




Trainee Perspectives of Private Equity's Impact on Ophthalmology

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Abstract

Objective The accelerated involvement of private equity (PE) in ophthalmology has many potential implications for the future of the field. The aim of this study was to evaluate trainee perspectives on PE's impact on ophthalmology.

Methods An electronic survey was sent to trainees via an online ophthalmology research newsletter. The survey assessed for career goals and perspectives on the involvement of PE and its impact across a variety of attributes.

Results A total of 41 United States-based respondents responded to the survey, 68% were medical students and 32% were residents or fellows. Seventy-eight percent of respondents reported they would not consider working for a PE-owned practice. There was a negative perceived impact of PE for physician autonomy, long-term physician income, career advancement, and quality of care. There was a positive perceived impact for the number of physician extenders, more referral sources, financial support, bargaining with insurance companies, starting physician salary, and administrative burden. All respondents agreed (76% strongly agree, 24% somewhat agree) that education about practice options and ownership structures is important to include in residency program education, with preferred modalities of small group discussions and on-site learning.

Conclusions Trainees broadly perceive PE to negatively impact the practice of ophthalmology. While there were attributes perceived to be positively impacted by PE, these were not felt to be as important as those which may be negatively affected. New modalities for education about practice ownership options are necessary, and small group discussions and on-site learning may be of the highest yield for trainees.

Keywords

- ▶ private equity
- ▶ residency program education
- ▶ medical students
- ▶ practice management

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Private equity (PE) acquisitions of ophthalmology and optometry practices have accelerated in recent years. Chen et al previously identified a dramatically increased rate of acquisitions from 2017–2019 (186) compared to 2012–2016 (42).¹ A 2018 study found ophthalmology to be the specialty with the second most acquisitions by PE, behind only dermatology.² Important reasons for PE's focus on ophthalmology include its relative lack of dependence on hospital systems and its relative fragmentation with the presence of many small practices.^{1–3} And while the percentage of ophthalmology practices owned by PE remains small, estimated to be around 5% in 2020, its impact on the field appears to be growing.¹

Several editorials and commentaries have discussed the suggested impact on the field.^{2,4–10} The American Academy of Ophthalmology (AAO) has curated a practice management web page of even more perspectives and viewpoints.¹¹ Among the plethora of pieces, a variety of important points have been proposed. For one, PE does not function as a not for profit, and its ultimate goal is to increase profitability with the goal of selling to a later investor.^{8,12} Benefits and consequences for the involved stakeholders generally stem from this. For those selling to PE, notably senior ophthalmologists and those nearing retirement, financial gains and a reduction of administrative burden can be expected. On the other hand, for younger ophthalmologists, it has been suggested that job prospects, future revenue, and opportunities for ownership may be negatively impacted by the involvement of PE.

Despite the importance of a comprehensive understanding of PE's impact on the field of ophthalmology, limited work exists detailing either the actual or perceived impacts of PE for younger ophthalmologists. A variety of sources highlight anecdotal and individualized experiences with PE, though no systematic analysis of these has been undertaken. Khan et al previously surveyed vitreoretinal fellows regarding their perceptions and concerns.¹³ Still, for trainees more broadly, the overall perceptions of PE and its impact as they look to their futures have not been well studied. As such, we sought to survey ophthalmologists-in-training and future ophthalmologists to better understand their perceptions of PE's impact on ophthalmology.

Methods

A 28-question anonymous survey was sent to recipients of an ophthalmology research newsletter, "The Lens" (lensophthalmology.com), which primarily includes ophthalmology-bound medical students and residents (► **Appendix 1**). The survey was administered from March 29, 2022 through April 24, 2022. Only responses from the United States were included for the analysis. Statistical analysis was performed using Microsoft Excel (Redmond, WA). A two-tailed Student's *t*-test was used to assess for statistical differences between responses and a *p* < 0.05 was considered significant. This study was deemed exempt by the Institutional Review Board at the University of Michigan.

