The Business of Gastroenterology

Quarterly Newsletter | Q1 2020

Implications for Pharma

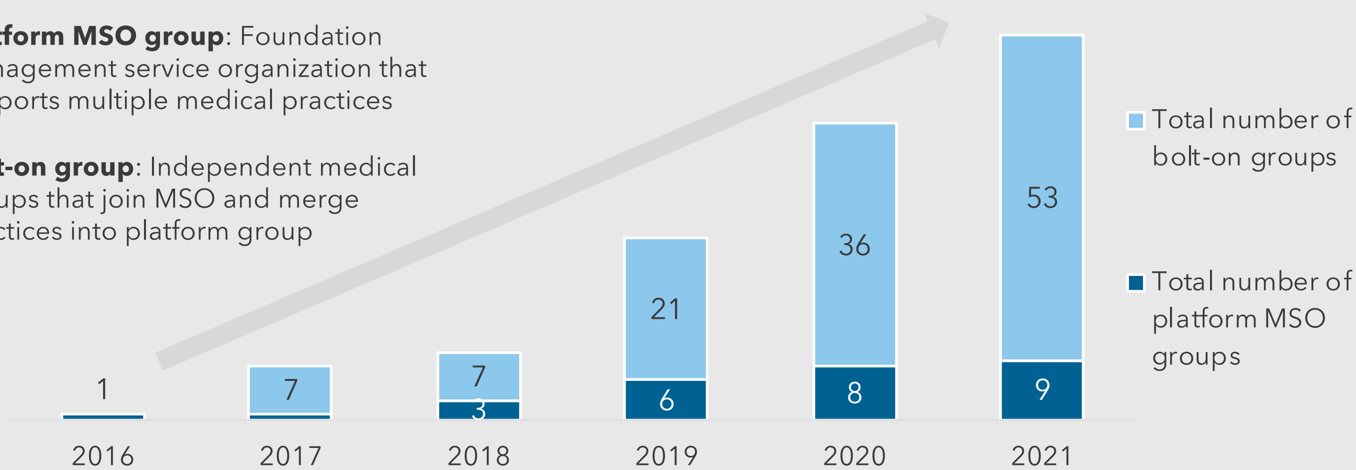
Since 2016, there have been over **62 gastroenterology group practice transaction**s (consolidations) fueled by private equity investments – at an estimated value of over **$1.3 billion**.

As 2021 begins, over **1,100 gastroenterologists** are now part of private-equity funded MSO practices with centralized administrative services including: revenue cycle management, finance & accounting, IT, marketing, HR, ancillary service line management (including infusion services) and purchasing.

Total Number of Platform MSO and Bolt-On Groups in Gastroenterology Over Time

Platform MSO group: Foundation management service organization that supports multiple medical practices

Bolt-on group: Independent medical groups that join MSO and merge practices into platform group



Platform MSO groups: Gastro Health, gastro care partners, GI Alliance, OneGI, practicesolutions, u.s. digestive health, United Digestive, Allied Digestive Health, Pinnacle GI Partners

- Consolidation in private practice gastroenterology is happening at a feverish pace
- Understand what this recent market phenomenon means, how its structured, and what are the implications for pharma stakeholders in the future
- Gain an appreciation for how Private Equity funds these transactions and supports them with new executive leadership and centralized administrative functions including purchasing & specialty pharmacy

SPECIAL TOPIX

The quarterly newsletter is included in Spherix's ***Special Topix™: The Business of Gastroenterology (US)*** service (in partnership with Fraser Healthcare). For pricing and more information, please contact: **info@spherixglobalinsights.com** or call **+1 (484) 879-4284**

Q1 Transactions

January

- Digestive Health Associates joins GI Alliance
- Michigan Institute of Gastroenterology and Capitol Colorectal join Pinnacle GI Partners
- Assured Healthcare Partners invests in Allied Digestive for new MSO

February

- Bennett GI joins GastroHealth
- Pottstown Ambulatory Ctr, Brandywine Valley Endoscopy, Hillmont Gastroenterology and Center for GI Health all join US Digestive
- Dayton GI joins One GI [link?]

March

- Digestive Health Specialists joins One GI
- Austin Gastro joins GI Alliance

To be continued . . .

