

# Private Equity and Practice Transitions

## A Confluence of Factors Drive Practice Transitions in Eyecare



Photo Credit: Getty Images / Viktoria Kurpas

BY MARK TOSH / SENIOR EDITOR

The past two years have been a cycle of ups and downs for many business owners and company leaders, and this is particularly true for the eyecare sector. In an environment of tremendous change taking place in both health care and retail, practice owners have had to cope with seemingly unending challenges on a daily basis.

Along with COVID-19 challenges and its impact on operations, there have been staffing challenges, supply chain disruption and the rise of new competitors, all compounded by the current series of economic and geopolitical issues. As a result, ODs and MDs are exploring new models of practice, ownership structures, management services organizations and practice transitions.

Yet, at the same time, the resiliency of the health care sector is attracting record levels of capital investment. "The pandemic has shaken virtually every industry, none more than health care," as the consulting firm Bain & Company noted in a recent report. The firm estimates that \$151 billion of private equity capital surged into health care globally in 2021, more than double the prior year, and the number of deals soared 36 percent to 515.

"During 2020, the coronavirus injected a huge level of uncertainty and disruption into health care markets," the report noted. "Plenty of buyouts still closed, though, and many wondered if the torrid pace could continue. It certainly did in 2021."

Bain also noted that internal rates of return for health care deals "have outperformed the broader private equity market by a median 6 percentage points over the past decade." These high rates of return, along with the industry's recession resilience and demographic tailwinds, are enticing new sources of capital and intensifying competition for deals.

This is definitely true in eyecare and optical retailing, where the early investors in the sector are now being joined by new investors who see opportunity in bringing consolidation to both optometry and ophthalmology and in offering options to independents looking to set up practice transitions.

"During the pandemic, there's been a convergence of several secular and short-term trends that have fueled steady growth in health care PE," a March report from advisory firm Chartis Group noted. "The tremendous amount of dry powder awaiting deployment and the cheap and accessible financing have played a key part in driving deal volume and rising valuation multiples across most sectors of health care services."

### **EyeCare Partners' Busy First Quarter**

David Clark, chief executive officer of EyeCare Partners (ECP), a St. Louis-based organization of integrated optometry and ophthalmology clinics with almost 700 locations, said ECP completed 20 partnership transactions (with about 110 locations) in 2021, and expects to be active again in 2022. "Our first quarter this year is actually more active than it was last year," Clark told *Vision Monday* in a recent interview. "We have a number of things in the pipeline right now."

At the same time, Clark said ECP is working behind the scenes to build the infrastructure to support this growth. "We really believe that this is one of the big differentiators for EyeCare Partners," he explained. "We're building something that is a clinically integrated approach to eyecare. And, in order to do that effectively, you have to have a really strong integration team and you have to have a purpose around which everyone aligns."

Another element that is prompting smaller, independent eyecare practices to seek the support of larger organizations is the staffing challenges due in part to COVID-19 the way it impacted employment trends. Staffing and training challenges are "a big

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strain on independent optometrists," Total Vision chief executive Neil Collier said. "They don't have the resources to be able to handle these challenges," he said. "I've spoken to many doctors who say, 'I just want to see patients, and I need someone to handle the administrative side of the business.'"

Total Vision operates in four California markets with almost 50 locations, and expects to expand further in the state in 2022. Collier added, "The challenge for us is finding more talent to meet the demands of our growth during this time of the 'Great Resignation' or 'Great Reshuffle.'"

Chris Harris, a managing partner at FFL Partners, told *Vision Monday* that private equity groups remain actively involved in discussions with health care firms, including optical retailers, about investment partnerships. "I wouldn't describe it as [busier] than pre-pandemic, but I don't think it has slowed down at all," he said. (FFL invested in Canada's New Look Vision in 2021, alongside global investment group Caisse de dépôt et Placement du Québec and the Dr. H. Doug Barnes family, in a deal that took the Canadian retailer private, and also has invested in U.S. retailer Eyemart Express.)

Harris said he believes the first half of 2021 was very strong for the optical business overall, while 2022 seems to be "a little slower out of the gate." He added, "People seem to be a little more cautious about how the year [2022] is going relative to last year. That's one of the things that I am watching very carefully."

### No Slowing Down in 2022

Anne Kavanagh, founding partner of advisory firm Kavanagh Consulting, agreed that deal-making and other practice transition efforts will be strong this year. "I think it's going to accelerate in 2022, and that's what we are seeing already with our clients. And there are a couple reasons for this." Among the factors, she said, are that private equity groups continue to look favorably on eyecare, and they are now being joined by other existing industry

partners who are competing with the PE firms in dealmaking.

"I think the other major catalyst for consolidation is COVID," she told VM. "People are tired of the HR, PPP and PPE issues. They are just worn out."

Richard Edlow, OD, recently retired from clinical practice, who is known as the "Eyeconomist," said the data he tracks indicates that investment groups are holding between \$1.5 trillion and \$2 trillion that they have available to invest, the so-called "dry powder" of private investing. "There's still a lot of cash chasing a lot of deals," he said. One possible way this could factor into investment activity is that it prompts existing eyecare groups (or management services organizations) to "shop themselves around," as current investors look for their exit strategy.