Table 1 Respondent demographic and background data

Demographic and background data	N (%)
Gender	
Male	21 (51.2%)
Female	19 (46.3%)
Prefer not to answer	1 (2.4%)
Trainee level	
Medical student	28 (68.3%)
Resident (ophthalmology, including PGY1)	9 (22.0%)
Fellow (within ophthalmology)	4 (9.8%)
Debt	
None	15 (36.6%)
\$0–\$50,001	6 (14.6%)
\$50,001–\$100,000	1 (2.4%)
\$100,001–\$200,000	4 (9.8%)
\$200,001–\$300,000	7 (17.1%)
> \$300,001	8 (19.5%)
Geographic constraints	
Yes	26 (63.4%)
No	12 (29.3%)
Unsure	3 (7.3%)

Results

A total of 41 respondents completed the survey (► **Table 1**). Fifty-one percent of respondents were male. By training level, 68% were medical students and 32% were residents or fellows. Thirty-seven percent of respondents had (or expected to have) no debt at the completion of their medical training, 17% with less than \$100,000, and the remaining with greater than \$100,000, including 20% with over \$300,000. Sixty-three percent of respondents reported that they have geographic constraints related to where they would practice at the end of training.

Awareness and Understanding of Private Equity

Twenty-four percent of respondents were "very aware" of PE's role in ophthalmology; 37% were "somewhat aware," 27% "had heard of private equity, but were unaware of its role in ophthalmology," and the remaining 12% "had never heard of private equity." Thirty-seven percent of respondents reported that they understand the structure and function of PE "moderately" or "very well," whereas another 46% responded "minimally" or "not at all." When asked about ownership structures they would consider working for, only 22% (*n* = 9) of respondents reported they would consider "private equity owned"; the remaining 78% would not (► **Table 2**). Of the respondents who had "no debt," only two (13%) reported they would consider "private equity owned," whereas seven (27%) of those with debt reported they would. The difference was not statistically significant (*p* = 0.31).

Table 2 Respondent awareness and understanding of private equity

Awareness and understanding of private equity	N (%)
Private equity awareness	
Very aware	10 (24.4%)
Somewhat aware	15 (36.6%)
I have heard of private equity, but I am unaware of its role in ophthalmology	11 (26.8%)
I have never heard of private equity	5 (12.2%)
Private equity understanding	
Very well	3 (7.3%)
Moderately	12 (29.3%)
Somewhat	7 (17.1%)
Minimally	10 (24.4%)
Not at all	9 (22.0%)
Which type of group practice ownership style would you work for? ^a	
Solely physician owned	26 (63.4%)
Private equity backed	9 (22.0%)
Health system owned	13 (31.7%)
I have not considered	12 (29.3%)
I was unaware	6 (14.6%)
No preference	2 (4.9%)

^aRespondents were able to select more than one option for this question.

Career Attribute Importance

Respondents were asked to rank the importance of “physician autonomy,” “quality of patient care,” “less administrative burden,” “physician starting salary,” and “physician long-term salary” to their careers from 1 (most important) to 5 (least important) (► **Table 3**). On average, “quality of patient care” (2.1) was the most important, followed by “physician autonomy” (2.5), “physician long-term salary” (3.0), “less administrative burden” (3.5), and “physician starting salary” (4.0). When separating out those who would work for PE, the average order of ranking changed slightly to “quality of patient care” (2.0) as the most important, followed by “physician long-term salary” (2.9), “physician

autonomy” (3.3) and “physician starting salary” (3.3) tied, and lastly “less administrative burden” (3.4).

Perspectives on the Impact of Private Equity

Respondents were asked to rate the impact of PE's involvement on the practice of ophthalmology on a 5-point Likert scale from significantly negative (−2) to significantly positive (2). Excluding those who did not know enough to answer ($n = 15$), the average perceived impact was −0.92, which corresponded closely to “somewhat negative.” Those who would not consider working for a PE-owned practice (−1.26) were significantly more pessimistic on PE's impact than those who would consider working for a PE-owned practice (0.0) ($p = 0.01$). Respondents were then asked to rate PE's impact on practice across a variety of attributes (► **Fig. 1**), where the perceived impact of PE ranged from mostly negative (physician autonomy, long-term physician income, career advancement, and quality of care) to mostly positive (number of physician extenders, more referral sources, financial support, bargaining with insurance companies, starting physician salary, and administrative burden).

