[**https://www.medicaleconomics.com/view/surge-in-private-equity-acquisitions-of-cardiology-clinics-raises-concerns-over-quality-and-patient-outcomes**](https://www.medicaleconomics.com/view/surge-in-private-equity-acquisitions-of-cardiology-clinics-raises-concerns-over-quality-and-patient-outcomes)

**Surge in private equity acquisitions of cardiology clinics raises concerns over quality and patient outcomes**

**July 1, 2024**

**By** [**Todd Shryock**](https://www.medicaleconomics.com/authors/todd-shryock)

***News***

***Article***

**Vast majority of the acquisitions have occurred in the last two years**

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**Private equity buying cardiology practices: ©Funtap - stock.adobe.com**

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**A study published in the** [***Journal of the American College of Cardiology***](https://www.jacc.org/) **and presented at the AcademyHealth 2024 Annual Research Meeting in Baltimore found a dramatic rise in the acquisition of cardiology clinics by private equity firms over the past decade.**

**The research indicates that from January 2013 to September 2023, private equity firms acquired 41 outpatient cardiology practices, encompassing 342 clinic sites. More than 94% of these acquisitions occurred between 2021 and 2023, marking a significant uptick in recent years. The annual number of acquired clinic sites skyrocketed from zero in 2013 to 215 in 2023. The acquisitions spanned 20 states, with Florida, Texas, and Arizona leading the list, and 64 of these clinics changed hands more than once.**

**Senior author Rishi K. Wadhera, MD, a cardiologist at Beth Israel Deaconess Medical Center and associate professor at Harvard Medical School, expressed concern about the trend. "Policymakers and clinicians have raised concern about the growing presence of private equity in other medical specialties. Although cardiology is an attractive target for private equity firms, little is known about the number and types of practices that are being acquired," he said in a statement. "Private equity acquisitions in other specialties have been shown to decrease quality and increase costs, so it is critical to understand the impact on cardiology."**

[**Private equity**](https://www.medicaleconomics.com/view/health-care-consolidation-part-3-will-corporations-and-private-equity-continue-to-buy-medical-practices-) **in health care involves acquiring medical practices through pooled investments from various sources, including individual and institutional investors, pension funds, and endowments. The goal is to improve operations, financially support innovation and technology, drive growth through additional acquisitions, and ultimately, increase profitability.**

**The study found a concentration of acquisitions in affluent areas, while clinics in high-poverty communities were less likely to be acquired. The study raises questions about the equitable distribution of health care resources and** [**access to quality care across**](https://www.medicaleconomics.com/view/ai-driven-prior-authorizations-an-opportunity-for-advancing-health-equity) **different socio-economic groups.**

**In an editorial comment accompanying the study, ACC Past President Edward Fry, MD, emphasized the importance of understanding the motivations behind cardiologists' decisions to sell their practices to private equity firms. “Is it just about the money or is the move to private equity a symptom of more foundational problems with the current practice of medicine and cardiology?” he said. “Clinicians, health system administrators, policymakers, and the public need to define the elements of clinical practice that encourage a growing number of cardiologists to seek out alternative employment models. Addressing them will be necessary to truly transform care and promote equity and value.”**

[**https://www.tctmd.com/news/experts-warn-looming-private-equity-interest-cardiology-care**](https://www.tctmd.com/news/experts-warn-looming-private-equity-interest-cardiology-care)

**Experts Warn of Looming Private Equity Interest in Cardiology Care**

**Seeking profits, private equity firms are circling medical practices, particularly as procedures like PCI shift to outpatient clinics.**

By [Michael O'Riordan](https://www.tctmd.com/staff/michael-oriordan)

January 15, 2024



Private equity firms have been increasingly active in acquiring medical practices for a number of years, but cardiologists are warning that their specialty has become increasingly attractive to these types of investors who are primarily concerned with maximizing their bottom line.

An aging population with a high burden of cardiovascular disease, along with a shift to high-priced outpatient procedures, make cardiovascular healthcare a particularly appealing target.