He added, "There are some entities that ..... are starting to shop around for that second deal [with a second investor], so we might be looking at a merger of two big entities, or something like this, this year. I think we're probably going to see a couple of those big deals."

According to Edlow, what makes the eyecare sector so attractive to investors is that it appears to be "recession resistant," and even in a down economy can achieve top-line growth. "We might have a dip in the economy, but eyecare is going to still chug along at a better growth rate than the rest of the economy." He also noted that forecasts indicate the demand for age-related eyecare will grow about 30 percent between 2020 and 2030.

"And the labor supply of optometrists and ophthalmologists versus the increase in demand is way out of sorts. It's going to be really challenging for ophthalmology to provide the care; they won't be able to keep up, and optometry is going to have to fill that void. And optometrists are beginning to fill this void already," he added.

### New Investors and Rising Valuations

Hunter Puckett, who has been involved in eyecare-related transactions for more than a decade, is a

managing director of advisory firm HPC Puckett, said, "We closed a ton of transactions at the end of last year," he said, noting that the possibility of a change in tax laws—which didn't happen—may have prompted the surge. "So we haven't had as many closings yet this year, but we have a stock pile [of prospective transactions]. But it should be a very big year. Every year seems to be a little bigger than the year before," he added, noting that it's likely there will be several large transactions closing this spring.

Another notable development in 2021, Puckett said, was the increase in the number of investment groups now looking for deal opportunities in eyecare. "Last year, I think we had 10 different buyers that we closed deals with in optometry. That's not normal. That's a lot of different buyers," he said. He also noted that driving the high level of market activity are many of the usual factors, including increasing valuations of eyecare practices and the number of practice owners nearing retirement age,

"Not to oversimplify it, but valuations are very high, so that's going to be the number one driver [of transactions]," he said. Sellers typically fall into two groups: owners looking to sell because of the combination of high valuations and their age in the 55- to 70-year-old bracket.

A second group of sellers, he said, are those owners who see an opportunity in trading the value of their business for a partnership and a stake in a larger entity that has the potential to be even more valuable in the future. The questions owners are asking, he noted, is whether they can grow their practice asset on their own as quickly and efficiently as they can with a larger investment partner.

In this special feature, VM takes a closer look at what's happening among the investor and management groups who are advancing new practice and buyout options across eyecare and optical retail. ■

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# Practice Transitions Groups See Growth Continuing in 2022

MARK TOSH / SENIOR EDITOR

**D**espite the challenges of the COVID-19 pandemic, an uncertain economic climate and the evolving technologies that are changing the health and wellness arena, health care overall remains an attractive business sector to investors and entrepreneurs. And eyecare, with its fragmented but growing market, stands out as especially attractive for companies large and small that want to become more involved with patient care and practice management.

There are dozens of organizations—including both private equity-backed management service organizations (MSOs) and existing groups in eyecare, that see an opportunity in bringing together eyecare practices, including optometry offices and ophthalmology practices, either separately or together, under the umbrella of larger and better-positioned businesses.

In an effort to take the pulse of this growing activity within eyecare, *Vision Monday* surveyed several organizations to gauge where they stand currently in terms of size and scope and to get a sense of how they see the future.

### Among the questions VM asked:

- What is the size of your organization? What are a few of your goals/objectives in 2022?
- Are there key learnings from the COVID-19 pandemic? Are the offices back to pre-pandemic service and operating levels?
- How are you evolving to improve patient care efforts, other operational areas?
- Do you foresee the current economic and geopolitical environment hampering operations and/or eyecare services this year?
- How active do you expect the group to be in terms of adding new partnerships this year?
- What is the organization's view of success?
- Is there growing interest among independent or smaller eyecare groups to affiliate with larger organizations to better position their business?

The following rundown is an edited summary of the groups' responses.

### AEG Vision: Sustaining Growth With 'Exceptionally Strong' Patient Satisfaction

AEG Vision added 85 practices in 2021 and now has nearly 300 fully integrated offices across the U.S. practicing full-scope optometry. The business is powered by 2,500 total associates, including 600 doctors.

The group measures success using financial, patient satisfaction and associate engagement metrics. The financial performance continues to be strong, and AEG continues to maintain exceptionally strong 80+ NPS Scores (patient satisfaction) across its network. The most recent annual company-wide associate engagement survey showed that AEG has very strong employee engagement, which has led to extremely low turnover in an increasingly competitive labor market.

The 2022 objectives include the continued sustained growth of both base practices and the new businesses added to the network. "We are making key investments in our integration teams,



Eric Anderson

learning and professional development, technology platforms and marketing/recall programs in 2022," CEO Eric Anderson said.

"Since the beginning of COVID in March 2020, we have administered strict COVID-19 protocols across our practices to keep our patients, associates and doctors safe. One of the top learn-



AEG Vision offices—such as this Omni Vision office in Dove Creek, Colo.—have been achieving high single-digit topline revenue growth since reopening following a brief COVID-19 shutdown in 2020.

ings is that our Patient Satisfaction (NPS) grew significantly over the past two years as patients expressed their appreciation for our COVID protocols, making them feel safe at our practices," he added.