Perspectives on Education about Private Equity

All the surveyed respondents agreed (76% strongly agree, 24% somewhat agree) that education about practice options and ownership structures is important to include in residency program education (► **Table 4**). The most preferred methods for learning about these were through small group discussions and on-site learning (e.g., visiting nonacademic practices). Respondents favored their training programs as the most desired source for education on PE and practice structures.

Discussion

Given the increasing rate of PE acquisitions in ophthalmology, we sought to better understand trainee perspectives with the ultimate goal of providing insight for the development of residency training programs related to practice ownership options. As a whole, trainees were wary of PE and its impact on the field, even when understanding was limited. Only 22% reported that they would consider working for a PE-owned practice, even though 39% reported that they had never heard of PE or had heard of it, but were unaware of its role in ophthalmology. It is possible that respondents misinterpreted the survey question, but also possible that they have negative connotations of PE despite limited understanding as these negative perceptions are noted in other fields. In a

Table 3 Average ranking (order) of the importance of career attributes

Attribute	All respondents	Would not consider working for private equity	Would consider working for private equity
Quality of patient care	2.1 (first)	2.1 (first)	2.0 (first)
Physician autonomy	2.5 (second)	2.3 (second)	3.3 (third-tied)
Physician long-term salary	3.0 (third)	3.0 (third)	2.9 (second)
Less administrative burden	3.5 (fourth)	3.6 (fourth)	3.4 (fifth)
Physician starting salary	4.0 (fifth)	4.2 (fifth)	3.3 (third-tied)