“Private equity involvement in medicine started 10 or 12 years back and initially they were interested in radiology, dermatology, emergency medicine, or gastroenterology because those were highly profitable sectors or specialties,” Partha Sardar, MD (Columbia University Irving Medical Center/NewYork-Presbyterian, New York, NY), told TCTMD. “In the last 2 or 3 years, there has been a significant interest in cardiology,”

Sardar, who also has an affiliation with the Columbia Business School, said the transition from inpatient to outpatient services, such as office-based labs (OBLs) and ambulatory surgery centers (ASCs), has been largely responsible for the attention from private equity. In 2020, the Centers for Medicare & Medicaid Services (CMS) [added diagnostic heart catheterizations and PCI](https://www.tctmd.com/news/cms-finalizes-rule-allowing-reimbursement-pci-ambulatory-centers) to their ASC-covered procedure list.

“With all the outpatient procedures that have been approved in cardiology, private equity believes it looks like this can be a profitable sector for them,” said Sardar.

Samuel Jones IV, MD (Memorial Hospital/Chattanooga Heart Institute, TN), past chair of the American College of Cardiology’s (ACC) health affairs committee, agreed.

“Cardiology is ripe for a lot of reasons,” he told TCTMD. “The population is aging and that has led to increased demand of services. Private equity likes a fragmented system of many different private practices that are yearning to have some sort of improvement and I think that’s cardiology. In terms of why now? Probably one of the biggest things that's happened is that the procedures we do just continue to shift. Procedures that were always done on an inpatient-only hospital list are continuing to migrate to where they can be done in an outpatient setting.”

**Profit is the Intention**

This week, Sardar, along with Saurav Chatterjee, MD (Maimonides Medical Center, New York), and Zirui Song, MD, PhD (Massachusetts General Hospital, Boston, MA), published an article in *JAMA Cardiology* outlining the risks and benefits of private equity investment in cardiovascular medicine. Private equity firms pool money from institutional investors, pension funds, and wealthy individuals to buy practices and this investment allows the doctors to retain equity and financially benefit from future acquisitions, they write.

“If we talk about value propositions, private equity may bring a few advantages to medical practices,” said Sardar. “If a small practice is no longer profitable, they are being sold right now to hospitals or larger institutions. Private equity buys up these small practices and puts together a big practice so they can negotiate better prices with insurance companies.” Administrative tasks can also be centralized by being part of the larger private equity-backed platform, which can decrease costs.

“If the practice was struggling financially, they can survive,” said Sardar.

These firms aim for annual profits of 20% with a typical investment lasting anywhere from 3 to 10 years, he said. To achieve those profit margins, they’ll cut costs wherever they can, including staff, and aim to boost volumes and prices. In a normal healthcare practice, profits tend to hover between 7% to 10%, while larger nonprofit hospitals might have an annual profit margin of 5%. Even for-profit hospitals don’t get 20% annual returns, said Sardar.

“The issue is that the primary focus of the private equity firm is to achieve a higher return for investors, and the interests of patients might not be given priority,” Sardar said.

Pitchbook, a research company that provides information on capital markets, reported that there were 863 deals made by private equity companies into the healthcare space in 2022, with a dozen companies investing in cardiovascular medicine. Firms include Webster Equity Partners, Lee Equity Partners, Deerfield Management, and Ares Management, among others. CVAUSA, one of the largest private equity-backed practice management groups, has invested in or acquired a number of physician-led practices since they launched in 2021. They have partner groups in more than 140 locations in eight different states, with approximately 500 physicians and advanced practice providers working under their umbrella.

The issue is that the primary focus of the private equity firm is to achieve a higher return for investors, and the interests of patients might not be given priority. **Partha Sardar**

Right now, the verdict is still out on whether private equity will improve or degrade cardiovascular care. However, if other specialties provide any clues, the data don’t look good, with studies suggesting private equity investment leads to higher patient costs, increased government spending, and poorer patient care.

In [one analysis](https://jamanetwork.com/journals/jama-health-forum/fullarticle/2795946) of private equity-backed dermatology, gastroenterology, and ophthalmology physician practices, researchers found significant increases in the allowed amount and charges per claim, volume of patient encounters, and new patients treated. In [*JAMA* last month](https://jamanetwork.com/journals/jama/article-abstract/2813379), researchers analyzed more than 660,000 hospitalizations at 51 private equity-acquired hospitals and found that they were associated with a significant 25% increase in hospital-acquired conditions, such as falls and central line-associated bloodstream infections when compared with matched control hospitals. The heightened risk was seen even though private equity-backed hospitals treated younger, healthier patients.

