**Becker’s ASC Review**

**The new forces entering the ASC industry**

Francesca Mathewes - Updated a day ago

The ASC industry is facing new forces in consolidation: large health systems and independent ASC groups with non-traditional business models.

Over the last five years, Dallas-based Tenet Healthcare, parent company of United Surgical Partners International, began reducing its debt profile and shifting focus to its ASC portfolio — now the largest in the U.S.

Tenet capitalized off outpatient migration by offloading some assets while investing in ASCs.  The health system [sold](https://www.beckershospitalreview.com/hospital-transactions-and-valuation/tenet-sells-9-hospitals-for-3-9b.html) nine hospitals in California and South Carolina for a total of $3.9 billion and plans to [sell](https://www.beckershospitalreview.com/hospital-transactions-and-valuation/tenet-to-sell-5-alabama-hospitals-to-orlando-health.html) its majority stake in five more Alabama hospitals for $910 million this fall. The company acquired 45 new centers in the first quarter and quietly [purchased](https://www.beckersasc.com/asc-transactions-and-valuation-issues/uspi-quietly-buys-covenant-surgical-partners-report.html) ASC chain Covenant Physician Partners.

Nashville, Tenn.-based HCA Healthcare has emerged as another major player with its ASC branch Surgery Ventures. In an earnings call in July, CEO Sam Hazen said HCA's profitability and revenue [grew](https://www.beckersasc.com/asc-transactions-and-valuation-issues/tenet-ascension-hca-more-pivot-to-ascs-to-propel-growth.html) in the first quarter despite volume decline. HCA finished 2023 with 124 ASCs and 24 endoscopy centers, which saw 1,044,415 total surgery cases — a 2.1% increase year over year. Outpatient procedures accounted for 38.3% of patient revenues.

Another large player in the race to acquire ASCs is UnitedHealth Group's Optum, parent company of ASC giant SCA Health. The company has made [massive strides](https://www.beckersasc.com/asc-transactions-and-valuation-issues/3-disruptors-leading-the-battle-to-acquire-physicians.html) in acquiring physicians, physician practice groups and ASCs over the last several years. In 2023, Optum added nearly 20,000 physicians to its payroll, bringing its total to at least 90,000 affiliated physicians. The company operates 2,200 primary and specialty care offices in 16 states.

But there are new entities trying to change the structure of ongoing consolidation. Longtime ASC owner-operators Mark Quigley and John Webb, along with developer Woodrow Moore and analyst Arjun Gangakhedkar, created Ker Leader Medical earlier this year.

The new ASC operates under an ownership-focused model and was created to disrupt current corporate investment trends. The new structure puts physicians in leadership positions and provides them with the option of an exit strategy.

This is a pull factor for physician owners who, Mr. Moore told [*Becker's*](https://www.beckersasc.com/new-asc-development/how-this-asc-startup-aims-to-disrupt-traditional-consolidation.html), "do not want to involve large intrusive institutional management, equity or health system partners" in the partnership phase and who may seek an exit strategy. The ASC also offers options for employee ownership and stock option plans.

Ker Medical's plan also focuses on internal acquisition, offering an acquisition-and-transition model to a new generation of physician leaders.

"The future of medicine should not be doctors being directed to the benefit of the hospitals, insurance companies and Wall Street firms, rather we offer the opportunity for physicians to build long term value for their patients and communities independently," Mr. Moore said.

Benjamin Stein, MD, is an orthopedic surgeon who co-founded and is chairman of ASC development group Capital Surgical Solutions. He shifted to independence after witnessing the changes that took place after a former employer was bought out by a larger company.

Capital Orthopedic Surgery in Germantown, Md., was his company's first ASC, which has seen success after opening over four years ago.

"It has outperformed the rest of the region in terms of quality — whether you look at satisfaction, patient outcomes, or complications," Dr. Stein told [*Becker's*](https://www.beckersasc.com/asc-transactions-and-valuation-issues/from-corporate-buyout-to-thriving-asc-network-a-surgeons-success-story.html).

<https://www.beckersasc.com/asc-transactions-and-valuation-issues/the-new-forces-entering-the-asc-industry.html?origin=ASCE&oly_enc_id=8474E8033034G6S>

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