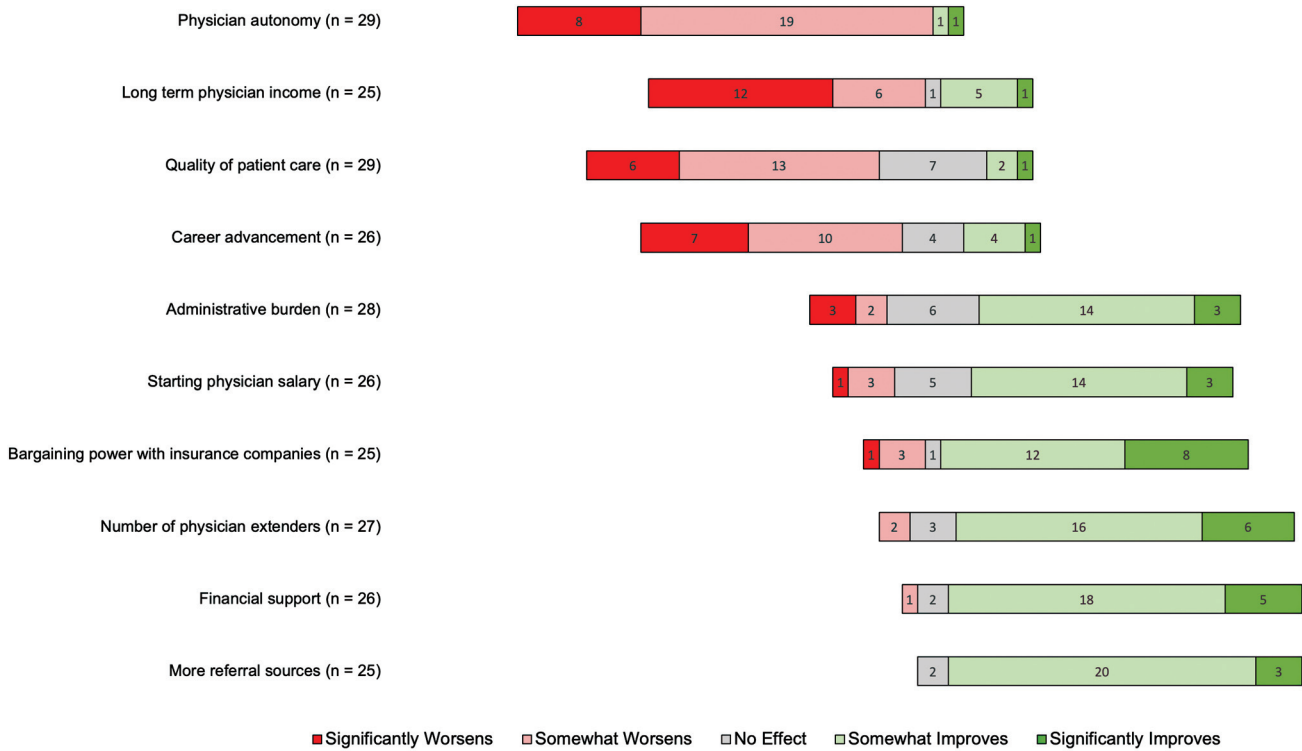


Fig. 1 Perceived impact of private equity (PE) on a variety of practice attributes. Respondents felt that physician autonomy, long-term physician income, career advancement, and quality of patient care would be negatively impacted by PE. Respondents felt that the number of physician extenders, referral sources, financial support for expansion, bargaining power with insurance companies, starting physician salaries, and administrative burden would benefit.

Table 4 Preferences for education around practice structures

Preferences for education around practice structure	N (%)
Importance of education on practice patterns	
Strongly disagree	0 (0%)
Somewhat disagree	0 (0%)
Neither agree nor disagree	0 (0%)
Somewhat agree	10 (24%)
Strongly agree	31 (76%)
Education modality preferences ^a	
Small group discussions	25 (61%)
On-site learning (visiting nonacademic practices)	25 (61%)
Large meetings (e.g., AAO conference)	22 (54%)
News or journal sources	20 (49%)
Prerecorded webinar	19 (46%)
Online module with assessment	13 (32%)
Preferred source of education (rank)	
Training program	1.8
Ophthalmologists not affiliated with program	2.1
National groups (AAO, AUPO, etc.)	2.9
Nonmedical practice structure experts	3.2

Abbreviations: AAO, American Academy of Ophthalmology; AUPO, Association of University Professors of Ophthalmology.

^aRespondents were able to select more than one option for this question.

similar analysis of dermatology residents, only 26% of residents reported they would be open to a PE-owned practice.¹⁴ In an analysis of early career radiologists, over 80% preferred independent private practice, and nearly 90% believed that corporatization harms radiology.¹⁵ Our study similarly highlights concerns from trainees and future ophthalmologists regarding working with PE.

Our finding that trainees perceive PE to negatively impact physician autonomy, quality of care, long-term salary, and opportunities for career advancement appears to be in line with prior work in both ophthalmology and other fields. In a similar study surveying dermatology residents, respondents felt that PE would negatively impact physician autonomy, quality of care, and long-term salary.¹⁴ Furthermore, Khan et al noted that uncertainty over job security and loss of full physician oversight over clinical operations were the most pressing concerns of vitreoretinal fellows as PE becomes more prominent in ophthalmology.¹³ Similar sentiments were expressed by radiology trainees.^{15,16} The perspectives held by trainees in larger survey studies are similarly articulated in many of the aforementioned perspective and anecdotal articles.^{2-8,11} Still there lacks confirmatory evidence on a large scale to prove these concerns.

