

Study Finds Increase in Physician Practice Charges and Utilization after Private Equity Acquisitions

Healthcare Law Update

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According to a [study](#) recently published in the JAMA Health Forum, private equity acquisitions of physician practices in dermatology, gastroenterology, and ophthalmology were associated with increased health spending and utilization. The study examined charges, utilization, and practice patterns during the period between 2016 to 2020 among practices that were acquired by private-equity purchasers and non-acquired practices to determine the impact of private equity acquisitions. The study found that following a private equity acquisition, physician practices saw a 20.2 percent increase in charges and an 11 percent increase in the allowed amount per claim. Patient utilization of healthcare services grew as well, with a significant increase in the number of new patient visits, patient encounters and evaluation and management (E/M) visits.

The variations were not consistent among each specialty. For example, E/M visits rose significantly for dermatology and ophthalmology but not gastroenterology, while allowed amounts per claim increased for dermatology and gastroenterology but not ophthalmology. The JAMA Health Forum study contrasts sharply with the findings of a recent study of private-equity acquired ambulatory surgery centers (ASCs) conducted by Health Affairs, which found only slight increases in charges and utilization by ASCs between pre-acquisition and post-acquisition periods.

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