

Health Care Consolidation

Research Summaries & Highlights

The Center for Advancing Health Policy through Research (CAHPR)
Brown University School of Public Health

Hospital and Insurer Led Consolidation

Hospital–physician integration could lead to reduced availability of primary care services.

Hospital–physician vertical integration has increased rapidly in recent years and has been associated with increased per–patient spending among traditional Medicare patients. This study found that **after integration with a hospital, the traditional Medicare volume of per–physician patients declined substantially**. Reduced availability of primary care services could strain access for patients in traditional Medicare.

[Read in Health Services Research](#)

Healthcare’s New Wave of Consolidation: Insurer–Provider Integrations.

This study examined the rise of insurer–provider integration, focusing on UnitedHealthcare’s (UHC) acquisitions of ambulatory surgery centers (ASCs). It found that **UHC owns ASCs in 147 counties across 35 states**, with significant market concentrations in Indiana, California, and Florida. Moreover, these **ASC acquisitions are concentrated in areas where UHC has a strong insurance market share**. Despite potential benefits like better care coordination, the study cautions about higher costs and increased market concentration, urging regulators to monitor this trend closely.

[Read in Health Affairs Scholar](#)

Private Equity: Health Systems

Hospital behavior over the private equity life cycle

Following the \$33 billion leveraged buyout by Bain Capital, KKR, and Merrill Lynch Global Private Equity in 2006, HCA underwent changes to its clinical operations and management. This study analyzed the behavior of HCA following acquisition (and soon after PE exit when HCA became public in 2011) and found:

1. A strategic **increase in advertising expenditures**, with outdoor advertising surging to over \$1 million per quarter,
2. **Hospital expansion into ambulatory surgery centers (ASCs)**, aimed at diversifying revenue streams and capturing outpatient surgical referrals,
3. **Increased inpatient admissions by 12%** after acquisition, including a rise in emergency room admissions,
4. **Lowered intensity of care and length of hospital stay**, with a 30–40% rise in same-day discharges, with a 5–10% **decrease in in-patient mortality**,

5. **Reduced outpatient surgery volume by 18% to 21%**, although assessed cases were more complex.
6. **Shifted payer mix away from Medicaid patients** and towards MA and commercially insured patients.
7. Importantly, **these changes continued after PE divested** from HCA in 2011 and HCA returned to public markets

[Read in *Journal of Health Economics*](#)

Private Equity: Physician Practices

Private Equity now represents approximately 4% of all cardiology practices in the US.

PE interest in cardiology practices is growing, driven by rising cardiac disease rates, sector fragmentation, and attractive payment incentives. This study analyzed PE consolidation of cardiology practices, from 2019 (having 1 deal with 7 locations) to 2023 (having 50 deals with 320 locations) and found that (1) PE acquired cardiology practices have a **higher presence in states like Florida, Texas, and Arizona** (2) **Two platform companies** like Cardiovascular Associates of America and US Heart & Vascular **operated over 60% of cardiology practices in Florida, Georgia, and Texas.**

[Read in *JAMA Health Forum*](#)

PE funds grow physician practices through aggressive consolidation, exiting investments by selling to other PE funds in 3 years.

Over half (51.6%) of PE-acquired physician practices underwent an exit within 3 years after initial PE investment. PE funds predominantly exited investments by reselling physician practices to other PE funds. Between investment and exit, PE funds undertake a rapid pace of add-on consolidation, increasing the number of physician practices under PE ownership by 595% in 3 years.

[Read in *Health Affairs Scholar*](#)

PE acquisition of retina practices increases Medicare spending.

PE acquisitions of retina practices increase Medicare use of and spending on expensive injectable drugs such as anti-vascular endothelial growth factor (VEGF) agents, resulting in **additional Medicare expenditure by over \$260,000 per practice in a given year.**

[Read in *Ophthalmology*](#)

PE acquisition of surgical centers increases charges by nearly 50%.

Following PE acquisition of ambulatory surgical centers (ASCs), charges increase by nearly 50 percent, and Medicare patient volume increases. ASCs link co-ownership with physicians. Importantly, when the PE exists and sells ASC stakes to hospitals, charges increase even further, and quality deteriorates. Private equity acquisition of surgical centers increases charge.

