Current Perspective

Love and Money

I'm often asked by ophthalmologists across America: "My hospital is buying up lots of physician practices, but they haven't asked me. What should I do?" Although ophthalmologists have generally prized their independence from hospitals, some are now feeling "unloved."

Integration is the overriding trend in health care delivery. Vertically, hospitals, physicians, payers, ambulatory surgery centers, imaging centers, long-term care facilities, nonphysician providers, and pharmacies are joining to form integrated health systems. And these health systems are merging horizontally into mega-health systems capable of functioning as accountable care organizations (ACOs).

Isn't this what we saw in the early 1990s? Then, hospitals and physicians came together to form new organizations—most of which rapidly disintegrated with significant loss of money and substantial legal fees. Won't the same thing happen this time?

Sages in hospital and health system economics believe that many of these new integrated systems will fail—but many others will succeed. This time around, the conditions are different, and lessons have been learned from earlier attempts. First, the Affordable Care Act creates payment and patient access incentives to promote integration, which is likely to lead to vertical organization of providers and accelerate physician employment by hospitals. Second, hospital systems are more capable and better capitalized. In 2012, more than 160 hospitals had revenues over $2 billion.

Thus, it is widely believed that large integrated systems will give hospitals and physicians alike the greatest chance of economic success. Accordingly, hospitals in aggregate are spending billions of dollars acquiring physician practices. Over 60 percent of cardiologists are now hospital employed, and the number of orthopedists employed by hospitals has doubled over a two-year period. And try to find independent small primary care physician practices in most urban areas! It is estimated that about 220,000 of 860,000 U.S. physicians are hospital employed. A recent study of physician recruiting patterns showed hospitals seeking nearly every type of physician—with ophthalmology one of the few specialties not on the list.

Why? It's not that we are professionally unloved; it's all about the money. If you were a hospital CEO with $20 million to spend on physician practice purchases, would you rather buy an interventional cardiologist, a primary care group, a back surgeon, or an ophthalmologist (who uses an ASC, rarely admits patients, and only occasionally orders lab tests and imaging)?

Should this bother us? I don't think so. ACOs and integrated systems require ophthalmology services. Most have decided to obtain these services through affiliation or service agreements rather than through direct employment. Though this deprives ophthalmologists of the "benefits" of getting a hospital W-2, it maintains practice flexibility and independence.

This should not, however, be mistaken for a recommendation to disengage from integrated systems. On the contrary, now is the time to seek greater engagement. All systems will need to develop patient access policies, standards of care, patient satisfaction metrics, credentialing guidelines, and more. We need to be at the table as active participants—for the best interests of our patients, the profession of ophthalmology, and ourselves.

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