U.S. Ophthalmology
INDUSTRY MARKET OVERVIEW

Market Overview

Ophthalmology practices are navigating a pivotal shift: patient volumes are growing steadily driven by aging demographics, rising rates of diabetic eye disease and expanding surgical demand, while the supply of ophthalmologists is tightening. At the same time, reimbursement pressure and rising overhead are compressing margins, making how a practice is run just as important as how it is staffed.

Practices are responding by deploying APPs at 1.5–2:1 ratios per physician to absorb visit volume, freeing surgeons for high-complexity and OR cases. Ancillary services such as, optical, in-office diagnostics, and dry eye clinics now represent 20–30% of net revenue in high-performing practices. Integrated RCM technology (automated verification, AI-assisted coding, real-time denial tracking) has become a direct margin lever, not just an administrative function.

Key Challenges

- **Reimbursement Trends**: While conversion factor rose 3%+ in 2026, this expires 12/31/26. Worse, CMS cut work RVUs 2.5% for non-time-based services, shifting money out of surgical procedures and diagnostics (visual fields, OCT) and into E/M codes. Facility-based RVUs are also reduced, meaning ASC and HOPD physicians face downsides even in private practice. Cataract professional fees, alone, are down ~20% in real terms since 2018
- **Staffing Costs and Operational Leverage**: Staff compensation typically runs 28–34% of net collections and is rising. Technician wages are up 15–20% since 2021, and COA/COT-certified staff command premiums. The fix is not just hiring more, but redesigning care teams: increasing tech-to-physician ratios, scribes, and APPs absorbing visit volume to protect productivity
- **RCM and Technology Infrastructure Gap**: Practices without automated eligibility checks, denial tracking, and AI-assisted coding are underperforming on the key benchmarks: net collection rate above 97% of contract rates and days-in-AR below 35.
- **Physician Succession and Associate Retention**: Fellowship-trained ophthalmologists now expect defined partnership tracks, wRVU-benchmarked comp, and clear equity paths. Practices without a formal associate-to-partner framework are losing recruits to PE-backed groups. Succession planning 5–7 years out—not 1–2—is now the standard for both independent and affiliated practices

Industry Trends

- **Growing Demand, Shrinking Physician Supply**: Projected to fall 12% through 2035 against a 24% demand increase, forcing practices to see more patients per physician. Lengthening wait times are accelerating OD and APP-supported care models.[1]
- **Core Capacity Lever**: ODs and APPs are to essential capacity levers. Leading practices target 1.5–2:1 APP-to-physician ratios, deploying them for retina follow-ups, glaucoma monitoring, and post-op care.[2,5]
- **Physician Alignment**: Continued shifts in professional priorities, entrepreneurial interest and the ubiquitous "work/life balance" make attracting younger physicians challenging. Higher base salary, thoughtful performance compensation and defined shareholder track plans are essential. [2]
- **Ancillary Services as a Margin Driver**: Optical dispensaries, in-office diagnostics, dry eye, and ASC ownership consistently outperform on margin. Optical retail adds $300K-$800K+ per location; ASC ownership boosts per-physician income and reduces Medicare exposure.[4]

Select Statistics

More than 4M Americans are currently living with glaucoma[4], one of the leading causes of irreversible vision loss, with prevalence expected to rise as the U.S. population ages

Nearly 20M Americans aged 40+ have been diagnosed with age-related macular degeneration (AMD)[5], highlighting the significant burden of degenerative eye disease

~1.5M Americans are living with late-stage vision-threatening AMD, representing nearly **22% of the ~7M individuals** experiencing vision loss or blindness in the U.S.[5]

By age 75, roughly one-third of Americans will develop some form of AMD[5], underscoring long-term demand for ophthalmic care

Sources: (1) HRSA/AAO Ophthalmologist Workforce Projections; (2) MGMA 2024 Physician Compensation Survey; (3) AAO Practice Management Guidelines / Nextech benchmarks; (4) American Academy of Ophthalmology, 2026 Medicare Payment Summary; CMS 2026 PFS Final Rule; (5) MGMA 2024 Cost Survey; (6) AAO/AOA Workforce & Succession Survey; (7) BrightFocus Foundation; BrightFocus; (8) American Macular Degeneration Foundation

Valuation Drivers

PE and strategic investors remain active in U.S. ophthalmology, though the market has transitioned into a more disciplined, mid-cycle phase. Following the 2021–2022 peak and subsequent normalization, valuation is increasingly driven by quality of earnings, scalability, and operational maturity rather than pure growth.