The AEG offices have been consistently achiev-

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## Doctors' Leadership Is a Key Element for Practice Transition Groups

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ing high single-digit topline revenue growth in the nearly two years since it reopened practices, post a brief COVID-19 shutdown.

In terms of the current economic environment's impact, AEG believes eyecare is non-discretionary for most people, consequently the industry is very resilient. In past uncertain times, many management service organizations (MSO's) experienced a minor short-term business slowdown—but quickly recovered.

Of course, the impact to these MSOs varies due to their circumstances. In AEG's case, it has a very loyal patient base—many of whom have medical issues that require regular attention. "As a result, we do not anticipate the current global issues, rising interest rates [or other factors] to have a significant impact on our business for the balance of 2022," Anderson noted.

AEG Vision is continuing to actively add/integrate new practices to its network in 2022. There is a significant number of independent doctors looking to affiliate with an organization like AEG Vision that shares the same core values: People First, Collaboration, Investment, Enhanced Patient Outcomes and a commitment to practicing Full-Scope Optometry.

In terms of measuring "success," AEG sees this as a combination of financial performance, patient satisfaction and employee engagement. The key to sustained long-term success for all three of these metrics is to create a culture that includes:

- People First – patients, associates and doctors.
- Collaboration – work together to achieve common goals.
- Investment – in people (i.e. training and professional development), technology.
- Full-Scope Optometry – maintain the highest standard of care in the markets where we operate.

### **EyeCare Partners: In 2021, ECP Added 20 New Practice Groups and More Than 100 Locations**

In the second half of 2021, EyeCare Partners (ECP) achieved tremendous growth that has enabled it to continue to strategically expand its network. ECP now provides care for more than 3 million patients annually across the U.S. From October 2021 through the end of the year, ECP partnered with 12 new practices, including CEI Vision Partners (CVP) in Ohio, Kentucky and Virginia; and The Eye Institute of West Florida (EIWF).



David Clark



The interior of a CEI Vision office (part of CVP), which became part of EyeCare Partners in one of the largest optical transactions of 2021.

Like the practices that are already part of EyeCare Partners, these new practices bring incremental knowledge and experience to the national network, which is a crucial and foundational component of its continued success as the nation's leading provider of clinically integrated eyecare.

"We've also continued our emphasis on doctor leadership within EyeCare Partners by expanding on the success of our Medical Executive Boards to address all aspects of our operations and vision for the future, including clinical research, quality, medical education, practice operations, advocacy, technology, diversity, equity and inclusion, and more," CEO David Clark noted. "These boards are led by our doctors who partner with our business

leaders to design and implement solutions for the future of ECP with a focus on achieving the best patient outcomes and business results."

As of March 2022, ECP has more than 8,400 team members in 680-plus locations across 18 states. This includes more than 1,000 doctors (optometrists and ophthalmologists) who are focused on providing exceptional eyecare to their patients.

In 2021 overall, EyeCare Partners partnered with 20 new practice groups adding more than

100 new locations across optometry and ophthalmology.

The organization is currently made up of 70 percent optometrists and 30 percent ophthalmologists, and these doctors provide services throughout the clinical eyecare continuum from primary care through specialty and sub-specialty eyecare. ECP's focus is developing the clinically integrated model across its markets.

In 2022, much like 2021, ECP believes the year will be one of exceptional progress, and one of its goals will be to elevate the experiences of patients and care teams. In support of this, ECP will pilot a new clinically integrated electronic medi-

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# Comprehensive Eyecare Is a Top Priority for Leading Eyecare Groups

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cal record in a handful of practices later this year.

This system, designed in collaboration with ECP doctors from across optometry and ophthalmology, will provide a seamless experience for patients and providers throughout the eyecare continuum. Importantly, this will help drive the initiatives our doctors wish to pursue in the areas of research, quality, safety and clinical innovation.

Another goal is to increase understanding of the importance of annual comprehensive eyecare exams among patients and providers. "We believe this has a direct impact on the value of clinically integrated eyecare in achieving the best clinical outcomes, patient experience and efficiency of care. As a result, we are working on several marketing and education initiatives designed to reach and engage with patients, as well as doctors and other eyecare constituents," Clark said.

Noting the COVID-19 pandemic's impact, ECP said the last two years have had their share of challenges. "I've been amazed by what our team has done to ensure that the appropriate care and service continue to be provided to our patients in what has been a demanding and evolving environment," Clark said. "We are happy to be back at our pre-pandemic service and operating levels and believe our strength as a clinically-integrated eyecare provider fueled that recovery."

In addition, ECP established the EyeCare Partners CAREs Foundation in 2020, a 501(c)(3) non-profit organization, funded by staff and private equity sponsor—Partners Group, dedicated to supporting EyeCare Partners team members in need. While the foundation was founded as a result of the pandemic, it continues to support any team member, at any time, in need of financial support due to a disaster event or a personal hardship.