Our analysis also highlighted a number of attributes for which trainees perceived PE to positively impact, including the number of physician extenders, referral sources, financial support, bargaining power with insurance companies, starting physician salary, and reducing administrative burden. These perceived positives align with those of dermatology residents.¹⁴ There are, however, conflicting perspectives regarding whether or not an increased number of physician extenders is a positive for the field.³ Furthermore, in anecdotal pieces, even for those who have expressed positive experiences with PE, they purport the importance of finding the right cultural fit.^{4,9,10}

The ranking of various attributes and their importance to trainee's future careers was a unique aspect of our survey. Of the five attributes examined, respondents ranked "quality of patient care," "physician autonomy," and "physician long-term salary" as the most important. It is important to assess future ophthalmologists' perspectives of PE's impact in the context of their career goals. While there were multiple factors for which respondents perceived PE would positively impact, respondents felt that PE would negatively impact quality of patient care, physician autonomy, and physician long-term salary, the three factors ranked most important. This likely explains the overall negative perception of PE on the field in addition to the small percentage of respondents who would consider working for PE-owned practices. Previous studies did not directly assess for these relationships, but there may be similar perceptions across other specialties, which may explain the global negative perceptions of PE by trainees and young physicians.

In our study, 37% of respondents reported that they had "no debt," a number higher than the expected percentage based on recent data for graduating medical students.¹⁷ However, a recent report on ophthalmology trainees

reported similar levels of debt to our sample: 33% with no debt, 32% with \$0-\$200,000 of debt, and 35% with greater than \$200,000 of debt.¹⁸ Therefore, our sample was likely well representative of the overall ophthalmology trainee. Interestingly, there was a trend toward lower willingness to consider PE among those without debt in our sample; however, this difference was not statistically significant and may have been limited by a small sample size.

Of our surveyed respondents, 37% reported that they understood the structure, function, and role of PE "moderately well" or "very well." Khan et al found that only 48% of vitreoretinal fellows were confident in the understanding of different employment models, slightly greater than the data in our study, though our study included individuals earlier in their training. Khan et al further reported that nearly 70% of vitreoretinal fellows agreed that education regarding PE and employment models should be a required component of fellowship accreditation.¹³ All of our respondents agreed that education about practice options and ownership structures is important to include in residency programs. There are already vast resources for relevant articles, including a curated list through the AAO.¹⁹ Therefore, with regard to the modality of education, expansion of small group and visitation programs in residency may be most beneficial for education of future ophthalmologists. A previous mentorship program pairing residents with community-based eye physicians was successful in achieving its aim of improving perceptions related toward medical professional organizations.²⁰

A variety of practice management and business of medicine small group courses have been implemented in nonophthalmology residency programs.^{21,22} For a mentorship and small group-based program for neurology residents, overall satisfaction was high (78%), though resident perceived preparedness for "transitioning to private practice" was relatively low (65%).²¹ In another small group lecture-based program for practice management education for surgical residents, attendance and approval were generally high, including lectures specifically for types of practices and evaluation of employment agreements, both of which would be highly relevant for PE.²² Additionally, a systemic review of business curricula in residency showed improvements in participant knowledge, with greater potential for assimilation of this information into their careers.²³ Zarrabi et al also noted that programs found success through different educational formats, concluding that strategies should be tailored to their residents' specific needs.²³ Therefore, initiatives aimed at practice structure education should be implemented into residency training based on preferences of the participants, notably with exploration of small groups and visitations.

Several important limitations to this work exist. First, our survey was limited by response bias, given the mode of dissemination. Second, our small sample size and inability to calculate a true response rate limit the generalizability of these data. Still, the findings appear congruent with those of prior studies and begin to elucidate specific concerns that future ophthalmologists have surrounding PE.

We identified several key factors for which trainees perceive PE to negatively impact, particularly physician autonomy, long-term income, and quality of care. These are the most important factors to trainees as they think about their future careers, whereas others such as starting salary and reduced administrative burden, which may be benefited by PE's involvement, are less important. With the growing number of PE acquisitions in ophthalmology, there are notable concerns by trainees for the future of the field. These concerns are difficult to address given the lack of publicly reported data for practice changes and outcomes of PE-acquired practices. Further work surrounding PE's impact is still needed and should focus on those who are most likely to be impacted by it, including patients and future ophthalmologists.

Conflicts of Interest

Dr. Shriji Patel receives grant funding from Alcon. Dr. David Portney is a co-founder of The Lens Newsletter, LLC. There are no other conflicts of interests or financial disclosures to report.

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