Additionally, a 2023 [systematic review of studies](https://www.bmj.com/content/382/bmj-2023-075244) investigating the impact of private equity found that the investment “is often associated with harmful impacts on costs to patients or payers” and had a “mixed-to-harmful” effect on quality metrics.

**Option for Cardiologists**

For Jones, the creeping advance of private equity into cardiovascular medicine is a worry.

“I think that any time you see a change in healthcare, you have some hope that this could be a benefit because we know that our healthcare system needs to have efficiencies,” he said. “If there are ways in which we can lower the total cost of healthcare, I think that many of us are for that. If that is done in a way in which profit is the overarching goal, that’s not something we’re going to be happy with, and this is not what any of our physicians are going to want.”

In a recent survey by the ACC, most cardiologists had some familiarity with private equity acquisitions of private practices, with 7% reporting that they’d been approached by a firm about acquiring their practice, Jones said. A majority of members said they had concerns that private equity would lead to a decline in the quality of patient care and more than 40% worried about rising costs.

It’s pretty clear with most private equity firms, front and center, the goal is profit. **Samuel Jones IV**

“When I talk to members of the American College of Cardiology, that’s the thing that everybody wonders—what is the goal here?” said Jones. “It’s pretty clear with most private equity firms, front and center, the goal is profit. If the goal is profit, what does that mean for the patient? When we went to medical school, the goal was the patient and I think that's what we've staked our careers on. So, that's a big concern.”

Jones and Sardar both pointed out that physicians who own smaller, unprofitable cardiovascular practices may be searching for a way to make their clinic financially viable while also looking for a way to retain their autonomy. Private equity might look like an appealing option—decreased administrative burden, economies of scale, and so on—but Jones says cardiologists should be aware of both the advantages and disadvantages of such a marriage. Private equity is short-term focused, which would work for a doctor nearing retirement who is looking to cash out.

“This is a good exit plan for some, but the younger physicians may be left holding the bag with something that really wasn’t their desire,” he said. “So, everyone needs to be sure they’re all in agreement with the decision that’s made.”

**Lax Regulation at the Moment**

To TCTMD, Sardar added that given the commercialized nature of the US healthcare system, it may not be feasible to outlaw private equity firms from purchasing private clinics.

“You have to deal with them,” he said. “If you can make it better, then I think that’s the way to go.”

Song, Sardar’s coauthor on the viewpoint, [published another last year in *JAMA*](https://jamanetwork.com/journals/jama/fullarticle/2804025), along with Christopher Cai, MD (Brigham and Women’s Hospital, Boston), and noted that current federal regulation is fairly lax, with only mergers above a transaction threshold of $111.4 million undergoing regulatory review. When purchases are reviewed, the vast majority are green-lit.

So far, most private equity purchases of cardiology practices have occurred in southern and southwestern states with limited regulation, such as Florida, Texas, and Arizona, but experts believe state regulation can help curb anticompetitive practices and monitor billing and access to care. Sardar pointed out that private equity-backed practices often deploy nondisclosure agreements and noncompete clauses and are not obligated to disclose acquisitions and sales. In their article, he and his colleagues note that profit-driven firms may prioritize setting up new clinics in higher-income areas, which could further exacerbate health inequities.

Establishing safeguards, including a comprehensive corporate practice of medicine policy, can help prevent “excessive control” by private equity-backed medical management companies, said Sardar. Transparency is critical, he said.

To TCTMD, Jones stressed that if private equity continues its march into cardiology, tracking outcomes and quality of care through adjudicated registries will be key to ensure nothing is compromised.

“It’s an exciting time, for sure,” said Jones. “We just need to make sure that whenever we see a disruption in healthcare that we follow it closely. At the end of the day, patients always have to come first.”