Importantly, ECP doesn't consider its role to be that of an MSO organization. "The doctors who join EyeCare Partners are looking for something much bigger than just the services MSO organi-

zations provide. We are focused on building our national network of optometrists and ophthalmologists to not only enhance vision and improve lives, but also to advance eyecare through a combined effort across all of our practices, with the common goal of transforming eyecare," Clark noted.

He added, "As part of this effort, we expect to be very active in 2022 by adding new partner practices and locations, along with expanding our existing practices with new services, locations and surgery centers. This ties back into our focus on continuing to build clinically integrated eyecare networks in the markets we serve."

ECP expects to continue seeing interest among independent practices to partner with ECP. "There is a permanence about EyeCare Partners that goes well beyond just the business of health care. We provide an opportunity for doctors to combine many of the best aspects of the private practice experience (leadership, ownership, clinical autonomy) with the opportunity to broaden their experience through organization-wide initiatives via our Medical Executive Board and to transform eyecare as part of a larger clinically-integrated organization," Clark said.

The group's view of success is united by its vision to be the nation's leading provider of clinically integrated eyecare, committed to setting the industry standard in patient outcomes, patient experience and efficiency of care by expanding access and breadth of services for patients of all ages in need of comprehensive eyecare in the markets it serves.

"In doing this, we have a focus on creating that optimal place for our teams to do what they do best: providing outstanding care and service to our patients," Clark said. "We will continue to invest in making EyeCare Partners a place where our teams want to work and thrive. This includes investments in compensation, benefits, training and onboarding as well as systems, processes and capital equipment."

### Keplr Vision: Improving Performance Via Data-Driven Decision-Making

Keplr Vision is working on several initiatives that it said support its focus on the fullest scope of optometry in the U.S. These include:

- Participating in genetic testing pilot programs to help develop more proactive treatment measures for disease states such as glaucoma and keratoconus.
- Expanding relationships with colleges of optometry and offering students mentorship opportunities. Additionally, Keplr is offering fourth-year and post-residency students a chance to gain experience in a medically focused private practice setting.
- Developing a partnership with *Optometry Times* to provide expert medical content from its network of OD opinion leaders.



(Clockwise) Keplr Vision's Simpson Optical in Lexington, Ky., Vision Dynamics Optometry office in Danville, Calif., Nick Williams, CEO, Keplr Vision.

As of March 2022, Keplr Vision consisted of 286 practice locations in 35 states, with 600-plus ODs and 3,000-plus members of the Keplr Vision team.

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# Eyecare Groups Work to Integrate and Transition New Partnerships

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Keplr, which added 100 new locations in 2021, is an OD-owned and led organization. There are a few MDs involved in the organization as third parties, but Keplr Vision is an OD-centric organization.

Among the main goals/objectives for 2022 is adopting several standards from award-winning health care organizations, particularly around data collection and analysis. "We are excited to see even stronger company performance through data-driven decision-making, also allowing for additional study and advancement in the treatment of the disease states of the eye," CEO Nick Williams said.

The group saw improvement in pre-pandemic operating levels last year, but, like other groups, saw the Omicron wave bringing some setbacks. "We are encouraged by the March results and are hopeful that COVID-19 mitigations continue to lessen so we may continue our strong growth trends," Williams said.

He added, "Macro-economic trends are currently difficult to assess, but we are not currently seeing any such effect on the business. We do not believe that the current geopolitical environment will affect the American eyecare industry. We do not anticipate making any adjustments to our plans for 2022 based upon the (economic environment or geopolitical climate) at present."

Keplr has budgeted another strong year of new partnerships in 2022, while at the same time working through the integration of the over 100 offices it added in 2021.

Keplr Vision continues to focus on full-scope optometry in the U.S., and its definition of success continues to be providing private practice ODs a partnership destination that will:

- Remain true to the legacies of their practices.
- Allow for product and service synergies that increase value for all their OD partners.
- Further the advancement of the science of eyecare.

### MyEyeDr. Focuses on Patient, Associate Experience Amid Rapid Growth

MyEyeDr. invested significantly in efforts to improve patient experience in 2021, with the creation of its online scheduler and patient portal to give staff more time to focus on patient care and less time on administration. The number of appointments booked online has more than doubled since the launch of the new scheduler, the organization noted.



Sue Downes



MyEyeDr. partnered with more than 150 practices in 2021.

In addition, MyEyeDr. partnered with the American Optometric Association (AOA) to roll out a technician training program across its organization, and invested over \$6 million in 2021 in optometry equipment to support its doctors.

The group also was active in the growth and partnership areas. MyEyeDr. partnered with over 150 practices in 2021, including several larger groups: RxOptical in Michigan; Associates in Eye Care in Northern Virginia/Washington, D.C.; MVC Eyecare in New Hampshire; and Dr. Michael Reade's Texas State Optical (TSO) practices in Houston.

As of March, MyEyeDr. operated more than 820 locations, with 1,400 optometrists and 6,400 non-optometrist staff members.

"We're continuing to focus on finding the right optometrists to partner with and creating a best

in class patient and associate experience," chief executive officer Sue Downes said.

