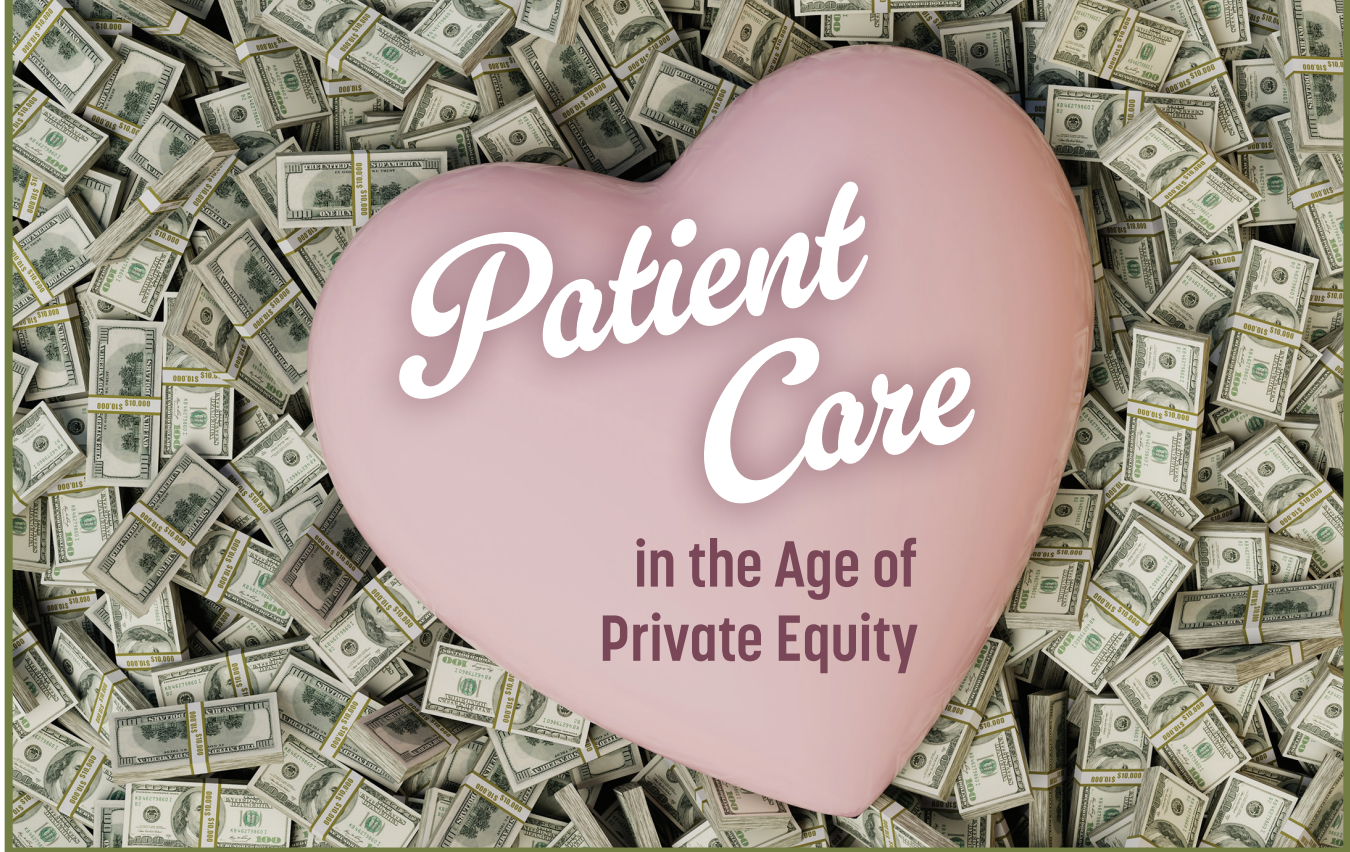




Retina practices can implement these strategies to ensure they maintain the highest standards of care, regardless of their ownership structure.

BY JORDAN NELSON

In recent years, the field of ophthalmology, including the subspecialty of retina care, has witnessed significant transformations driven by private equity (PE) investments. This trend has led to a multitude of changes, both positive and challenging, in how retina practices are structured, managed, and perceived. As these investments continue to shape the landscape, it becomes crucial to examine their effect on patient care. Doing so will help health care providers navigate these practice management changes to ensure that patients continue to receive the highest quality care.

