

Why the Retina Business Model Is Changing Right in Front of You, and Are You Ready?



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OBJECTIVE The future of retina practice is changing and many of us are not well informed. This presentation should provide critical insight into these fundamental changes and also help educate how Private Equity (PE) may influence those changes.

PURPOSE Change is occurring rapidly in ophthalmology. Government, insurance and business sectors are forces shaping these changes. Our general ophthalmology (GO) colleagues are way ahead of us: they are better informed and positioned, and will soon dictate the relationship with retinal specialists. Referral relationships are changing, retina-only practices are the most vulnerable. Quality of work, availability, personality and location will no longer assure success.

METHODS Healthcare consolidation and restructuring are happening at a staggering pace. Opening a solo practice has become almost cost prohibitive. Larger practices have difficulty keeping up with the complex federal rules and regulations regarding the retirement of PQRI, the phase-in of MIPS and MACRA claw backs and their compliance

issues, and EMR requirements. It feels like the government and insurers want to deal with large practices, rather than a multitude of smaller ones. These factors plus the overall societal need to control the long-term cost of healthcare in a future of projected exponential growth, are driving marketplace changes.

RESULTS As large GO practices evolve, small ones disappear. Larger GO practices hire a retina doc. 1 & 2 doc GO practices are no longer opening, existing ones find it hard to recruit docs & without an exit strategy, disappear. Consolidation is being accelerated by PE, whose model is based on acquiring successful GO practices and investing large dollars to grow and sell them to a larger entity. PE investors decrease overhead with professional management & use of economies of scale. Recent presentations fail to communicate the urgency to retina docs. The choice of getting involved/not involved in PE, misses the point: PE will impact all practices. GO practices who choose to remain independent of PE, must figure out how to grow larger. Unless you are a multi-specialty ophthalmology practice, in academic medicine, or a tertiary retina doc (retina onc, ROP), you will incur a gradual erosion of your referrals. Even in protected arenas, PE may have some impact by carving out insurance contracts.

CONCLUSION Without new patients, retinal practices will not grow, they will contract. As a group and individually, we will wield less power and the food chain pyramid flips. What can we do? Explore PE options if they are appropriate, form an MSO with GO colleagues, satellite into GO practices (at risk of being excluded if they hire), join a GO practice, split up and join existing multispecialty GO practices, evolve into a GO practice or merge with several GO practices, or retire early.

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