Addressing the current economic environment, she added, "It is hard to predict the future economic environment. We can't speak for other organizations, but we're in a great financial position and have the support of Goldman Sachs to help guide through any market fluctuations."

Downes noted that MyEyeDr. is "mindful of interest rates and focusing on the best uses of

capital for the organization; however, we will continue to make competitive offers for the right practices."

MyEyeDr. noted that it partnered with many practices at the end of 2021, and used the early months of 2022 to integrate these practices with system conversions and other integration programs.

### Panorama Eyecare Increases Value to Partner Clinics Through Investments in Tech

Since its launch in 2021, Panorama Eyecare has made it a priority to increase value to partner clinics through investments in technology and clinic facilities and by implementing an employee recruitment, growth, and retention programs, and

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# Tackling Recruiting and Retention Challenges Among 2022's Goals

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by adding experienced leadership at the executive level to deliver value to partners and to execute its strategic plan at the highest level.

"We have made significant investments in our clinics to optimize overall aesthetics, patient experience, and throughput," CEO Marcello Celentano said. "In addition to facility improvements, upgrades to laser technology and diagnostic testing equipment are a priority as our team of surgeons and optometrists monitor and optimize outcomes."

"Recruitment and retention of physicians and staff remains an industry-wide challenge. To combat this current challenge and continue to recruit and retain top talent in the industry, our team has constructed a robust benefits package and has established a company-wide culture centered around patient experience and quality care that is consistent at each partner clinic."

In late 2021, the company appointed Celentano to his role as CEO, and named Travis Wolther as chief financial officer and Dan Karpel as chief operating officer and head of business development. The most recent addition is former ASOA board member and industry veteran, Karen Spencer. She joins the Panorama Eyecare as the executive vice president of operations.

Panorama Eyecare employs over 550 associates with two business offices, 12 clinic locations, five satellite surgical clinics, three eye-exclusive ambulatory surgery centers (ASCs), and 50 providers. The organization was formed in 2021 through the partnership of Eye Center of Northern Colorado, Cheyenne Eye Clinic & Surgery Center, and Denver Eye Surgeons.

In December, Panorama announced a strategic partnership with Archimedes Health Investors LLC and a \$150 million initial capital investment that fueled its ability to form strategic partnerships with eight eyecare groups, making Panorama Eyecare the largest comprehensive eyecare organization in the Rocky Mountain region.



Marcello Celentano



Panorama Eyecare's Eye Center of Northern Colorado office.

Panorama has a breakdown of 40 percent ODs and 60 percent ophthalmologists.

In 2022, Panorama Eyecare expects to continue its focus on improving access to medical eyecare through additional mergers and acquisitions. It is confident the strategic growth plan will permit the addition of like-minded providers and clinics that embody the clinical vision: to be recognized as a center of excellence in eyecare by exceeding national benchmarks for clinical quality, providing an unrivaled patient experience, and being an employer of choice in the communities it serves.

A key learning from COVID-19 was the opportunity to take a bird's-eye view of the clinical processes and throughput and to make system-wide improvements to better serve patients and create efficiencies. "In our efforts to provide safe clinical environments, we were able to identify areas of bottlenecks through time/waiting area studies and have used that data to improve both throughput and patient experience," Celentano said.

"While we originally reduced clinical volume to maintain a safe environment, we have since been able to resume full schedules with improved patient processing," he said.

Inflation and rising interest rates are sure to impact elective services, but the group expects to maintain current conversion rates for upgraded

cataract surgery as this option for patients seems recession resistant. It does expect to see a decrease in demand for both refractive services and elective cosmetic services as consumer spending reacts to economic changes.

"Given the rapid consolidation in the health care industry, and eyecare market specifically, we have noticed a positive shift in receptiveness to the concept of joining an MSO-backed network of clinics," Celentano said. "As clinics are being purchased by larger entities and hospital systems, the concept of our physician-led MSO is increasingly appealing to providers that want to practice medicine as they see fit under their existing brands, but with the support, resources, and negotiating power of a larger entity, such as Panorama Eyecare."

Celentano added, "Our success will be predicated upon continued growth through new partnerships and organic patient acquisition, improving outcomes and quality of life in the communities we serve, and creating a positive and nourishing environment for our team members. We are excited about our continued growth and grateful to be partnering with outstanding doctors and team members to deliver a market leading and differentiated experience for our patients in the markets we serve."

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# Eyecare Groups Rise to All Challenges Amid Covid-19 Pandemic

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### Quigley Eye Puts the Focus On Patient Care, Operational Efficiencies

The vision at Quigley Eye Specialists is to be the most caring and desired eyecare practice in the state of Florida, most desired by doctors, staff and patients. This vision drives the strategy and is the impetus behind the moves Quigley made in early 2022, which includes a focus on patient care and operational efficiencies.

Quigley Eye Specialists has 48 doctors, a combination of 23 ophthalmologists and 25 optometrists (with about 30 practice locations, including surgery centers).

