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# Association of Private Equity Acquisition of Physician Practices With Changes in Health Care Spending and Utilization

Yashaswini Singh <sup>1</sup>, Zirui Song <sup>2</sup>, Daniel Polsky <sup>1 3</sup>, Joseph D Bruch <sup>2</sup>, Jane M Zhu <sup>4</sup>

## Affiliations

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## Abstract

**Importance:** Private equity acquisitions of physician practices in the US have been increasing rapidly; however, the implications for health care delivery and spending are unclear.

**Objective:** To examine changes in prices and utilization associated with private equity acquisitions of physician practices across multiple specialties.

**Design, settings, and participants:** This was a difference-in-differences event study of US physician practices specialized in dermatology, gastroenterology, and ophthalmology that were acquired by private equity firms from 2016 to 2020. Within each specialty, each private equity-acquired (PE-acquired) practice was matched with as many as 5 control practices based on the preacquisition number of unique patients, encounters, risk score, share of services billed out-of-network, and spending. The PE-acquired practices were compared with matched controls through year 2 after acquisition, using a difference-in-differences event study. Data analyses were performed from March 2021 to February 2022.

**Exposures:** Private equity acquisition of physician practices.

**Main outcomes and measures:** Measures of spending and utilization, including the charge and price (amount paid) per claim, new and unique patients, and total encounters.

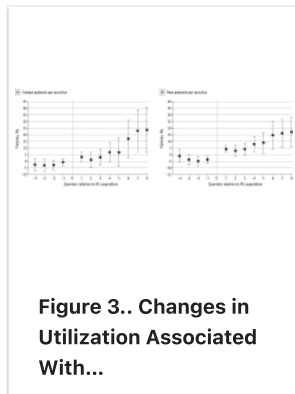
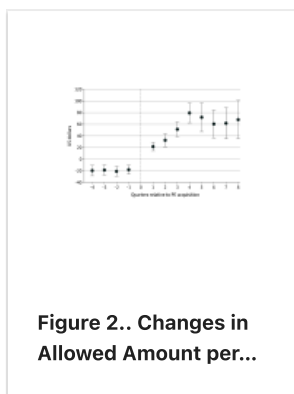
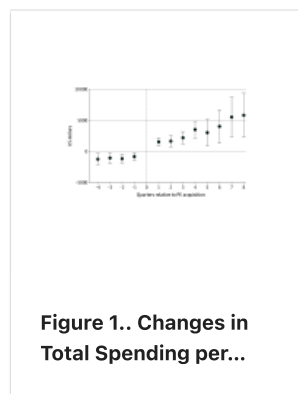
**Results:** Compared with the 2874 control practices, the 578 PE-acquired physician practices exhibited an average increase of \$71 (+20.2%) charged per claim (95% CI, 13.1%-27.3%;  $P < .001$ ) and \$23 (+11.0%) in the allowed amount per claim (95% CI, 5.6%-16.5%;  $P < .001$ ). The PE-acquired practices increased their numbers of unique patients seen by 25.8% (95% CI, 15.8%-35.6%;  $P < .001$ ) compared with control practices, driven by a 37.9% increase in visits by new patients (95% CI, 25.6%-50.2%;  $P < .001$ ). In aggregate, their volume of encounters increased by 16.3% (95% CI, 1.0%-32.0%;  $P = .04$ ) compared with the control group, with a 9.4% increase in the share of office visits for established patients that were billed as longer than 30 minutes (95% CI, 1.7%-17.0%;  $P = .02$ ). No statistically significant changes in patient risk scores were found between PE-acquired practices and controls. Within specialties, we found modest differences along selected outcomes.

**Conclusions and relevance:** In this difference-in-differences study, private equity acquisition of physician practices in dermatology, gastroenterology, and ophthalmology were associated with

differential increases in allowed amount and charges per claim, volume of encounters, and new patients seen, as well as some changes in billing and coding.

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