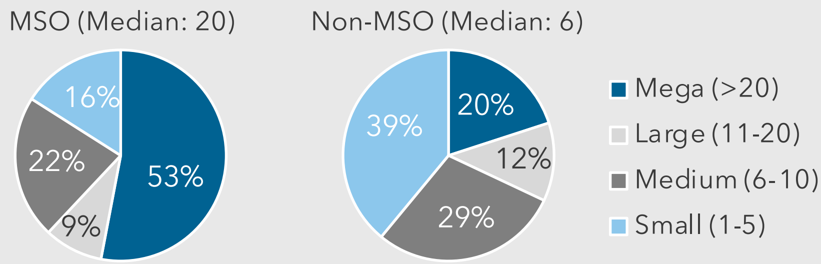
In the past three months, **over 300 GIs** have joined private equity sponsored MSOs.

Q. How will this emerging trend change your company's commercial strategy?

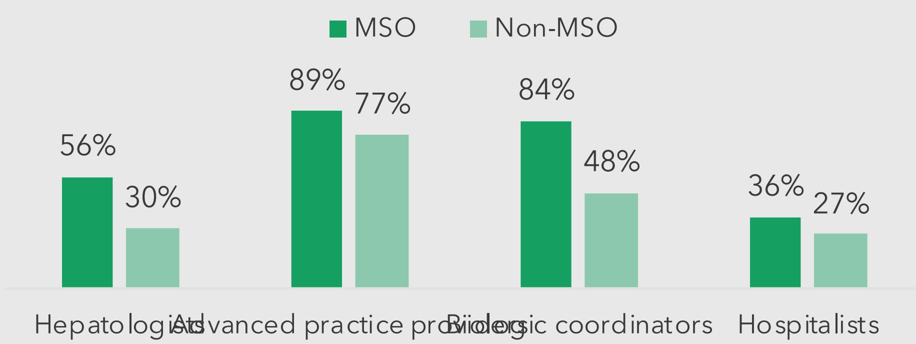
The Business of Gastroenterology MSO report provides subscribers knowledge to how these newly formed MSOs operate and are managed. In-depth qualitative and quantitative market research and insights help your organization craft viable commercial MSO strategies to capitalize on this new market opportunity versus respond to it after losing market share.

From the Report

Practice Size: Number of Gastroenterologists



Percent of Gastroenterologists Indicating Other Healthcare Providers in Their Practice



"We look at two main things [when acquiring practices]: size and dominance in the local area and ability to scale and optimize ancillary services. The size allows us, or will in the future allow us, to negotiate better contracts with the payers. Centralizing a lot of the operations leads to efficiencies that improve practice margins.

*I mean, there is a group out there that is against the co-mingling of medicine and business, but when you think about it, it is a much better model: you let the clinicians do what they do best – deliver excellent patient care – while the heavy lift on the admin and operations side is handled by systems and business managers. Medicine and business is the new reality." – **MSO Executive.***

SPECIAL TOPIX

Service Overview

Special Topix™: The Business of Gastroenterology (US) is an independent service that will help pharma stakeholders understand the implications of this evolving landscape, as it will affect strategic decisions around field force deployment, contracting, specialty pharmacy engagement, clinical trial scale, and support services that will be expected from pharmaceutical partners.

FRASER HEALTHCARE

Fraser Healthcare, a growth strategy consultancy specializing in private equity funded MSO transactions, and **Spherix Global Insights** are partnering to provide an actionable overview for pharma stakeholders in the evolving market to be able to react and plan for future expansion of this model.

Research Methodology

Qualitative interviews

n=15 executives at MSOs, physicians who recently joined, influencers, specialty pharmacy representatives

Quantitative survey

Survey to practicing gastroenterologists (n=121) including:
n=45 affiliated with an MSO
n=56 not affiliated with an MSO
n=20 academic gastroenterologists

Secondary market analysis

Provided by Fraser Healthcare

Implications for Pharma

+/- What are the perceived advantages and disadvantages to the MSO structure from the perspective of physician groups?

What is the process for practice induction to an MSO and what changes occur in structure (infusion service lines), protocols, contracting, and administrative management in these transactions?

$ What near, mid, and long-term strategic initiatives are these MSOs pursuing and how can pharma best align with these?

Included In Your Subscription:

- Report and custom readout – fieldwork conducted Q4 2020
- Quarterly newsletter updates on latest acquisitions and emerging trends throughout 2021
- Tailored, commercially-relevant insights

For pricing and more information, please contact: **info@spherixglobalinsights.com** or call **+1 (484) 879-4284**

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