“The COVID-19 pandemic was a challenge none of us have seen in our lifetimes, but our team rose to the occasion,” Frances Wilhelm, vice president, marketing and business development, said. “Our team responded swiftly in the interest of keeping patients and each other safe. We introduced telemedicine to our patients, an online eyecare store, new processes to ensure social distancing and heightened sanitization. And something we are most proud of, we didn’t furlough staff. Many practices were put in the very difficult situation to furlough staff. We implemented other strategies to avoid that.”

Looking at the possible challenges in 2022, Quigley said the health care sector, in general, has several challenges ahead, including right-sizing after the telehealth explosion, reshaping health portfolios for growth, staffing shortages and building a resilient and responsive supply chain for long-term health.

“Every industry is vulnerable to these challenges and every industry is experiencing them. Eyecare is no exception,” Wilhelm said. “As one of the fastest growing ophthalmology platforms in Florida, ensuring we are well staffed with exceptionally trained and skilled team members has been a top priority.

“Ensuring they can get to and from work when



*Frances Wilhelm*

gas prices are sky high. Ensuring we have the supplies we need. There is a lot to consider in today’s environment. Anticipating the challenges ahead and solving for them today is key to success,” she said.

The pandemic slowed consolidation efforts down a little, but Quigley is still seeing tremendous interest among independent and smaller eyecare groups to join ophthalmology platforms. “We are very fortunate to have the interest we do. As one of the leading platforms, we attract independent eyecare groups because of our culture, patient-centric philosophy and physician-led approach to health care,” Wilhelm said.

### Retina Consultants of America Equips Practices to Thrive in an Evolving Landscape

Retina Consultants of America (RCA) increased access to care by opening several new locations in existing markets and expanding current locations to decompress patient waiting areas and enable additional clinical trial engagement. RCA consists of 179 physicians, 160 locations, over 2,000 employees, with over 1.1 million annual patient visits.

Kevin Quinn joined the organization as president of RCA Research. He was chief development

officer of CenExcel, a clinical research company specializing in CNS, vaccine and clinical pharmacology. At RCA, Quinn is focused on expanding access to clinical trials throughout RCA’s network and leveraging the strong research operational leaders from the founding practices to deliver standard operating procedures and quality assurance.

He also spearheaded RCA’s inaugural research coordinator summit in Nashville, Tenn., in February, where the firm brought together 100 of RCA’s research coordinators to highlight the mission and strategy of RCA and foster best practice adoption through in-person collaboration.



*Robby Grabow*

Matt White joined RCA as senior vice president of payor relations. RCA has made investments in its data warehouse to enable White’s team to demonstrate the superior quality outcomes across RCA’s practice and develop future value based payment models in collaboration with payors.

Zach Courie joined as RCA’s chief development officer and his team will build upon the strong partnerships made with eyecare groups to date. (In 2021, RCA completed 13 transactions comprising 82 physicians.) Its practices have ex-

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# Transition Groups Seek Partnerships with Leading ECPs

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ceeded pre-pandemic operating levels.

RCA is a unique physician-led, retina-only model that horizontally integrates high quality retina practices throughout the nation through a Medical Leadership Board that encourages improvement through the adoption of best practices while retaining local and strategic autonomy.

Its main goals in 2022 are extending access to clinical trials and enhancing patient enrollment to further innovation within the specialty. Also, expanding access to care by opening multiple new locations within established regions, including recruiting high-quality physicians; bolstering RCA's compliance platform by further enhancing annual employee training in areas such as HIPAA education, cyber security as well as diversity, equity and inclusion (DEI).

There is strong continued interest from retina groups throughout the nation to collaborate with RCA as they appreciate the horizontal retina focus that ingratiates them to all referral sources and the ability to partner with the highest quality physicians across the nation to enhance access to clinical trials and improve patient care, according to CEO Robby Grabow. It also is excited to extend RCA's network to include more smaller groups within each region that are actively seeking a model such as RCA's that can help equip their practice to thrive in the evolving landscape.

### Sight360 Looks at Various Options To Expand Capacity for Care

In 2022, Sight360 is focused on several post-merger consolidation initiatives that have yielded efficiencies and flexibility. Two of note include its ability to centrally schedule appointments across any of its locations to better accommodate patient needs, and the cross training of staff and ability to strategically move some clinical team



Brian Hauser



Sight360 is the largest vertically integrated eyecare group in West and Central Florida.

members to multiple locations in peak demand periods.

"Our Q3 2021 implementation across the company of consistent practice management and electronic health records platforms has helped facilitate the ease of allowing clinical employees to move among our practices," CEO Brian Hauser explained.

Sight360 did not make any material changes to its practice locations in 2021. The group was formed in late 2020 as the fruition of a partnership between seven eyecare organizations with 16 locations, thus collectively forming one of the largest vertically integrated vision care providers in the West and Central Florida area. However, Sight360 is "very active thus far this year and hopes to share some news in the coming months," Hauser said.

He added, "The value proposition continues to be appealing to many practices, as evidenced by the frequent announcements in the industry by groups like ours. In addition to the financial factor of the equation, smaller practices and groups are equally as interested in the potential operational, clinical and cultural fit."