<https://www.tctmd.com/news/private-equity-interest-cardiology-has-spiked-recent-years>

**Private Equity Interest in Cardiology Has Spiked in Recent Years**

**Though it’s too early to tell what the impact will be, there are concerns about increasing costs and declining quality of care.**

By [Todd Neale](https://www.tctmd.com/staff/todd-neale)

July 03, 2024



Private equity firms have been buying up medical practices for the past decade, but cardiology has increasingly caught their eye as a way to generate profits, an analysis of such acquisitions shows.

Between January 2013 and September 2023, private equity firms bought 41 cardiology practices in the United States, encompassing 342 clinic sites, with the vast majority of such transactions (94.7%) occurring since 2021, researchers led by Victoria Bartlett, MD, and Michael Liu, MPhil (both from Beth Israel Deaconess Medical Center, Boston, MA).

Of note, these acquisitions were clustered in wealthy communities in the South and West, particularly in Florida, Texas, and Arizona.

The results were published in a brief report in the *Journal of the American College of Cardiology* to coincide with a presentation at the recent AcademyHealth 2024 Annual Research Meeting.

“Across the country, we’re basically seeing the growing financialization and corporatization of healthcare, and private equity firms are an example of that,” senior author Rishi Wadhera, MD (Beth Israel Deaconess Medical Center), told TCTMD, noting that these groups will acquire a practice with the goal of adding value over a relatively short time horizon and then selling it for a profit.

The involvement of private equity in healthcare more generally has attracted the attention of the public and policymakers, including various committees within the US Congress, he pointed out. “There’s [significant concern](https://www.tctmd.com/news/experts-warn-looming-private-equity-interest-cardiology-care) that private equity firms’ incentive to generate financial returns on their investment quickly might lead to changes in the way we deliver care that adversely affect patients.”

Indeed, Wadhera said, there’s evidence that private equity acquisitions in other specialties have been associated with reductions in staffing, increases in costs, and decreases in quality of care. Now, these firms are turning their attention to cardiology for multiple reasons, Wadhera said, citing the high and growing prevalence of cardiovascular disease, the high reimbursement rates for cardiac procedures, and a relatively recent shift toward performing more of these procedures in the outpatient setting.

“As a cardiovascular community, we need to be paying close attention to what the effects of these acquisitions are, not only on our patients with cardiovascular disease but on clinicians and the way they practice,” Wadhera said.

**Many Clinics Acquired More Than Once**

For the study, the investigators identified acquisitions of outpatient cardiology practices by private equity firms—or groups owned by such firms—using the Irving Levin Associates Health Care M&A and PitchBook databases. Overall, clinics acquired by private equity accounted for about 2.9% of all cardiology clinics in the US.

Such transactions increased over the study period, with most occurring between 2021 and 2023. That sharp increase, the researchers note, comes after a change in Medicare rules in 2020 that permitted reimbursement for PCI performed outside hospitals, which suggests “that private equity firms may see opportunities to maximize profits by transitioning high reimbursement procedures from the inpatient to the outpatient setting.”

Acquired clinics spanned 20 states, with the highest numbers in Florida (n = 60), Texas (n = 53), and Arizona (n = 33). Moreover, by incorporating zip code-level information from the American Community Survey, the researchers found that private equity purchases were concentrated in the wealthiest areas.

This type of clustering has been seen in other specialties “and reinforces concern that private equity firms may target specific markets in order to establish monopolies and raise prices,” Bartlett et al write, adding that the focus on wealthier communities pulls resources from underserved parts of the country.

Of note, 64 clinic sites were bought by private equity firms more than once during the study period, representing a well-known strategy of short-term investments used by these groups, according to the researchers. “Shorter investment time lines incentivize changes that maximize profits quickly but may not increase quality—such as charging higher prices, increasing patient volume, and replacing physicians with advanced practice providers, all of which have been observed in other specialties.”

**Impact on Cardiology Unclear**

Regarding the potential effects of increasing private equity interest in cardiology, Edward Fry, MD (Ascension St. Vincent Heart Center, Indianapolis, IN), who wrote an editorial accompanying the *JACC* paper, told TCTMD that the jury is still out.

“I guess the real answer is nobody knows whether to be concerned or to be welcoming. I think the proof is in the pudding, and I think the onus of proof is on the new entities to be able to show that they’re providing the kind of care and value and quality of care and safety that would be expected,” he commented.

