

Impact of Private Equity Acquisition on Orthopedic Surgery Office Visit Costs

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INTRODUCTION:

In recent years, private equity (PE) investment in healthcare has expanded significantly. Orthopaedics has experienced a notable rise in PE involvement due to its high patient demand and considerable procedure reimbursement. However, research on how PE acquisitions of Orthopaedic practices impact patient costs remains limited. This study examines the effect of PE ownership on patient costs in orthopaedics, analyzing office visit cost trends before and after PE acquisition.

METHODS:

ZIP codes were identified in which private equity (PE) acquisitions of orthopaedic groups occurred in 2022. Using data from the Centers for Medicare & Medicaid, cost metrics were collected for the year before and after PE acquisition. The change in pricing data between 2021 and 2023 was compared to the national average using a one-sample t-test for each cost metric. Statistical tests were used to examine the change in office visit costs between acquisition locations and the national average.

RESULTS:

Statistically significant differences in several orthopaedic office visit cost metrics were found when comparing the change in the PE acquisition group against the national average. Minimum Medicare pricing for both new and established patients, maximum Medicare pricing for established patients, minimum copay for new patients, and minimum and maximum copays for established patients increased more significantly ($p < 0.05$) in the acquisition group compared to the national average. However, the actual dollar amounts were relatively small, ranging from \$0.04 to \$1.30 USD.

DISCUSSION AND CONCLUSION:

Greater increases in cost metrics were noted in ZIP codes where PE acquisition of orthopaedic groups occurred in 2022. However, while statistically significant, the absolute difference in increase compared to the national mean amounted to just \$1.30 USD or less, suggesting that while PE ownership may influence the pricing strategies of Orthopaedic practices, the individual impact on patient costs is relatively low. However, the consistency in upward pricing trends may indicate negative long-term effects of PE ownership on healthcare affordability.