Private Equity Consolidation in Spine Surgery Ambulatory Surgery Centers: A Market Analysis (2015-2025)

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INTRODUCTION: The ambulatory surgery center (ASC) market has experienced significant consolidation as healthcare delivery shifts from hospital-based to outpatient settings. Private equity (PE) investment in spine surgery and orthopedic ASCs represents a key consolidation trend driven by cost pressures, technological advancement, and favorable reimbursement dynamics. This study examines PE investment patterns in ASCs that perform spine surgery over the past decade to quantify consolidation activity and identify dominant investment strategies in this fragmented healthcare sector.

METHODS: Transaction data were collected from PitchBook and Preqin databases covering PE investments in spine surgery ASCs and orthopedic outpatient facilities from January 31, 2015 to January 31, 2025. Data elements, when available, included deal size, debt levels, earnings before interest, taxes, depreciation, and amortization (EBITDA), transaction year, geographic location, PE sponsor, platform company status, and portfolio company details. Transactions were classified as either platform investments (initial acquisitions) or add-on acquisitions to existing platforms. Platform company acquisition histories were compiled from comprehensive transaction databases and reflect total healthcare sector acquisitions, providing context for each sponsor's overall consolidation experience. Geographic distribution, temporal trends, and sponsor concentration were analyzed to identify consolidation patterns.

RESULTS:

The dataset encompassed 56 documented transactions across 23 locations (22 states plus Washington DC). Platform strategies dominated, with 42 (75%) of transactions representing add-on acquisitions to existing portfolio companies, while 14 (25%) were initial platform investments establishing new consolidation vehicles. Five major consolidators emerged, led by H.I.G. Capital's Surgery Partners platform (35 total acquisitions since 2004), followed by Audax Private Equity/Linden Capital's HOPCo platform (17 total acquisitions since 2005), Revelstoke Capital Partners/Hauser Private Equity's OrthoAlliance (11 total acquisitions since 1996), Kohlberg & Company's Spire Orthopedic Partners (9 total acquisitions since 1998), and Varsity Healthcare Partners' Orthopedic Care Partners (8 total acquisitions since 2003).

Geographic concentration was evident, with Ohio leading at 7 transactions (12.5%), followed by Florida and Connecticut each with 5 transactions (8.9%), Texas and California each with 4 transactions (7.1%), and Alabama, New Jersey, and Nevada each with 3 transactions (5.4%). Transaction activity peaked in 2022 with 15 transactions (26.8%), followed by 9 (16.1%) transactions in 2023 and 2 (3.6%) transactions in 2024. Financial disclosure was limited, with debt information available for only 2 transactions (3.6%) and EBITDA data for only 1 transaction (1.8%). OrthoAlliance's 2019 transaction revealed $59M debt against $13.2M EBITDA, while OrthoNebraska disclosed $6.89M debt in 2023.

DISCUSSION AND CONCLUSION: PE has systematically consolidated the spine surgery ASC market through concentrated platform strategies, transforming a historically fragmented industry into scaled regional networks. The prevalence of add-on acquisitions demonstrates successful execution of buy-and-build strategies, enabling operational efficiencies and improved payor contract negotiations. Geographic clustering in key markets like Ohio, Florida, and Connecticut reflects PE firms’ strategic focus on building regional density to maximize operational leverage and market dominance. Peak investment activity in 2022 coincided with abundant capital availability and accelerated healthcare consolidation post-COVID. The subsequent decline in transaction volume suggests a maturing consolidation cycle with established platforms competing for fewer remaining independent practices in an increasingly consolidated landscape. This analysis provides empirical evidence of the transformative impact of PE on ambulatory spine surgery delivery.

Private Equity Transactions in Spine Surgery ASCs by Year (2015-2025)