CAHPR CENTER FOR ADVANCING HEALTH POLICY THROUGH RESEARCH

School of Public Health
BROWN UNIVERSITY

# 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

## Owning the Agent Hospital Influence on Physician Behaviors

This article (preprint) examines how vertical integration—when hospitals acquire physician practices—affects physician behavior and healthcare spending, using Medicare claims data from 2010–2015. The authors find that integration leads to a 4–5% increase in total episode spending, driven by shifting care to more expensive outpatient settings and increased service intensity, even as the total number of services and claims declines. Hospitals also gain greater control over referral patterns, redirecting patients to in-system providers, with little to no observed improvements in quality of care.

*Read the preprint here*

## New evidence on the impacts of cross-market hospital mergers on commercial prices and measures of quality

This study finds that cross-market hospital mergers lead to significant price increases—12.9% on average and 16.3% for serial acquirers—without improving care quality. Prices rose regardless of whether mergers were in-state or out-of-state and were higher when the acquired hospital had greater market share. The authors call for more antitrust oversight, noting that these mergers raise costs without delivering better outcomes.

Read in *Health Services Research*

## System Affiliation Helps Stabilize Struggling Rural Hospitals but Increases Costs for Patients

CAHPR authors found that  independent Critical Access Hospitals (CAHs) operate on slim margins, while system affiliation provides better negotiating power with insurers, leading to more robust financial performance. However, system affiliation, while improving financial stability for CAHs, also drives up costs for patients, with inpatient prices 7.1% higher for system-affiliated CAHs compared to independent ones. Policymakers must weigh the benefits of improved hospital sustainability through consolidation against the potential burden of increased patient costs, particularly in rural areas where access to care is critical.

Read in *JAMA Health Forum*

## Unionization is increasing rapidly among physicians

CAHPR authors found that physician unionization efforts have accelerated dramatically, with 33 petitions filed from 2023 to mid-2024 alone—a 77% increase from the annual average from 2000 to 2022. Motivated primarily by working conditions, autonomy, and patient care concerns, these union drives reflect growing discontent in the industry with Western states, like California, Oregon, and Washington leading in union activity. The majority of the petitions were filed against hospitals (49%) and community health centers (38%) while 13% of petitions targeted non-hospital corporate employers.

Read in *JAMA*

## 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*

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# Private Equity: Health Systems

## Healthcare Costs Rise as Widen as an Increasing Number of Primary Care Physicians Shift to Hospital and PE Ownership

The proportion of primary care physicians (PCPs) affiliated with hospitals rose from 25.2% in 2009 to 47.9% in 2022, with private equity (PE) -affiliated PCPs reaching 1.5%. CAHPR authors analyzed over 226 million negotiated prices and found that hospital-affiliated PCPs charge 10.7% higher prices for office visits compared to independent practices, while PE-affiliated PCPs charge 7.8% more - raising concerns about higher costs for patients, and prompting calls for greater oversight and transparency in healthcare consolidation.

Read in *JAMA Health Forum*

## 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*

### The Rise of Private Equity in Health Care — Not a Uniquely American Phenomenon

Brown University authors explore the global expansion of private equity in health care where between 2018 and 2022, PE firms invested $446 billion in health care globally, with activity spreading across high-income countries such as the UK, Canada, Germany, Sweden, France, and Australia. They find that PE firms tend to target sectors with limited public regulation and fragmented services, such as outpatient care, dental clinics, and long-term care and highlight common concerns across countries, including lack of ownership transparency, reduced competition, workforce strain, and the financialization of care.

Read in *New England Journal of Medicine*

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## Private Equity: Physician Practices

### Private Equity–Owned Physician Practices Decreased Access to Retinal Detachment Surgery, 2014–22

This study finds that PE-acquired practices reduced provision of retinal detachment repairs by 19.6% relative to matched controls post-acquisition.This decrease likely reflects PE firms' focus on short-term profitability, leading to reduced access to costly, time-sensitive services, especially for Medicare patients where reimbursement is below cost. The findings raise concerns that PE ownership may limit access to essential, unprofitable services—particularly affecting older and medically complex patients.

*Read in Health Affairs*

### Private Equity Acquisitions and Industry Payments in Ophthalmology

This study investigates whether PE acquisitions affect the financial interactions between ophthalmologists and the healthcare industry, such as pharmaceutical or medical device firms. The study found that before being acquired, PE-affiliated ophthalmologists received more and higher industry payments than their peers. After acquisition, the total amount of these payments dropped by 18%, but there was no significant change in the number of payments. This suggests that PE ownership may reduce financial ties with industries that don't directly support the practice's financial goals, which could affect doctors' clinical decisions.