Sight360 has a breakdown of 62 percent ODs

compared with 38 percent ophthalmologists.

In 2022, he said the key objectives are to expand capacity for patient care. "This can come in a variety of ways," he said, noting that it can be accomplished via adding physical capacity to existing locations or adding new locations, along with the staffing to support it, as well as adding scheduling capacity, using a unique ability to centrally schedule appointments across all locations.

Among the key learnings from the COVID-19 pandemic were the ideas of being flexible, nimble, and patient. "COVID taught us all of these and that this is the new normal for delivering compassionate care," Hauser said, noting that the Sight360 locations are back to pre-pandemic service and operating levels, with some "exceeding pre-pandemic levels" of service and care.

Looking at the current economic climate, Hauser said it may affect patients' mindset on delaying care or perhaps becoming more conservative in their discretionary spending. "We've also seen some cost increases from a few of our vendors for the goods and services we purchase, but we've been able to better negotiate with our consolidated purchasing power," he said.

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## Private Equity and Practice Transitions



# Improving the 'Patient Experience' as a Pathway to Success

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In addition, in anticipation of rising inflation, Sight360 has implemented new financing programs in both its clinical and optical locations to give some flexibility and options to patients on covering out-of-pocket expenses and elective care.

The organization views success in various ways and focuses equally on financial, operational and cultural goals each year. "Of course, same location growth is critically important, supplemented by growth through M&A activity," Hauser said. "Hitting our growth goals allows us to continue to invest in our people, processes and tools to better equip and engage them to 'care fully' for our patients and buy into our company's mission and values."

### TeamVision: A Health-Based, Patient-Centric Alternative for Doctors

TeamVision is a management services organization (MSO) from EssilorLuxottica that is available to practice owners who seek out an alternative choice when considering a practice transition.



Luca Tait

The model allows doctors to focus on medical services and patient care while choosing their level of involvement. In addition, it empowers independent practitioners to take the next step in their career while ensuring that the practice

they've labored to build remains health-based and relevant in the communities in which they live and work. The practice keeps its community and patient facing brand, meaning the name of the practice will not change.

TeamVision was started because independent eyecare professionals asked for choice when it comes to practice transition options in the market, specifically looking for a way to move to the next phase of their career. At its core, TeamVision leverages innovation in medical services, diagnostic equipment, lenses and frames to ensure the practice has the highest standards in eyewear and eyecare to support doctors in elevating their patient care, preserving trust, differentiation and the relationship with their patients in their community.

Since 2021, TeamVision has added seven locations to the 35 locations reported in February by VMAIL here, <https://www.visionmonday.com/business/article/essilorluxottica-na-creates-management-services-organization-mso-option-to-invest-in-practice-transitions/> with doctors of optometry comprising a majority of the community. The new practices include Star Optical, Cliffside Park Eye Associates and Northern Valley Eyecare.

"This year, we've put a focus on the continuous improvement of our operational tasks and simplification of our processes," said Luca Tait, senior vice president, TeamVision. "We continue to invest in resources to support our TeamVision practices and innovation in medical services, eyewear and eyecare."

Practice transitions are not EssilorLuxottica's core business, the company noted.

Tait added, "As practice owners considering practice transitions reach out to learn more, we will continue to build a community of like-minded doctors who want to remain involved in serving their community from a medical and health based perspective. Success is purely to meet the untapped need in the market and ensure doctors who reach out have options in how they want to practice."

### Total Vision: Standardizing Software And Creating a Distribution Center

In 2021, Total Vision took the opportunity to further standardize its practice management software, IT infrastructure and operational processes, and also centralized its RCM [revenue cycle management] team. A significant move for Total Vision was the creation of a distribution center, which allows the group to stock the majority of its frames in-house and which improves turn-time for patients.



Neil Collier



As of March 2022, Total Vision consisted of 48 practice locations, 107 doctors of optometry and an additional 394 team members. Its growth in 2021 included 11 partnerships/acquisitions with other eyecare practices.

"One of our main objectives for 2022 is im-

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## Private Equity and Practice Transitions

# The Evolution in Eyecare Practice Ownership Continues Apace

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proving the patient experience through training, frame selection, turnaround times and quality," CEO Neil Collier said, noting that team member retention through engagement and leadership training, as well as optical training, also will be critical to the organization.

During the pandemic, Total Vision said it discovered the importance of keeping team members and patients feeling safe and comfortable. "We were laser focused on meeting each patient's needs, beyond eyecare. We found patients didn't want to spend a lot of time in-office, so we were able to uncover and understand their needs in a timely manner," Collier said.

The group, which operates primarily in California, does not foresee the economic climate, including inflation, impacting 2022 operations.

"The challenge for us is finding more talent to meet the demands of our growth during this time of the 'Great Resignation' or 'Great Reshuffle,'" Collier said.

Still, he noted Total Vision expects to be active in terms of adding new partnerships and executing new transactions this year.