RECENT INVESTMENTS IN RETINA

PE firms have become increasingly interested in investing in medical practices, including those specializing in retina care. These PE investments are typically structured through the creation of a Management Services Organization (MSO) that acquires the assets of medical practices while keeping practice entities in place for regulatory purposes.

MSOs provide a range of services to medical practices, such as human resources (HR), revenue cycle management, finance, and accounting. The MSO also provides capital for expansion, while implementing operational changes to improve profitability. Typically, physician owners who sell their practice assets to an MSO reinvest a portion of

AT A GLANCE

- ▶ Nearly 40 private equity (PE)-backed eye care Management Services Organizations (MSOs) operate in the United States, and nearly all partner with and employ retina specialists.
- ▶ PE ownership often has an investment horizon of 5 to 7 years to produce a +25% return for investors.
- ▶ MSOs can establish a Medical Executive Committee to represent the general mind of the physicians and ensure clinical considerations remain a top priority.
- ▶ Corporate-owned practices should establish quality metrics that prioritize patient outcomes and satisfaction.
- ▶ To ensure that patients receive great care under corporate ownership, PE-owned practices should prioritize patient welfare, preserve physician autonomy, and maintain high standards of care.

MORE ON PRIVATE EQUITY IN RETINA

Still have questions? See what other experts have to say about the wave of investment in the retina space:



What Is PE and Is It Right For Me?

By Dena Jalbert, MBA, CPA



Making the Leap to Private Equity

By David F. Williams, MD, MBA



A Day in the Life: Retina Edition

By Adrienne W. Scott, MD; Katherine E. Talcott, MD; Rebecca Soares, MD, MPH; Homayoun Tabandeh, MD, FASRS; Brandon Johnson, MD; Ryan A. Shields, MD; and Alan Ruby, MD

their sale proceeds into the MSO entity, thus becoming co-investors and part owners alongside the PE firm.

Nearly 40 PE-backed eye care MSOs operate in the United States, and nearly all partner with and employ retina specialists, many of whom are part of general ophthalmology groups. Hundreds of millions of dollars have been invested in these platforms, which has created a significant shift in how corporate-owned retina practices are managed and operate, with implications for both physicians and patients.

POTENTIAL CHALLENGES

While PE investments can bring financial benefits and operational efficiencies, they also pose several challenges for medical practices. PE ownership often has an investment horizon of 5 to 7 years to produce a +25% return for investors. New management is often hired, bringing business management tools that smaller practices may not be accustomed to using, such as annual budgets and board approval for strategic initiatives. PE also requires uniform information systems, leading to significant changes to accounting, practice management, and health record systems.

An MSO's C-suite executives are incentivized by profitability and enterprise growth. If not careful, an MSO may begin to prioritize process, systems, and profitability over patient experience and outcomes. Administrative burdens and standardized protocols may not align with the personalized approach associated with medical specialties such as retina. Downward financial and administrative pressure on physicians can also lead to a lack of clinical excellence.

Despite these challenges, there are strategies physicians and practices can employ to ensure that patients continue to receive excellent care under corporate ownership. Here, I discuss two of them.

NO. 1: PRESERVE PHYSICIAN CLINICAL AUTONOMY Medical Executive Committee

It is not feasible for every physician in a practice that employs dozens (or even hundreds) to have clinical control over the organization; as an alternative, MSOs can establish a Medical Executive Committee (MEC). This is a committee comprised strictly of physicians and has direct access to the MSO's board of directors.

The committee is tasked with representing the general mind of the physicians and ensuring that clinical considerations remain a top priority. The MEC works with management to establish annual budgets for new equipment or other technology investments. The MEC is charged with establishing clinical best practices and



ADVICE FROM COLLEAGUES

Anterior segment surgeons are having similar conversations. Take a look at a cover story that ran in the February issue of *Cataract and Refractive Surgery Today*:



Selling to Private Equity

By Tony Sterrett

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A Look at Private Equity in Retina

By John T. Thompson, MD

protocols, monitoring quality metrics, and addressing HR situations that affect clinical care. The goal is to ensure that physicians have independent representation at the highest levels of the organization and the clinical autonomy of providers remains sacrosanct.

In some MSOs, the board of directors has physician representation, which is good, but not a substitute for a MEC. Within general ophthalmology practices, specialties like retina should be appropriately represented. Geographic representation should also be given consideration, and as MSOs grow, geographic sub-MECs could be useful.