Key drivers include:

- **Mid-Cycle Normalization with Sustained Demand:** Deal activity has stabilized post-peak, with fewer new platform formations and a greater focus on add-ons and recapitalizations. Recent activity in 2024–2025 and continued strategic buyer participation support sustained demand, albeit with more disciplined pricing
- **Fragmentation Enabling Targeted Consolidation:** A largely independent physician base continues to provide a meaningful consolidation runway, particularly in secondary and suburban markets, enabling focused regional density strategies
- **Operational Maturity and Physician Alignment:** Valuation premiums are concentrated in practices with institutional-grade infrastructure, including KPI-driven operations and clearly defined physician alignment and succession frameworks, mitigating key-person risk
- **Integrated Platforms with Diversified Revenue:** Multi-service models spanning clinical care, optical retail, and surgical assets enhance earnings visibility and margin profile by capturing value across the care continuum and reducing reimbursement exposure
- **Structural Demand Tailwinds:** Aging demographics, rising disease prevalence, and constrained physician supply continue to underpin long-term volume growth and investor conviction

Practice Profile	Profile	EBITDA Multiple
Small Platform	<3 locations / 3-8 physicians / No ASC	4.0x – 6.0x
Mid-Size Platform	4-9 locations / 9-15 physicians / ≥1 ASC	6.0x – 9.0x
Large Platform	10+ locations / 16+ physicians / Multiple ASCs	9.0x – 12.0x

Overall, valuation outcomes are increasingly bifurcated, with scaled, well-managed platforms commanding premium multiples, while subscale or under-institutionalized practices face heightened scrutiny in a more selective market.

Select Cascade Experience

Sell-Side Advisor	Sell-Side Advisor	Sell-Side Advisor	Sell-Side Advisor
BVA Better Vision Ahead. Advanced Eye Care has been acquired by Vision Integrated Partners a portfolio company of Firmament	Grand Rapids Ophthalmology has sold a majority interest to Sterling Partners	MEI Michigan Eye Institute has partnered with Midwest Vision Partners a portfolio company of Alpine	NorthwestEye Be Eye Wise has partnered with Unifeye Vision Partners

Sources: CP Research; PitchBook

Recent M&A Activity

Date	Target	Acquirer	Sponsor
Feb-26	Retinal Diagnostic Center	Retina Consultants of America	-
Feb-26	Ophthalmic As. of Alexandria	Vision Innovation Partners	Gryphon Investors
Jan-26	Sylvester Eye Care & Aesthetics	Ascend Vision Partners	Chicago Pacific Founders
Jan-26	WiSE Eye Associates	Ascend Vision Partners	Chicago Pacific Founders
Nov-25	Houston Retina Associates	EyeSouth Partners	Olympus Partners
Oct-25	Spokane Eye Clinic	PRISM Vision Group	McKesson
Sep-25	Katz Eye Center	EyeSouth Partners	Olympus Partners
Aug-25	Sunvera Group	EyeSouth Partners	Olympus Partners
Jun-25	total eye care	EyeSouth Partners	Olympus Partners
Jun-25	Schneider Eye & Wellness Center	Eye Health America	LLR
May-25	Brooks Eye Associates	Unifeye Vision Partners	Waud Capital
Apr-25	PRISM Vision Group	McKesson	-
Mar-25	Cleveland Eye and Laser Surgery Center	Surgery Partners	-

Select Platforms

Year Tr.	Platform	# Add-ons	Sponsor
2022	Ascend Vision Partners	8	Chicago Pacific Founders
2022	EyeSouth Partners	44	Olympus Partners
2022	Infocus Eyecare	16	Regal Healthcare
2022	Vision Innovation Partners	24	Gryphon Investors
2021	Physician Directed Partners	6	Leon Capital Group
2020	EyeCare Partners	42	Partners Group
2019	Hilco Vision	16	Windjammer Capital
2019	Midwest Vision Partners	17	Alpine
2019	US Eye Better Together	5	Pamlico Capital
2018	Eye Health America	21	LLR
2018	SightMD	21	Chicago Pacific Founders
2017	AEG Vision	60	Riata Capital Group

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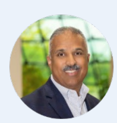

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