

From market consolidation to insurance 'nightmares': What is getting easier, and harder, about running an orthopedic practice in 2024

By Claire Wallace

Orthopedic and spine practices face a growing number of challenges in 2024, from market consolidation to workforce shortages to a growing number of insurance denials.

Seven orthopedic leaders spoke with Becker's about the new challenges they are facing this year, and the challenges that are becoming alleviated.

Question: How is your market changing? What is getting easier, and what is harder about running your business?

Andrew Lovewell, CEO of Columbia (Mo.) Orthopaedic Group: The healthcare market continues to experience consolidation, large group aggregation and mid-market mergers/acquisitions. One big trend that has dramatically stalled is the number of private equity transactions in the healthcare industry. The private equity slowdown is due to several compounding factors, the largest being the interest rates and the cost of the financial growth for these entities. Unfortunately, nothing is getting easier about running our business. The continued cost pressures and decreased reimbursements plague the private practice arena and everybody else as well. Luckily, our group is large enough that we can weather the storm to some degree. The ability to sustain growth and scale is a must in the modern era of private practice. Our goal is to continue to scale our business and create more value as we add differentiated services to increase the patient experience and access to our services.

Choll Kim, MD, PhD, Orthopedic Spine Surgeon at Excel Spine (San Diego): My practice has changed dramatically over the past few years. The ever-increasing burdens of insurance authorization and the relentless decline of payments has made it very difficult to care for our patients with spinal disorders. I have witnessed the inadvertent increase in patient volumes to maintain a steady income. Instead of seeing 20 clinic patients per day, it is common to schedule over 50 patients per day. Rather than 200 surgeries per year, the new standard is closer to 350 per year. All this has led to a decline in the time available to evaluate and care for patients. In my personal experience, this frantic pace made it very difficult to provide the type of care I envisioned for my patients. Consequently, my practice has evolved to a more concierge, out-of-network model. I now have the time to dive deep into a patient's diagnosis. I have the mental energy to understand the needs and expectations of the patient and their family. And I no longer consider insurance coverage policy to decide on the best treatment option. While there are drawbacks to this business model, it has restored my ability to care for patients in the manner I would want my own family to be treated.

Daniel Mulconrey, MD, Orthopedic Surgeon at Midwest Orthopaedic Center (Peoria, Ill.): Our market has been undergoing drastic change since the second quarter of 2023. Authorization for patient care has become increasingly more difficult. This difficulty has led to frequent denials

and dramatic increases in wait times for ancillary studies, physician appointments, and referrals to therapy, pain management, etc. This year continues to bring challenges. Perhaps what is getting easier is dealing with the current medical quagmire. The doctor's ability to adapt and navigate in the new healthcare environment is getting easier. These current difficulties include insurance authorization, providing excellence in patient care, improving access to care for patients, and office staffing issues. All these continue to be challenges in 2024. The additional time required to deal with these challenges is exhausting. This constant increase in time requirement to provide the same level of patient care is getting harder.

Harel Deutsch, MD. Co-Director of the Rush Spine Center (Chicago): The drastic increase in patients with Medicare Advantage plans has been a nightmare. Getting authorization with Medicare is simple, but Medicare Advantage plans will basically deny everything, including things such as routine CT scan to assess for fusion.

Joe O'Brien, MD. Medical Director of Minimally Invasive Orthopedic Spine Surgery at VHC Health (Arlington, Va.): The market has seen a consolidation of practices to gain economies of scale in the D.C. region. Group negotiations make work with payers and hospitals easier, and we have seen a push toward that end. D.C. has seen OrthoVirginia (140+ docs), Centers for Advanced Orthopaedics (170+ docs) and private equity as means of consolidation. It remains to be seen which method will prove most effective at preserving physician independence and compensation. In terms of ease and difficulties of running practice, I have seen that group practice brings ease of multiple layers of help for various areas. However, it tends to put partners in an adversarial role when it comes to overhead. As I have aged in practice, I have seen many older partners want help that they are not paying for. The group model tends to subsidize those that are less productive. It can get frustrating for high producers.

John Prunskis, MD. CEO and Medical Director of the Illinois Pain & Spine Institute (Elgin): Obstruction by insurance companies to allow patients to have necessary procedures is increasing. What's improving is the data and types of procedures we have to decrease or eliminate painful conditions in the spine and other areas.

Robert Bell, MD. Founder and Orthopedic Surgeon at Cypress Orthopedics (Houston, Texas). In the healthcare sector, independent medical practices and surgery centers are facing significant challenges arising from diminishing insurance reimbursements. This trend is significantly impeding their ability to maintain financial viability and operational continuity. Conversely, large healthcare conglomerates or hospital networks have positioned themselves to capitalize on these shifts, leveraging their scale and engaging in questionable collaboration with insurers. The overarching trend toward consolidation raises concerns regarding potential constraints on patient choice and diminished competition in select regions, thereby posing substantive challenges to the long-term accessibility and affordability of healthcare services.