

Submitter: Leah Davis
On Behalf Of:
Committee: Senate Committee On Health Care
Measure: HB4130

I am a radiologist in Michigan and I am writing in SUPPORT of HB 4130.

The field of radiology is increasingly being affected by private equity involvement. I have no problem with corporations, even PE, assisting with administrative tasks, but the current MSO/PMC arrangement with a "friendly physician" utilized by many PE groups results in physicians being stripped of ownership and control over their medical practice and medical decision making. Often, the arrangement during acquisition involves a cash payment + stock equity in the PE at the time of purchase, but there are time restriction on the sale of that equity and, because PE enters the medical market with the aim of short but maximal profits, by the time the equity is available for sale by the physicians, it has often not maintained its worth. In other cases, PE groups in radiology have promised "partnership" in a nontraditional play on language - implying that radiologists are eligible for partner/owner status, when in reality the contractual definition is "partner in name only," without any real ownership. In radiology, this results in a push for increased productivity and more imaging, squeezing their radiologists with productivity metrics. But more is not always better, particularly when referring to ionizing radiation like xrays and CT scans, and unnecessary exposure to radiation is a major public health concern and medical imaging now represents the largest source of individual radiation exposure in the US. Radiologists must remain in full control of their practices to ensure appropriate, safe imaging.

PE acquisitions in radiology often involve small groups and therefore fall under the reporting threshold under the Hart-Scott-Rodino Act -- they mostly go unnoticed and unregulated. In some areas, the voracious acquisition of radiology groups by PE is anticompetitive. A recent AAI publication revealed that metropolitan service areas (MSAs) in which a single private equity firm possessed more than 30% or 50% market share in radiology in twelve MSAs in nine states and further documented three year post- PE price increase (in percentage terms) for radiology ranging from 2% to 108%!!!

The aggressive business practices of PE, without regulation and oversight, are increasing costs and decreasing quality of care for patients, while increasing moral injury and burnout for physicians. Thank you for taking on this incredibly important issue.