"We see ourselves very active this year, as we have a lot of interest from independent practices wanting to join Total Vision," he said. "We have many in the pipeline and look forward to closing on them this year. We feel the growing interest is because doctor-owners want to continue practicing without the administrative responsibilities of running a practice. The past two years have been administratively challenging due to COVID and the Great Resignation. Owner-doctors also want to make sure their teams have a secure future."

The organization will focus and build upon three areas it sees as critical to its success:

- Employee Retention
- Patient Experience
- Company Growth



Amir Khoshnevis, OD



Mick Kling, OD

### Vision Source Next Fund: Perpetuating Private Practice

Launched in 2018, Vision Source Next is a professional advancement program designed to shape the future of optometry by supporting private practice ODs in every stage of their practice life cycle, including pathways to start, expand or purchase private practices. It was developed by Vision Source to keep private practice strong across the milestones in an optometrist's career and to continue supporting ODs in providing quality professional eyecare while maintaining the personal relationship with their patients.

"Because Vision Source members fully own their practices, we needed to create a way to help our ODs to have access to practice ownership and building their own business," said Amir Khoshnevis, OD, Vision Source's chief medical officer. "It's critical we reduce the barriers in the minds of the young doctors about going in and owning a practice, whether it's in an urban setting or a rural setting."

As a result, Vision Source this year is expand-

ing the Next program to include the Vision Source Next Fund. Made possible by the support of EssilorLuxottica, the Next Fund will help bridge financial gaps for Vision Source members wanting to build or expand their private practice network. Designed first and foremost to ensure the future of private practices, the Vision Source Next Fund is a unique vehicle to help make private practice transitions a reality by closing potential gaps between the needs of the buyer, seller and long-term financial stability of the practice.

"We are the future of growing and maintaining private practice as the backbone of our industry," said Mick Kling, OD, president and CEO of Invision Optometry of San Diego. "There is a pervasive concern that privately owned practices are disappearing from the industry. Our DNA is private practice, and we cannot sit by and allow this trend to continue. The Vision Source Next Fund can enable practice cycle transactions that keep practices private while benefiting the buyer and the seller and giving our colleagues options at all phases of their career."



# Momentum Builds in Eyecare for Practice Transition Options

The Next Fund was piloted in 2021 and has successfully helped several practices and practitioners make their private practice transitions possible, establishing a blueprint for its expansion this year, Vision Source noted.

"As part of our continued efforts to perpetuate private practice, we are introducing the Vision Source Next Fund to further support practice owners during each stage of their practice life cycle," Khoshnevis added. "At any given time, members of our large network of qualified professionals are looking for support in their next step, whether that is through expansion, establishment of a new practice, or acquisition or transition of an existing practice. The Vision Source Next Fund will unlock options to keep the Vision Source community and private practices strong."

## VSP Ventures Expects Active Year, With Expansion Across the U.S.

VSP Vision said that it has recently unveiled "new branding to better align with who we've always been—a company that keeps the care of patients and doctors at the core of everything we do." This year, VSP Ventures will build on the current momentum and continue to lean into its unique proposition to doctors—"to be a partner that empowers them to put full-scope, health-focused optometry first and provides the operational support to ensure long-term business growth and success," the group noted.

"We're also really excited about our recent acquisitions outside of California, including the expansion into Oregon and Texas and our growth in Ohio," president Tiffanie Burkhalter said. "We will continue expanding across the U.S. throughout the remainder of the year."

As of March, VSP Ventures was composed of 74 locations overall, 64 partner-doctors, 98 associate doctors (all optometrists) and 800 staff



Tiffanie Burkhalter



VSP Ventures added this Kyle, Texas, practice via a partnership transaction in February.

outside of doctors. The group added 51 total locations in 2021. In addition, VSP Ventures continued to prioritize internal mobility, which led to the promotion of several people from within its practices into elevated roles over the past year.

In 2022, Burkhalter noted that VSP Ventures' goal continues to be aligned with the effort "to preserve the heart of private practice by offering a practice transition alternative with long-term patient, care-focused goals in mind. We want partners to know that, at the end of the day, enabling them to deliver excellent patient care is our priority, and we consistently connect with our doctors and practice staff to understand what they need to do that."

She also noted that the organization's forecast for 2022 is "to be quite active, as we're definitely seeing an interest from doctors to partner with VSP Ventures. Our long-range focus and continued investment in improving the services and support available through VSP Ventures, in pursuit of elevated patient experiences, remains aligned with the needs of the majority of the doctors we are in discussions with."

While the COVID-19 pandemic confirmed the resiliency of the vision category and the steadfastness of VSP Ventures staff members, the group has built upon this resilience and now has several practice locations "exceeding pre-pandemic levels" of service, Burkhalter said.

She added, "We are proud of the way our teams have put patients first throughout the entire pandemic to ensure we are doing everything possible to provide access to quality care. The pandemic improved our agility, and we are confident that we will continue to provide access to quality care regardless of current and future circumstance."

In terms of measuring success, Burkhalter said, "Our view of success is not measured in the short term. We are focused on the long-term goal of providing access to quality patient care with the right partners across the U.S. Every decision and action in the coming year is in support of this objective, and our continued expansion across the country to provide options to doctors looking to join our team is one of our top priorities." ■