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Midwest Orthopaedics at Rush partnering with outside clinic

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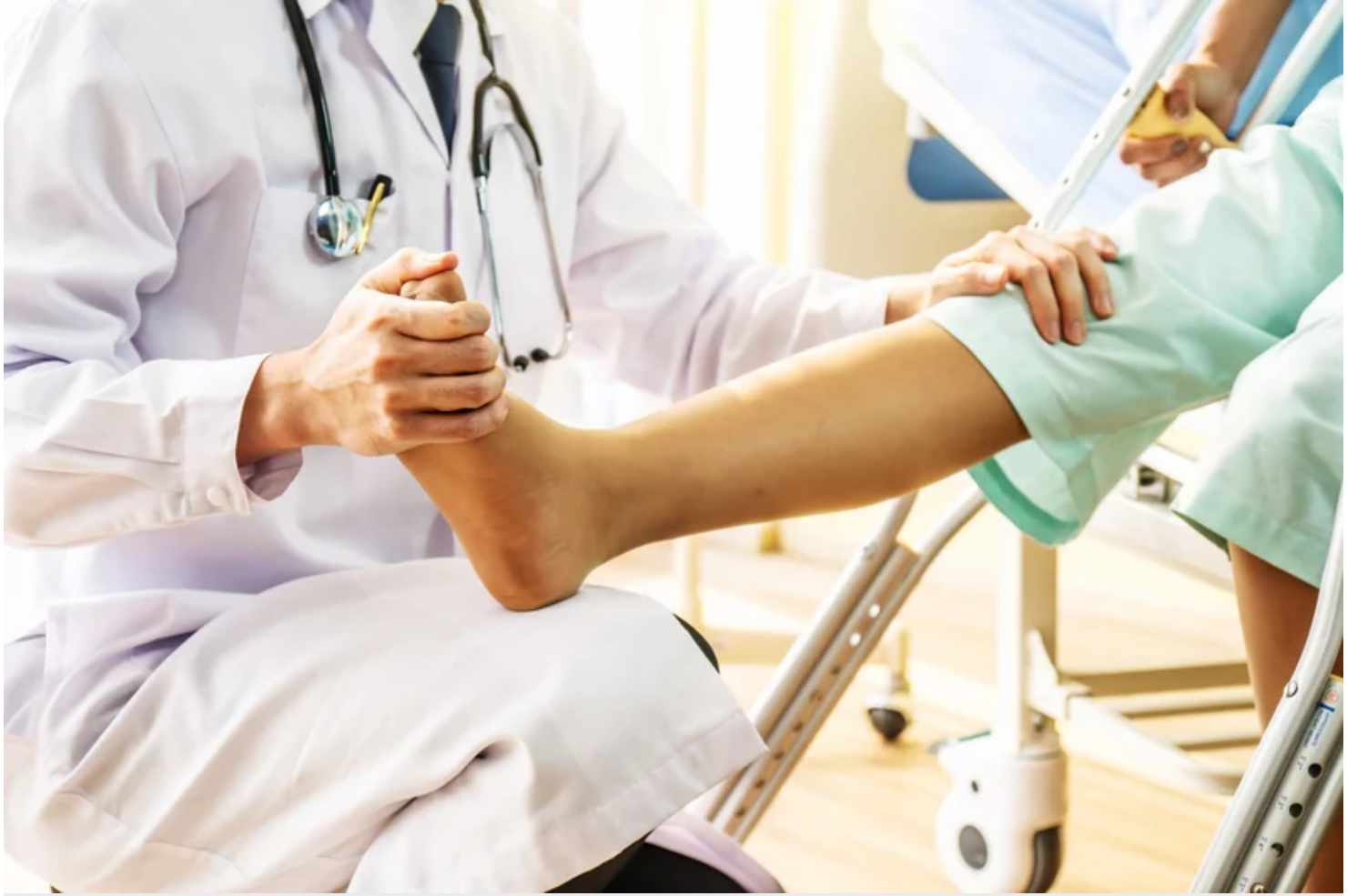

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Being a big, well-respected physicians' practice in Chicago doesn't guarantee a sustainable future as back-office investment costs rise and the health care market continues to consolidate, which is why Midwest Orthopaedics at Rush is looking to build partnerships around the region, the independent orthopedic practice's CEO says.

Midwest Orthopaedics at Rush and Rockford Orthopedic Associates, now OrthoIllinois, announced last week that they were "aggregating" as two separate business units of a single contracting entity, OrthoMidwest.

