Gastroenterology MSOs continued to experience growth in 2021. While the number of MSO platform groups held steady at nine, the number of bolt-on groups grew by 28% to 68. Spherix and Fraser estimate that a minimum of 250 US gastroenterologists converted to an MSO format in 2021.

Perhaps even more impressive is the statistic that 11 more bolt-on transactions have occurred on or after December 31, 2021. This surge in transactions is supported by other metrics that Spherix uses to assess the MSO gastroenterology market. Specifically, one-third of gastroenterologists in a Q3 2021 survey indicated they were considering joining an MSO, compared to only one-in-five respondents less than a year earlier.
### 2021 Transactions

MSO transaction rates varied across the nine platform groups in 2021. Gastro Health was the most notable MSO in terms of transactions:

- Executed at least 10 gastro practice acquisitions throughout 2021
- Broadened geographic reach considerably, increasing presence in Virginia and Ohio during the course of the year
- First MSO platform to experience its first “turn” where the organization was sold by the initial private equity (PE) investor, Audax, to a separate PE investor, OMERS.

GI Alliance continued to be the largest gastroenterology MSO platform as well as the most geographically-dispersed. 2021 included acquisitions in Texas, Colorado, Utah, Illinois, Florida, and Arizona.

United Digestive concluded 2021 with four transactions in Florida and Georgia, potentially setting up a battle with Gastro Health as their geographic targets overlap.

- **Michigan Institute of Gastroenterology and Capitol Colorectal - MI (Jan 2021)**
- **Allied Digestive Health - OH (Feb 2021)**
- **Assured Healthcare Partners - NJ (Jan 2021)**
- **OneGI - Dayton GI - OH (Feb 2021)**
- **Digestive Health Specialists - MS (Mar 2021)**
- **Gastroenterology Health Partners - KY/IN (Apr 2021)**
- **Gastroenterology Associates of Wyoming - WY (Apr 2021)**
- **Gastrointestinal and Liver Specialists of Tidewater - VA (Apr 2021)**

---

**GI Alliance**

- Digestive Health Associates - TX (Jan 2021)
- Austin Gastro - TX (March 2021)
- Colorado Gastroenterology - CO (June 2021)
- Utah Gastroenterology - UT (July 2021)
- South Suburban Gastroenterology - IL (July 2021)
- Gastroenterology Associates of Florida - FL (Oct 2021)
- East Valley Gastroenterology and Hepatology Associates - AZ (Dec 2021)

**Gastro Health**

- Bennett GI - FL (Feb 2021)
- Digestive Disease Associates - MD (Mar 2021)
- Gastroenterology & Hepatology Associates - VA (June 2021)
- Hong Gastroenterology - VA (June 2021)
- Ohio GI - OH (July 2021)
- The Gastroenterology Group - VA (Aug 2021)
- Gastro Center of Florida - FL (Sept 2021)
- Mid Florida Gastroenterology Consultants P.C - FL (Sept 2021)
- Digestive Care Center - FL (Nov 2021)

**United Digestive**

- East Atlanta Gastroenterology Associates - GA (May 2021)
- Associates in Digestive Health - FL (Oct 2021)
- DeKalb Gastroenterology Associates - GA (Nov 2021)
- Digestive Care Physicians - GA (Dec 2021)
- Gastroenterology Associates of Southwest Florida - FL (Dec 2021)

**Digestive Health**

- Pottstown Ambulatory Ctr, Brandywine Valley Endoscopy, Hillmont Gastroenterology Center for GI Health - all PA (Feb 2021)
- Gastrointestinal Specialists - PA (Dec 2021)
An important aspect of the business of gastroenterology is “buy and bill” – when a healthcare provider/practice purchases, stores, and administers a therapy to a patient and then submits a claim for reimbursement for that therapy to a third-party payer. It is called this because the medical claim is submitted (billed) after the provider purchases (buys) and administers the drug.

Buy and Bill Gastros (n=59)
- 2% don't offer any ancillary services
- 31% select Janssen as most supportive of their practice
- 93% offer infusion
- 36% say Inflectra UC use increased in past 3 months
- 35% select AbbVie as most supportive of their practice
- 37% say Humira UC use decreased in past 3 months

Non-Buy and Bill Gastros (n=25)
- 16% don’t offer any ancillary services
- 12% select Janssen as most supportive of their practice
- 32% offer infusion
- 12% say Inflectra UC use increased in past 3 months
- 60% select AbbVie as most supportive of their practice
- 24% say Humira UC use decreased in past 3 months

Buy and bill gastroenterologists are more likely to offer ancillary services, especially infusion. As a result, buy and bill gastros are more appreciative of Janssen practice support and less so for AbbVie practice support. Buy and bill gastros’ focus on infusion also makes them more likely to say their Humira UC use (self-injection) has decreased and their Inflectra (infusion) use has increased over the past three months.

*Data from RealTime Dynamix™: Ulcerative Colitis (US) Q4 2021. Trends confirmed in Q2 & Q3 data.
Another form of consolidation impacting gastroenterology practices right now is the emergence of mega-gastroenterology groups. For the purpose of the analysis below,* mega groups are defined as any gastroenterology practice with 15 or more gastroenterologists affiliated with the practice. Mega group gastros can overlap as members of an MSO or health system, but some are still independent.

Three patterns were noticed among Mega Group gastros. First, Mega Group gastros are more likely to perform procedures like colonoscopy, endoscopy and sigmoidoscopy than non-Mega Group gastros. Second, Mega Group gastros have less promotional interaction with pharma, especially sales representatives, than non-Mega Group gastros. Finally, Mega Group gastros are more likely to prescribe biosimilars, especially Inflectra, than non-Mega Group gastros.

*Data from RealTime Dynamix™: Ulcerative Colitis (US) Q4 2021. Trends confirmed in Q3 data.
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:

- Tracking with 2021 report results
- Report and custom readout
- Quarterly newsletter updates on latest acquisitions and emerging trends throughout 2022
- Tailored, commercially-relevant insights

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.