We can’t keep our heads in the sand. **Rishi Wadhera**

Fry, who is a past president of the American College of Cardiology (ACC) but provided TCTMD with his personal perspective, indicated that assessing the impact of private equity acquisitions will be tricky because the sources of information available in the outpatient setting are not as robust as those available for hospitals and health systems.

He notes in his editorial that the ACC responded to a request for more information from the US Federal Trade Commission, recommending that “additional research be done on the impact of private equity with respect to competition, patient care and safety, transparency and accountability, and effective regulation to align with the interests of patients and the public.”

Speaking with TCTMD, Partha Sardar, MD (NewYork-Presbyterian/Columbia University Irving Medical Center, New York, NY), observed that assessing the complex impact of private equity’s involvement in cardiology comes on the background of the rising costs of running an independent practice and shrinking reimbursements and profit margins.

On the plus side, he said, private equity firms provide know-how related to administrative tasks and logistics, which can lower costs, and improve bargaining power to negotiate better reimbursement rates from payers. On the flip side, there are potential concerns about how they’ll operate, an issue that will be difficult to study since these privately owned practices are not required to report as much publicly compared with large hospital systems, Sardar said.

**A Watchful Eye**

Ultimately, the quality of care delivered by private equity-owned practices will be determined by the level of interference these firms have on day-to-day clinic operations and practicing cardiologists. Prior studies in other areas of medicine have shown that there can be a worsening of patient outcomes after staffing cuts or overutilization of certain services, Sardar said, noting that it will take some time for these types of data to be available in cardiology.

Wadhera said “it is imperative” that the cardiology community monitor the effects of the surge in private equity acquisitions. Like Sardar, he said there could be some positives, including much-needed resources and capital for practices that continue to struggle coming out of the COVID-19 pandemic, and expertise on operational efficiency.

“But I still think the overlying concern is that because these firms generally have a strong incentive to generate profits quickly and then sell practices, that they might change things in a way that isn’t necessarily optimal for patient care, but maximizes profits,” Wadhera said.

Studying how this trend affects healthcare access, quality, cost, and outcomes is particularly critical in cardiology, Wadhera said, because “we know that patients with cardiovascular disease are higher risk, so they’re going to be more susceptible to shifts in quality and access. And I think any evidence on whether these acquisitions are good, bad, or don’t really change anything in terms of quality or outcomes is going to be really important, especially as Congress is thinking about whether there needs to be greater regulation of private equity in the healthcare space.”

**Looking Ahead**

Wadhera predicted that the sharp increase in private equity acquisitions in cardiology is going to continue in the coming years, stressing that “we as a cardiology community need to understand how the healthcare landscape around us is changing. We can’t keep our heads in the sand, because broad shifts in the organizational structure of healthcare entities could have a major impact on the way we are asked to deliver care, our ability to take the best possible care of our patients, and, most importantly, our patients’ health.”

Sardar similarly predicted continued growth in private equity involvement in cardiology—but not without some controls. “I think in the future, maybe 5 to 10 years, it’s going to be much more regulated because lawmakers are also concerned about the way they are operating.”

There are some inherent limitations, however, to how far this trend will go, Fry indicated, noting that most US cardiologists—up to 85%—are employed, leaving only about 15% who continue to work in independent practices that would be the most likely targets for private equity firms at this point. In addition, there’s probably a built-in cap on how many times a practice can be purchased and then resold for a profit, he said.

“Clearly more data and investigation are needed to understand the growing impact of private equity in cardiovascular practice and especially to understand the impact on clinical quality, access to care, patient experience, long-term physician satisfaction, total cost of care, coordination of comprehensive health services, and overall value,” Fry writes in his editorial.

In addition, he says, there’s a need to understand what factors make selling to a private equity firm attractive for cardiologists. “Clinicians, health system administrators, policymakers, and the public need to define the elements of clinical practice that encourage a growing number of cardiologists to seek out alternative employment models. Addressing them will be necessary to truly transform care and promote equity and value.”

[](https://www.tctmd.com/staff/todd-neale)

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