

Private equity changes workforce stability in physician-owned medical practices

January 9 2023



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New research reveals private equity firms that acquire physician-owned medical practices experience greater replacement of the workforce and rely more heavily on advanced practice providers—such as physician

assistants and nurse practitioners—rather than physicians.

The study is the first to characterize the shift in [workforce](#) composition following private equity acquisition. It was published today in the January issue of the journal *Health Affairs* by researchers at Oregon Health & Science University, the University of Chicago, Harvard University and Johns Hopkins University.

The impacts come amid well-documented shortages in the overall [health](#) care workforce exacerbated by the COVID-19 pandemic.

"We really ought to be paying more attention to how these big-picture [practice](#) delivery shifts are affecting physicians," said senior author Jane Zhu, M.D., assistant professor of medicine ([general internal medicine](#) and geriatrics) in the OHSU School of Medicine in Portland. "There is a finite number of us. If the measures we found in this study suggest dissatisfaction among physicians, then ultimately that's yet another burden on a workforce that is already on the brink of burnout."

The findings are the latest in a line of research to suggest private equity firms are increasing pressure to maximize profits.

"A lot of the current research on private equity looks at changes in costs, revenue or services following acquisitions. The purpose of this study was to capture private equity in the context of the clinical workforce," said first author Joseph Dov Bruch, Ph.D., assistant professor of public health sciences at the University of Chicago. "That we observe greater clinician replacement at private equity-acquired practices compared with non-private equity-acquired practices suggests that private equity's business strategy may differ from that of traditional practice owners."

Researchers did not specifically examine the effect of the changes in workforce composition on health outcomes or [patient care](#), although the

study cites previous research that suggests patient care suffers with a more transitory workforce.

"A more stable workforce is associated with better [health outcomes](#) for patients, improved quality metrics, and reduced resource use," they write.

The study identified 213 private equity-acquired practices in dermatology, ophthalmology and gastroenterology, and compared them with 995 physician-owned practices in those same specialties. They found that physicians in private equity-acquired practices were more likely than their counterparts in physician-owned practices to both enter and leave a practice.

The study also documented growth of advanced practice provider staffing in [private equity](#)-acquired practices.

"Private equity maximizes profits by increasing revenues or cutting costs," Zhu said. "Shifting toward ancillary service providers and advanced practice providers is one way to accomplish both of those things."

In addition to Zhu and Bruch, co-authors include Canyon Foot of OHSU; Yashaswini Singh, M.P.A., and Daniel Polsky, Ph.D., M.P.P., of Johns Hopkins; and Zirui Song, M.D., Ph.D., of Harvard.

More information: Workforce Composition In Private Equity–Acquired Versus Non– Private Equity–Acquired Physician Practices, *Health Affairs* (2023). [DOI: 10.1377/hlthaff.2022.00308](https://doi.org/10.1377/hlthaff.2022.00308)

Provided by Oregon Health & Science University

Citation: Private equity changes workforce stability in physician-owned medical practices (2023, January 9) retrieved 20 July 2023 from <https://medicalxpress.com/news/2023-01-private-equity-workforce-stability-physician-owned.html>

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