

## Medical Practice Trends Podcast 57

### Insurance Company Acquisition of ASC Chain, with Guest: Matthew Rosenberg, CEO Opake

**Dr. Polack:** This is Peter J. Polack, MD, with another Medical Practice Trends podcast. Our guest today is Matthew Rosenberg, CEO of Opake. Opake powers ambulatory surgical center operations via its proprietary cloud-based platform, leveraging web and mobile products. The company supports ASCs to increase revenue and reduce risk at a lower cost.

Matthew founded the company in 2014. He previously worked in management consulting at McKinsey, subsequent to graduating from Yale Medical School. He holds a Bachelor's in Economics from Harvard College.

Welcome, Matthew.

**Matthew:** Thank you for having me.

**Dr. Polack:** Okay, so our topic today is going to be UnitedHealthcare's acquisition of SCA. Can you tell everyone about SCA for those who aren't familiar with that company?

**Matthew:** Sure. SCA stands for Surgical Care Affiliates. It's one of the largest surgical center chains in the country. It has approximately 200 centers, and it was recently by UnitedHealth's subsidiary Optum, actually.

**Dr. Polack:** UnitedHealth is a health insurance company, right? Is this new territory – a company like that getting into the ambulatory surgery center space?

**Matthew:** That's right. This was really somewhat of an earthquake for the industry. The idea that an insurer would make an acquisition of a provider of this size and a provider in this space was really something quite revelatory. They did through their subsidiary OptumHealth, and it actually achieves a number of objectives.

First and foremost, ACSs are viewed as very cost-efficient facilities for performing surgeries, so it's quite clear that this puts United's partners in a position to recognize that they can be providers, that they can be dis-intermediated, particularly the hospitals. That is obviously quite a sea change.

From the SCA perspective, as well as from United's, which has Optum, it creates a true continuity of care because naturally, they have many physician practices and now they have the complementary outpatient surgeries. So, it really does create this one very powerful model.

It does, however, raise some interesting questions for the physician-owners of these surgery centers because SCA's surgical care affiliates are often co-owners with surgeons of these outpatient centers. So, it does raise questions for them, and it also will present some interesting challenges to other insurers who might be in-network or contracted with those surgery centers of SCA.

**Dr. Polack:** We know practices that have been dropped by UnitedHealthcare; so now they have partial ownership in an ASC that's now owned by UnitedHealthcare. How are those things going to be resolved?

**Matthew:** I think that this is one of the more interesting phenomena that has occurred recently, which is physician-owners of surgery centers have become more focused on seeking out significant partnerships. That's actually been one of SCA's mechanisms to grow – and other surgical center chains. One of the powerful motivators was for physician-owners to be in-network because obviously, to be out-of-network is a completely different model of care and business model.

So, there's a question as to what will happen to those physician-owners now that one would assume they have to contract with United. Also, for non-United insurers, how will they engage? Because, after all, if those centers are in-network for them, they're effectively going to be shifting business towards their competitor, United. So, it raises these interesting questions.

I think, on the whole, it's probably the loudest clarion call for the hospitals, because after all, they're now put in a position of realizing that their insurers have a way to bypass them for the outpatient surgical space, which is not only growing and has a greater share of surgeries than inpatient but is also viewed as far more cost-efficient, as I mentioned, so it's a place that insurers naturally would like to see patients cared for.

**Dr. Polack:** How would you advise any ASC client owners, particularly physicians and medical practices? What are some of the things that they need to be aware of? Do they have any leverage here at all, or is this not really something that they have a say in?

**Matthew:** That's a really interesting question. I've talked with surgical center owners about this, particularly chains. What I've heard is that it does present challenges for the physician-owners to think about the idea of actually ultimately being owned by an insurance company. However, the downside of being out-of-network is quite severe for many surgeon-owners.

I think that the first question for a physician-owner of a surgery center to answer is does he or she want to be in-network or out-of-network? If an owner is going to be out-of-network, this conversation becomes fairly irrelevant. The world is definitely going away from that, with the exception of more elective-oriented fields. However, there are many surgeons who still are out-of-network.

The second question is what is the nature of the specialty? For those care models that require a real spectrum, you could imagine that it's going to be far more difficult to contract without having a really good partner for episodes of care, for bundled payments, for value-based payments. In a situation like that, it might be wise to find a larger entity that could contract on behalf of the surgery center or actually is part of the insurer.

I think the last question that I would consider if I were a surgeon-owner is what is payer mix of the facility? Because you have to assume if a particular insurer becomes a dominant owner, that some of the other insurers would be less represented going forward.

I think that those are the three questions to consider. One is does one want to be in-network or out-of-network? Second, is one in a field that requires not point-of-care but a continuum of care in the value-based world? The third is what is the insurance mix? Because, ultimately, you have to make a decision as to whether or not you're going to go forward with the surgical center chain ownership model or a hospital ownership model or potentially now an insurance-ownership model, and if that's the case, that might impact other parts of the patient population that the centers currently serve.

On the whole, I think that this presents a real opportunity for physicians, but you have to tread carefully.

**Dr. Polack:** Great. Matthew, if someone wanted to get more information from you or about your company, Opaque, how could they contact you?

**Matthew:** They can always visit the website, [www.Opaque.com](http://www.Opaque.com). They can submit a request directly and I'll get it. Or they can just e-mail me at [Matthew@Opaque.com](mailto:Matthew@Opaque.com) and I will get back to them as soon as possible.

**Dr. Polack:** Thanks very much.

**Matthew:** Thank you.