*"industry payments" include things like consulting fees, speaking honoraria, and sponsored meals — not research payments*

*Read in JAMA Ophthalmology*

## Physician Turnover Increased In Private Equity–Acquired Physician Practices

This study looks at how PE acquisitions affect physician employment, focusing on turnover and workforce composition. The authors found that physician turnover increased by 13 percentage points (a 265% rise) after PE acquisition. At the same time, practice size grew by 46.8%, with increases in both ophthalmologists and optometrists. PE-acquired practices also had higher clinician replacement ratios than non-PE counterparts, indicating more frequent staff changes. While PE ownership may lead to growth and expansion, it also appears to create more dynamic but potentially less stable work environments, raising concerns about care continuity and physician satisfaction.

Read in *Health Affairs*

## Increases In Physician Professional Fees In Private Equity–Owned Gastroenterology Practices

Authors examined how PE acquisitions affect pricing in gastroenterology practices compared to both health system–affiliated and independent practices. After PE acquisition, prices rose by $92 per claim (a 28.4% increase), driven primarily by a 78.1% rise in physician professional fees, while facility fees remained largely unchanged. Utilization of services also increased. These findings suggest that PE firms may boost revenue mainly by raising professional fees, potentially offsetting the cost-saving goals of shifting care away from expensive hospital settings to outpatient clinics.

Read in *Health Affairs*

## Private Equity Acquisitions of Radiology Practices From 2013 to 2023: National- and State-Level Analyses

The study analyzes PE acquisitions of U.S. radiology practices from 2013 to 2023, finding that PE ownership grew rapidly, with 12% of all radiologists working in PE-owned practices by 2023—up from just 1% in 2013. Concentration was especially high in states like Nevada and Arizona, and three large firms dominated the market. The highest concentrations were in Nevada (47%) and Arizona (44%), with Radiology Partners, LucidHealth, and U.S. Radiology Specialists accounting for the vast majority of PE-employed radiologists. The authors call for further research into how PE ownership may affect patient access, imaging use, and the radiology workforce.

Read in *AJR*

## Over 5,000 Behavioral Health Facilities Acquired by Private Equity between 2010 and 2022

PE acquisitions in behavioral health have surged, growing from just 1 acquisition in 2010 to 176 acquisitions by 2022, spanning over 5,000 locations. Notably, more than half of these acquisitions occurred after 2020, with hotspots in states like Virginia, Delaware, Colorado, and Georgia where PE-owned facilities account for over 40% of the market. As PE reshapes the behavioral health landscape, further research is required to study the long-term effects on care quality, access, and spending.

Read in *Journal of General Internal Medicine*

## 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

## How Massachusetts's New Health Care Reform Takes Aim at Private Equity

This article talks about the landmark law passed in Massachusetts in January 2025 that expands oversight of private equity and corporate activity in health care, prompted by the financial collapse of Steward Health Care. The law strengthens transparency and transaction review requirements—particularly for deals involving PE, REITs, and MSOs—bans hospital sale-leasebacks with REITs, and enhances oversight of facility expansions and closures. However, it stops short of requiring prior approval of transactions and does not tighten enforcement of the corporate practice of medicine ban, leaving room for future reforms.

*Read in Health Affairs Forefront*

## The Corporate Backdoor to Medicine: How MSOs Are Reshaping Physician Practices

This article examines how management service organizations (MSOs)—originally created to provide administrative support—are now being used by private equity and corporate investors to gain functional control over physician practices, often bypassing state laws that prohibit the corporate practice of medicine (CPOM). It outlines how MSOs contribute to market consolidation, rising health care costs, and physician dissatisfaction, and calls for state-level reforms to enhance ownership transparency, require prior review and approval of MSO transactions, and strengthen CPOM protections to preserve clinical autonomy and safeguard patient care.

*Read in The Milbank Memorial Fund*

## How Should We Stop Private Equity Firms From Exploiting Public Health Insurance?

This article examines how PE ownership of physician practices may undermine patient care and professional ethics by prioritizing short-term profits. It highlights concerns such as increased billing intensity, reduced clinician autonomy, and exploitative practices like surprise billing. Dr. Yashaswini Singh, calls for stronger regulatory oversight—through transparency mandates, stricter fraud enforcement, revised antitrust scrutiny, and limits on non-compete clauses—to safeguard public health interests.

Read in *AMA Journal of Ethics*

## Strengthening Independent Physician Networks in the Face of Healthcare Corporatization

CAHPR authors discuss how Independent Physician Associations (IPAs) and Clinically Integrated Networks (CINs) have emerged as alternatives, allowing physicians to share resources and negotiate contracts while avoiding full corporate integration. However, recent regulatory shifts by the FTC and DOJ have created uncertainty, limiting the ability of IPAs and CINs to negotiate contracts effectively. Strengthening these physician-led models is essential to counterbalance corporate dominance and ensure competitive, patient-centered care in a rapidly consolidating healthcare landscape.

Read in *New England Journal of Medicine*

## 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 Forefron*t 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*

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