Once again, a campaign to buy up and consolidate medical practices is under way. It isn’t waged by a single unified army, but it can still be considered a blitzkrieg because of the speed of the advances and the close air support of billions of dollars in private equity funding leaving independent practices encircled.

The recent research letter in JAMA by Zhu et al gives us data about the territory affected by this campaign. They note that data on acquisitions previously were limited to single specialties or industry reports, in part owing to the use of nondisclosure agreements. These authors thus undertook the painstaking work of linking merger and acquisition data to verified physician- and practice-level characteristics so that we could understand the extent and rate of private equity acquisitions in 2013 through 2016.

They found that such acquisitions accelerated over the period examined and that the most commonly acquired specialties included anesthesiology and emergency medicine; these 2 specialties are the most often implicated in surprise billing. It is thus no surprise that they were targeted by private equity and that private equity firms spent millions to combat legislation that would protect consumers from surprise bills. Family practice, pediatrics, and internal medicine were also near the top of the list in terms of numbers of acquisitions, indicating that firms might be moving to acquire groups that can generate referrals to high-priced specialists.

Other specialties with high rates of acquisitions examined in the pages of JAMA Network journals include dermatology, ophthalmology, and behavioral health. Each of these pieces speculated about the effects of these acquisitions on patient care, especially given the high annual rates of return expected in the private equity arena (over 20%), and about who would eventually own these practices, given that private equity firms seek to sell their acquisitions at a multiple of the purchase price.

We should note too that Zhu et al’s data don’t capture acquisitions before or since the 2013-2016 time frame, nor do they capture acquisitions by groups other than private equity firms. Thus, they give only a partial view into the current state of consolidation and corporate ownership. Nonetheless, the data linkage accomplished will allow this research group—and others—to start to answer important questions about the effects of acquisitions on health care costs, patient outcomes, and physician practices.

ARTICLE INFORMATION

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REFERENCES


