Historically, the self-sufficiency of orthopedic surgeons has stretched beyond the limits of their profession and is a way of life. Autonomy in the choice of specialization, methodology, and practice setting has greatly influenced health care supply in the United States. However, at some point the interaction between businesspeople and health care providers transformed the focus of physicians to include more than just patient care.

Orthopedic surgeons have predominately thrived independently in freestanding groups and solo practices. In 2008, according to the American Academy of Orthopedic Surgeons, 23,956 orthopedic surgeons were practicing in the United States. Of those, 63% (or >15,000 orthopedic surgeons) were practicing in private orthopedic groups or solo practices.

As early as 2007, the American Medical Association showed that approximately 19% of all salary-based physicians and surgeons were employed by hospitals and medical centers. Compare that with the 8% (1916) of orthopedic surgeons employed by hospitals and medical centers, and it becomes apparent that orthopedics is rather divergent from the physician employment trend toward primary care and cardiovascular services.

The gap between costs and reimbursements is increasing; thus, the smaller and less diverse practices are in real danger. Although orthopedic surgeons are steadfast and resistant to jumping onboard the wave of mass hospital employment, looming health care reform and a national push for accountable care will fashion greater barriers for independent physicians. Employment, as a result, has become a rather alluring perspective.

Regulatory bodies in health care have advanced payment reform throughout the past half-century and are consequently restructuring the face of physician practice management, especially over the past 24 months. Bundled payments and cost-savings models are consistently being flaunted as the do-or-die mentality for future practitioners. Economically, the risks involved with owning and managing small group practices have begun to outweigh the value of providing care autonomously.

The health care climate has become unsteady and is primed for remarkable transition as the physician employment trend appears to be gaining momentum, specifically into orthopedics.

MERGERS IN HEALTH CARE

Generationally, orthopedic surgeons do not wish to be employed by hospitals; they have genuinely felt more comfortable in freestanding settings with the collective vested interest of their peers. Enjoying complete control of their practices, opponents of the employment model further claim that patient care deteriorates as the hospital employment model continues to thrive.

CHOICES FOR ORTHOPEDIC SURGEONS

Currently, mergers appear to be on the uptick, specifically those that incorporate established orthopedic practices with one another or promote integration into existing hospital systems. The immediate benefits of these mergers enhance multi-specialty offerings and disperse risk to multiple stakeholders, solidifying referral patterns and market dominance.

Although orthopedic surgeons remain cautious about the concept of sharing control and losing partial independence, merger
Mania has begun. Broad state-by-state acquisitions are beginning to occur all over the country, including these recent noteworthy additions:

- OrthoTexas was formed in June 2011 and combined 4 physician practices across northern Texas. It now includes 25 physicians at 7 locations.
- OrthoCarolina, which just added NorthEast Orthopedics in April 2011, increased its group size to 94 physicians in 20 offices throughout the Carolinas. OrthoCarolina has undergone 3 mergers in the past year alone.
- Sanford Health and Orthopaedic Associates of Fargo merged in October 2010 to build one of the largest orthopedic and sports medicine practices in the region. Sanford’s new Orthopaedics and Sports Medicine practice comprises >30 physicians in specialties from family medicine to orthopedic and hand surgery.
- Village Podiatry Centers of Atlanta merged with Leg Healthcare Specialists in late 2010 to form a state-based team that includes 32 surgeons at 26 offices and owns 3 ambulatory surgery centers in Georgia.
- Carilion Clinic acquired Roanoke Orthopedic Center in 2009, increasing its size to 24 orthopedists and leaving only 4 orthopedic physicians in the Roanoke Valley unaffiliated with a hospital. Although several key decisions influence whether mergers are a viable solution for most practices, 5 arguments will generate the majority of consideration going forward:
  - Patient care can be more easily addressed in larger group practices because the ownership and management functions are allocated across partnerships. By lessening individual responsibility, surgeons are better able to focus their time on patient interaction and less on administrative duties.
  - Economically, mergers directly affect market power and potential. Negotiations are far better leveraged with payers and health insurance plans for the surgeons in a large-scale orthopedic group or an integrated health care system.
  - In terms of stability, larger group practices are better able to combat stagnant physician reimbursement rates. The expansion of service lines should be major components of any merger; the ability to offset costs with profitable services is a survival tactic for any orthopedic group.
  - Uncertain health care reform continues to ascribe more patient responsibility to physicians, which creates an additional need for risk-sharing agreements. Small group practices and independent physicians will struggle with overhead costs and equipment fees compared with their larger counterparts.
  - Orthopedic groups that span greater geographic areas and incorporate multiple practices are better able to establish a name in competitive markets. As orthopedics becomes increasingly saturated, substantial visibility and a strong marketing presence are absolute necessities.

The application of mergers in health care has taken root over the past few years. Although the concept is not new, the recent effectiveness of mergers and acquisitions is generating even more regulatory interest in terms of market power and stifled competition. Proponents of mergers argue that competition in health care leads to redundant effort and overuse of services, whereas larger systems can provide care more accountably and with greater outcomes. Expect to be hearing a lot more about this transitional state in physician practice management in the future.

**REFERENCES**