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Even while growing, including expansion into Joliet, "we were shrinking just because others are consolidating around us," said Dr. Brian Cole, Midwest Orthopaedics at Rush's managing partner.

Like physicians nationwide in the areas of dermatology, anesthesiology, neurology and other specialties, consolidation of practices is growing in orthopedics because larger networks mean better insurance contracting, the ability to delve into value-based care and more doctors to absorb the cost of infrastructure like information technology, electronic medical records and billing.

> A physicians practice requires, essentially, the same investment "whether you're big or small," Cole said. He said he envisions OrthoMidwest continuing to grow regionally for that reason.

However, when announcing that they'd join under one tax ID number, the two orthopedic specialty practices took pains to say that each practices' independence, autonomy and patient care would not be diminished or diluted.

Unlike in a merger, "aggregation is a soft landing," he said, in which the groups keep their brand and culture and share resources and size benefits.

That's particularly important for the brand of Midwest Orthopaedics at Rush, which essentially serves as the orthopedics department of Rush University Medical Center.

"Our identity with Rush is very important," Cole said. Rush was U.S. News' No. 5 orthopedic group in the country in 2022-23 because of the "symbiotic" relationship between the academic medical center and the specialty group drives a patient care model that includes research and education, Cole said. He said that Midwest Orthopaedics physicians, and patients, value the ability to include doing research and teaching at Rush University in their practices.

Dr. Paul Casey, senior vice president and chief medical officer at Rush University Medical Center, agrees.

"We see Midwest Orthopaedics as instrumental, as part of the fabric of what makes Rush, Rush," he said. The OrthoMidwest move should enhance the relationship, not diminish it, he said.

The close relationship between the independent specialty group and the health system, which Casey calls completely integrated, is different than most models for doctors' practices.

> There are basically two routes for physicians to take when looking at how they'll practice, said Michael Kroin, CEO and managing partner at Chicago-based Physician Growth Partners: either they are

independent practitioners or hospital employees.

Being a hospital employee provides a doctor with job security, infrastructure and the appropriate amount of support a doctor may need, Kroin said. "But you don't see that entrepreneurial spirit or the feeling that you are driving the direction of the organization."

"The solo practitioner model is almost not an opportunity when you come out of medical school with a half-million dollars of debt and face startup costs of compliance, IT and electronic health record systems. It's almost impossible," said Dr. Paul Merrick, chief physician executive and co-chairman of Duly Health & Care, the largest independent, multispecialty group in Illinois.

Instead, there are the growing independent specialists, like OrthoMidwest, and there are groups backed by private equity and integrated independent groups, like Downers Grove-based Duly, and there's hospital employment of physicians, he said.

The best fit for a doctor depends on what's important to that particular doctor, Merrick said. Hospital employment plugs you into a system, he said, but the difference between working for a health system and working at an independent group is "between being directed, rather than engaged," he said.

For example, Merrick pointed to **physician survey research** from Bain that says physician satisfaction at physician-led organizations is consistently higher than management-led organizations.

For Rush, hospital-employed doctors are common but still based on "what's the highest-quality patient care you can provide," Casey said. Hospitals are uniquely fit to provide back-end services like revenue cycle management, IT and marketing, he said.

However, there is a debate over autonomy when it comes to hospital employment. Many physicians say that hospital employment provides stability and set processed at the cost of independence and ability to make one's own decisions about patient care and practice rules.

Casey argues that Rush has been a physician-led organization that is known for respecting autonomy and that doctors value the health system's focus on the underserved and improving the health outcomes of the community.

"What's a more concerning trend is the moves by private equity that aren't aligned with quality patient care, but are focused on profit," Casey said.

Private-equity spending on physician practices is growing and, like Casey, many fear the PE model will raise costs overall. A study of dermatology, ophthalmology and gastroenterology practices in JAMA Health Forum last September found that private-equity acquisitions resulted in increased health care costs and utilization.

For orthopedic specialists, nationwide, the influence of private equity is growing, and raising alarms, **Kaiser Health News reports.**

Kroin, whose firm represents independent physician groups in transactions with private equity, pushes back on that notion.

He says that doctors are facing financial pressure on every side, including from both large insurers and large health systems, and that private equity is one way to get the capital to grow, survive and be able to compete.

"What is wrong with tapping private equity? If you can structure the deal right, there's nothing in any contract that says you have to see more patients," he said. Like other models, Kroin said, private equity makes its money by providing the capital and infrastructure to help physicians practices and revenue grow.

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