

# Geographic Variation in Private Equity Penetration Across Physician Specialties

## Why This Study Is Important

Researchers found physician practice penetration by private equity firms varies across the country and is highest in the Northeast, Florida and Arizona. These findings are significant given that acquisition by private equity firms may lead to consolidation among independent practices facing financial pressure. The long-term effect of these ownership changes includes reduced competition and increased prices within each local health care market. As private equity acquisitions vary across the country, these impacts are particularly significant in geographic areas in which private equity acquisitions are more concentrated. This study highlights the importance of monitoring consolidation, ownership, and regulatory environment of private equity activity.

## What This Study Found

- Researchers examined 97,094 physicians practicing in six specialties, 4,738 of whom worked in private-equity acquired practices.
- Of these specialties, the number of physicians working in private equity acquired practices was highest in dermatology (7.5%; 851 of 11,324), followed by gastroenterology (7.4%; 845 of 11,484), urology (6.5%; 492 of 7,609), ophthalmology (5.1%; 741 of 14,493), obstetrics/gynecology (4.7%; 1,352 of 28,493), and orthopedics (1.9%; 460 of 23,891).
- Physician practice penetration by private equity firms was lowest in the Midwest and highest in the Northeast (including the District of Columbia), Florida, and Arizona, where it was concentrated in hospital referral regions.
- In recent years, physician practice penetration by private equity firms has increased from 59 deals, representing 843 physicians in 2013, to 136 private equity acquisition deals representing 1,882 physicians in 2016.
- Among 200 hospital referral regions, a mean of 5.6% of physicians were in private equity-acquired practices.

## What These Findings Mean

Acquisition of independent physician practices by private equity may be associated with the reduction of physician competition and increased prices. In areas where private equity acquisitions are more prevalent, diminished competition could have longer-term effects on prices and health care spending, as well as practice patterns. This study highlights the need for practice ownership transparency and monitoring.

