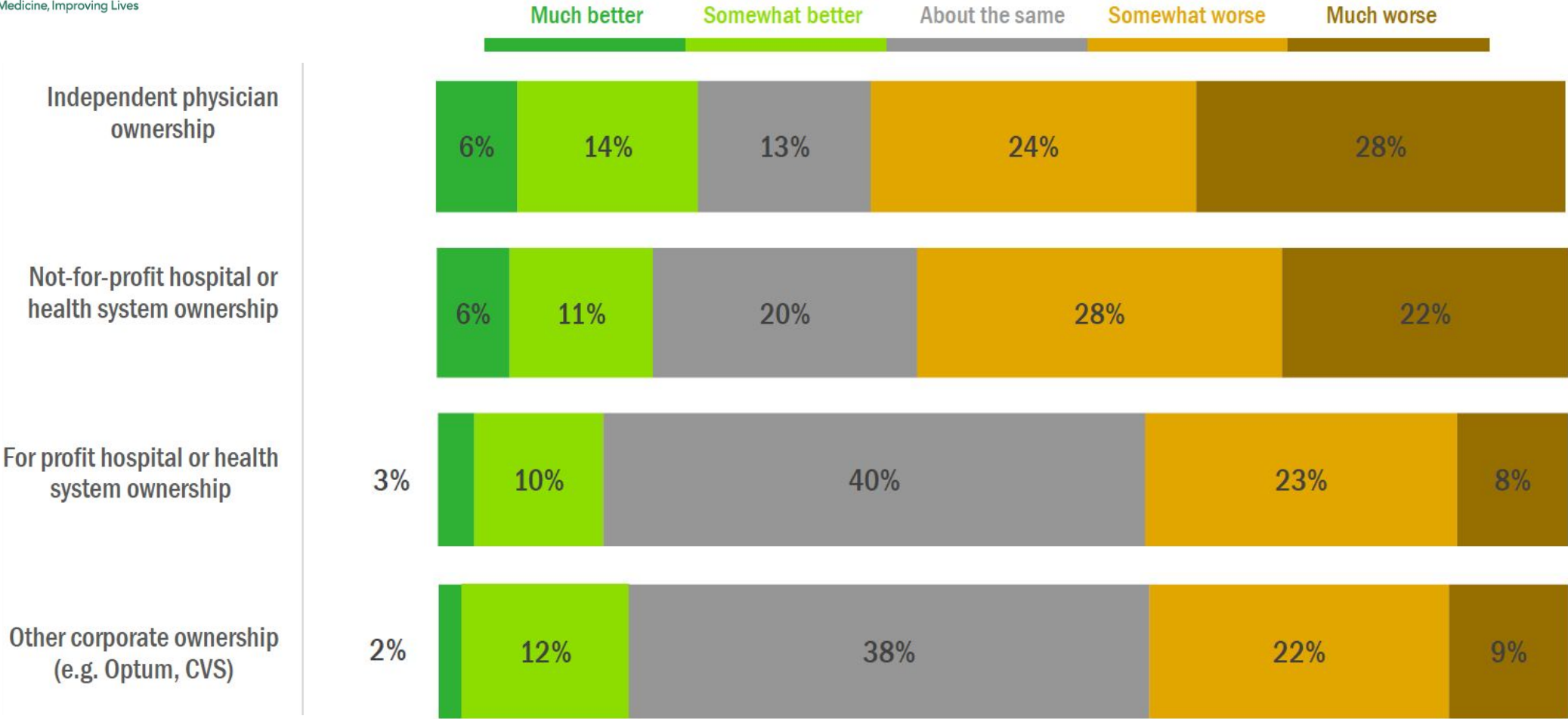
~20% sold to corporate entities
(e.g., Optum, CVS, Amazon)

~5-10% go public

Physicians Perceive PE to be Alternative Source of Capital



Q. Compared to the following forms of ownership in the health care sector, is private equity ownership...



base: n=525