Regular Physician-to-Physician Interaction

Physicians' interaction with each other can create a culture of collaboration and accountability. Collaboration often leads to innovative solutions to the challenges physicians face as part of a PE partnership model. Establishing a regular cadence for collaboration can facilitate the open exchange of ideas among care providers. Monthly or quarterly conferences and video calls allow providers to share ideas around clinical quality, new technology or techniques, hiring and staffing best practices, and a general forum to discuss treatment plans for uncommon or difficult patient situations.

In-person collaboration and meetings can also be a positive addition to the practice. While far more expensive than a conference call, face-to-face meetings offer a more personal and concentrated format for physicians to engage with each other.

Continuing Education

Corporate-owned practices should support physicians' continuing education to ensure they stay abreast of the latest advancements in retina care. This can help maintain high standards of care and physician clinical autonomy. At a minimum, practices should include a budget for providers to attend conferences and other educational events.

COLLABORATION OFTEN LEADS TO INNOVATIVE SOLUTIONS TO THE CHALLENGES PHYSICIANS FACE AS PART OF A PE PARTNERSHIP MODEL.

In addition, company management can coordinate with the MEC to create internal education opportunities and training. This might include inviting internal experts to share their knowledge with the broader group or inviting outside industry participants such as academia, health systems, or technology companies to collaborate.

NO. 2: MAINTAIN A PATIENT-CENTRIC APPROACH

The initial success of most independent practices is due to their dedication to creating a great patient experience. This standard, regardless of ownership, should always be the primary focus. Not only is this the right thing to do for patients, but also for the business.

Dedicated Time for Patient Care

Building and maintaining a patient-first culture is done by setting the example at the top of the organization. Board of director and shareholder meetings should allocate as much time to patient-related matters as they do to financial and strategic items. For example, in a 1-hour board of directors meeting, it is reasonable to expect 20 minutes of the agenda to focus on items such as quality metrics, patient satisfaction surveys, and clinical innovation. Much of this can be addressed by the MEC in board meetings.

Focus on Quality Metrics

Corporate-owned practices should establish quality metrics that prioritize patient outcomes and satisfaction. This will likely require investment in staff and technology to collect and analyze data. If knowledge is power, data can be the key to understanding how a practice is succeeding or failing and where those successes or failures are happening across the platform. Regular monitoring and assessment of these metrics can help identify areas for improvement and ensure high-quality care.

Emphasize Communication

Open and transparent communication between physicians and their local practice administrators is crucial. Just as physicians need dedicated access to the board of directors, local practice operators need direct access to the

IN THE LITERATURE

A recent study published in *Ophthalmology* found that, after retina practices are acquired by private equity (PE), their Medicare spending increases.¹ The researchers looked at a total of 82 practices that were acquired by PE during the study period (2015 – 2019) and matched control practices. In the PE-acquired practices, they found a 22% increase, per practice-quarter, in the use of higher-priced anti-VEGF agents (ie, aflibercept [Eylea, Regeneron]), compared with non-PE practices. This increased usage, averaging an extra 6.5 injections, led to an increase in overall Medicare spending of \$13,028 per practice-quarter, or 21%.

1. Singh Y, Aderman CM, Song Z, Polsky D, Zhu JM. Increases in Medicare spending and use after private equity acquisition of retina practices. *Ophthalmology*. 2024;131(2):150-158.

physicians in the practices they are charged with operating. Local practice administrators are on the front line when identifying problems and effectively rolling out new programs. Without effective and open communication, much can get lost between the siloed roles in which administrators often operate.

Patient Advocacy

Practices should empower patients to advocate for their own care. This includes educating patients about their condition, treatment options, and how to navigate the health care system to ensure they receive the best possible care. Patients should have the ability to provide feedback about their experience. Technology can play an important role in patient advocacy, but having dedicated staff tasked with patient advocacy is often the best approach to ensure patients have what they need to feel their experience is the priority of the practice.

WEIGH THE PROS AND CONS

PE investment in retina practices is here to stay, and it represents a significant shift in the health care landscape. While these investments bring opportunities for growth and efficiency, they also pose challenges for patient care. By prioritizing patient welfare, preserving physician autonomy, and maintaining high standards of care, practices can navigate these changes and ensure that patients continue to receive great care under corporate ownership. ■

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