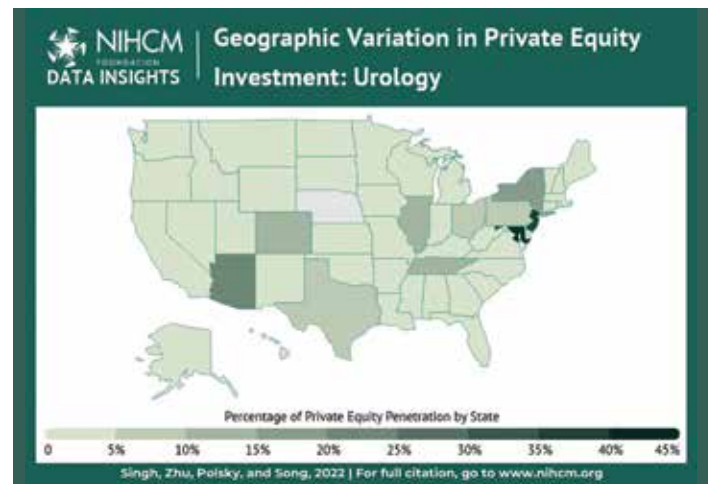
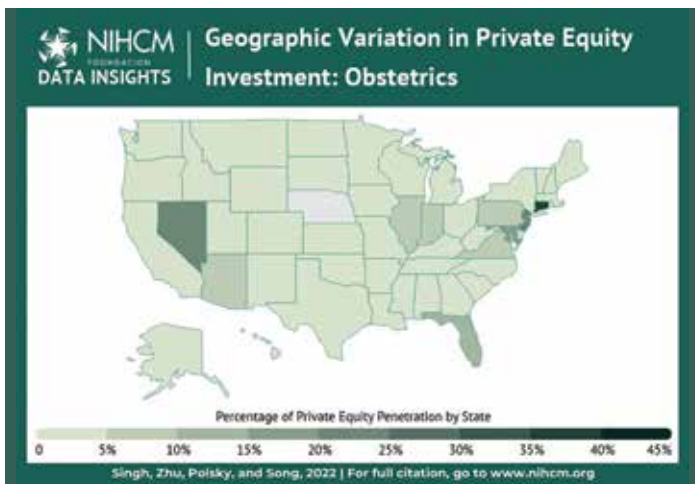
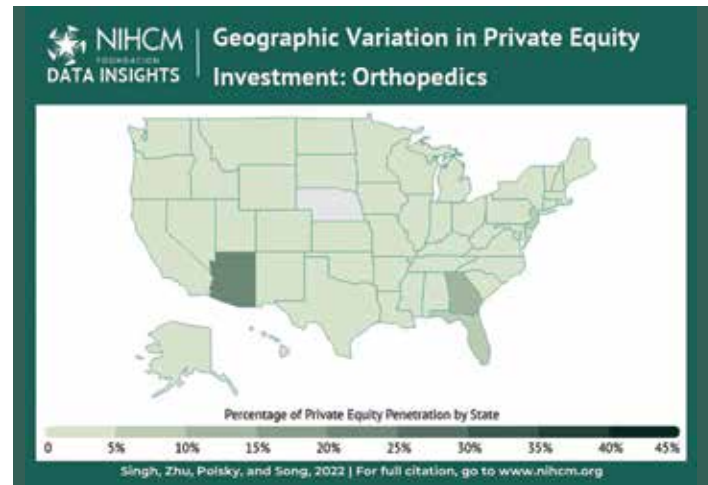
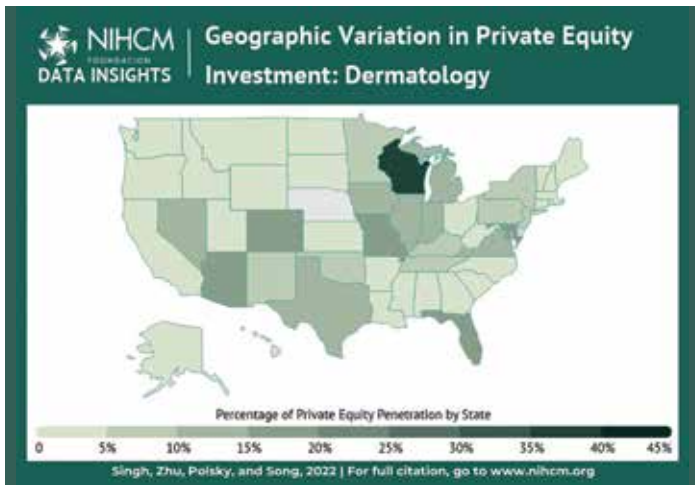
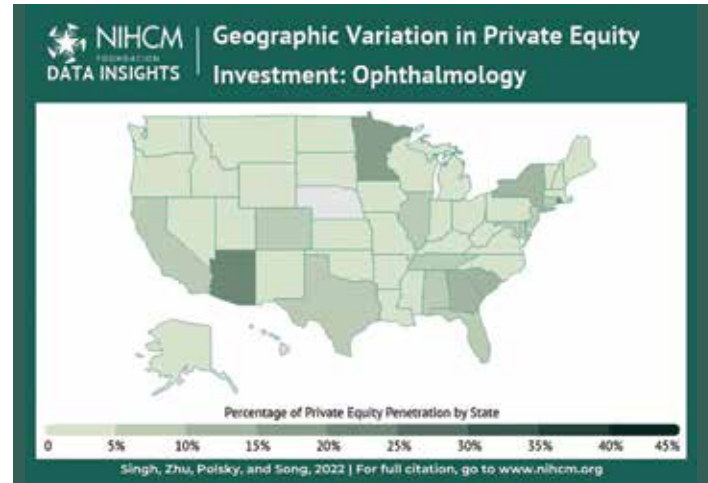
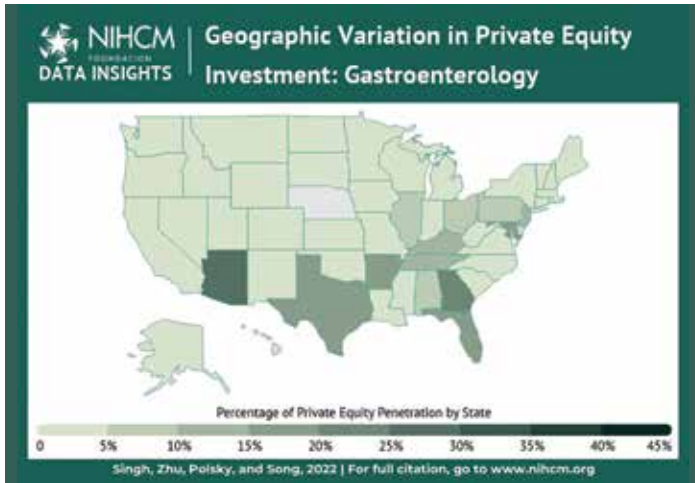
## More About This Study

This cross-sectional study examined geographic variations in private equity penetration by analyzing data on physician practice ownership as the estimated percentage of physicians across six specialties who belonged to private equity-acquired practices. In 2019, 97,094 total physicians practiced in these specialties. Researchers identified physician affiliations and practice ownership using data compiled from the American Medical Association's Physician Masterfile and proprietary data collection. Data from 2019 was also collected using the IQVIA OneKey database, which provides physician and practice information on 9.7 million health professionals. Data were calculated at the hospital referral region and state level. Researchers identified one limitation regarding the data sets, noting that all private equity acquisitions may not have been captured, potentially underestimating the true prevalence of physician practice penetration by private equity firms.

Singh Y, Zhu JM, Polsky D, Song Z. Geographic Variation in Private Equity Penetration Across Select Office-Based Physician Specialties in the US. *JAMA Health Forum*. 2022;3(4):e220825. doi:10.1001/jamahealthforum.2022.0825

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# Geographic & Specialty Variation in Private Equity Investment



For more information about this study, contact Yashaswini Singh at [ysingh@jhu.edu](mailto:ysingh@jhu.edu) or Dr. Jane Zhu at [zhujan@ohsu.edu](mailto:zhujan@ohsu.edu). For more information about the NIHCM Foundation Investigator-Initiated Research Grant Program, contact Cait Ellis at [cellis@nihcm.org](mailto:cellis@nihcm.org).

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