[Read in the Journal of Health Economics](#)

PE acquisition of physician practices has led to higher prices.

This study examined the effect of PE acquisitions on health care prices and service utilization in three specialties with the largest number of PE acquisitions between 2016–2020: dermatology, gastroenterology, and ophthalmology. We found that PE-acquired practices increase prices paid by commercial payers by 11% and chargemaster prices by 20%. Acquisitions also lead to increases in both the care intensity among established patients and the recruitment of new patients to the practice.

[Read in JAMA Health Forum](#)

What are the impacts of PE acquisition on physician practices?

PE acquisitions may reduce clinician autonomy with implications for job satisfaction and retention. This study found higher physician turnover at PE-acquired practices and a preference for advanced practice providers for care delivery. This work underscores the importance of monitoring the labor market implications of the growing corporatization of medicine.

[Read in Health Affairs](#)

PE acquisition of physician practices is concentrated in certain geographic areas.

This descriptive study examined geographic variation in PE penetration of US physician practices across 6 specialties: dermatology, gastroenterology, ophthalmology, obstetrics/gynecology, orthopedics, and urology. We found PE acquisitions were concentrated in the Northeast, Texas, Florida, and Arizona. Because some PE acquisitions consolidate physician practices into larger organizations, geographic concentration of PE penetration may be associated with reduced physician competition, which could lead to increased prices.

[Read in JAMA Health Forum](#)

Policy Options to Address Health Care Consolidation

Health Care Consolidation: Background, Consequences, and Policy Levers.

This report identifies the negative impact of health care consolidation revealing a concerning trend where consolidation initiates a cycle of rising prices and weakened competition, negatively affecting patients, employers, and communities. The report suggests key policy options to address these challenges and promote competition for improved affordability and access.

[Read in Alliance for Fair Health Pricing](#)

Medicare Advantage and Consolidation's New Frontier — The Danger of UnitedHealthcare for All.

This article discusses vertical integration led by major insurers such as UnitedHealth, Humana and CVS which has led to significant government payments, increasing profits for these insurers. This new wave of insurer-led integration has the potential to result in market abuses such as inflated risk-adjusted payments, gaming of medical loss ratio (MLR) requirements, and anti-competitive behaviors like patient steering and reimbursement cuts to independent practices. The article presents policy options such as reforming Medicare Advantage payments, and improving MLR Regulations among others.

[Read in the New England Journal of Medicine](#)

A Doctrine in Name Only — Strengthening Prohibitions against the Corporate Practice of Medicine.

This article explores why state laws prohibiting the corporate practice of medicine (CPOM) have not slowed private equity and other corporate acquisitions of physician practices. It then describes how states could strengthen the corporate practice of medicine to temper the pace of corporate takeovers of medicine and protect physicians' clinical decisions and professional autonomy.

[Read in the New England Journal of Medicine](#)

Private Equity and the Corporatization of Health Care.

This article argues that the influx of private equity into health care poses sufficient risks to warrant an immediate legal and policy response. The threat of PE investment is heightened because it is extremely adept at identifying and exploiting market failures and payment loopholes. The article describes several legal tools with the potential to address the threats of PE investment in health care, including antitrust oversight, fraud and abuse enforcement, ownership transparency, and regulating the terms of physician employment and the corporate practice of medicine.

[Read in the *Stanford Law Review*](#)

Congress Has The Opportunity To Deliver Health Care Price Transparency.

The bipartisan support in Congress is evidenced by the passage of the Lower Costs, More Transparency Act by the House and the introduction of the Health Care PRICE Transparency Act 2.0 by the Senate. CAHPR researchers and colleagues recommend several measures to fully realize the potential of healthcare price transparency for cost containment and market efficiency improvement such as improved access to price information for patients, encouraging the development of patient-friendly insurance products, and addressing transparency in ownership and provider transactions.

[Read in *Health Affairs Forefront*](#)

The Missing Piece In Health Care Transparency: Ownership Transparency.

This *Health Affairs Forefront* article discusses the recently implemented Lower Costs, More Transparency Act, which lacks the crucial component of ownership transparency, thus limiting the understanding of corporate influences on health care costs, accessibility, and quality. We call for incorporating ownership transparency alongside price and location transparency under the Act.

[Read in *Health Affairs Forefront*](#)
