

**Response to letter to the editor
from Bennett and further thoughts
on the corporatization of
dermatology and private
equity-backed dermatology
groups**



To the Editor: We read with interest Bennett's letter suggesting that private equity-backed groups (PEGs) have entered the dermatology space to counteract expansion of university and nonuniversity medical groups.¹ We agree that many university medical groups (UMGs) have expanded with university-owned community-based satellite clinics (UCSCs), which take advantage of the UMGs' reputation and insurance contracts. In our experience, physicians who practice in distant UCSCs have fewer opportunities for professional development, teaching, and research relative to those of their colleagues at the main institutional campus. Furthermore, some UCSCs, similar to PEGs, may skirt corporate practice of medicine laws and other laws.²

Recently, an outpatient UCSC owned by a UMG in Massachusetts came under fire for charging facility fees, including an \$800 bill to treat warts. The UMG paid \$175,000 to settle multiple allegations of violating Massachusetts' consumer protection law. A statement from the UMG denied any wrongdoing and pledged to improve fee disclosures to patients, but no change in policy with respect to facility fees was made.³ The steep nonprofessional fees charged at some UMGs are likely the brainchild of hospital executives. Like physicians at PEGs, dermatologists employed at UMGs have little to no input on the business decisions made by these administrators.

Nevertheless, UMGs are generally a positive force, and some have maintained a symbiotic relationship with their local dermatologic community. UMGs promote specialization in complex medical dermatology, spearhead research, serve as a safety net for indigent patients, and train the next generation of dermatologists. Health care dollars from highly profitable departments may fund residency positions and subsidize less profitable departments within a UMG's economic ecosystem, allowing the collective UMG to support the needs of the community. UMGs are the lifeblood and backbone of dermatology.

In contrast, PEGs have a primary fiduciary duty to investors, and as noted by Bennett, to paraphrase the honorable justice C.J. Goodell, no imagination is required to consider the many ways in which this can interfere with the doctor-patient relationship.⁴ Goodell analogized this relationship to that between lawyer and client; it is a relationship that requires autonomy and professionalism and is governed by a

specific code of ethics (management of lawyers by nonlawyers is illegal).⁵ Bennett appears to make an inherently contradictory statement that physicians can maintain autonomy even after selling their practices to PEGs, but at the same time he also acknowledges Goodell's assertion that a doctor working for a corporation lacks true autonomy and the ability to form an unadulterated relationship with patients.

We are all colleagues regardless of our chosen practice model. We should all decry the private practice outliers who are overbilling patients and other payers, the chief executive officers of PEGs who are applying lower business-like ethical standards to medicine by consolidating these outliers and amplifying their abuses, and the UMGs that are billing inappropriate facility fees and thereby increasing health care costs and their university's margins. We encourage everyone to study the facts and preserve the independent decision making that our patients expect from us. Only through unity and transparency can we resist these external forces, maintain our autonomy, and preserve the integrity of our profession.

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