

ADVERSE REACTION: HOW WILL THE FLOOD OF PRIVATE EQUITY MONEY INTO HEALTH CARE PROVIDERS IMPACT ACCESS TO, COST AND QUALITY OF CARE?



PRIVATE EQUITY'S GROWING FOOTHOLD IN THE HEALTH CARE INDUSTRY

Investments by private equity firms in the health care industry have surged in recent years and continue to grow. In 2018, the value of private equity deals in health care reached a record-breaking \$31 billion for 388 transactions. That represented a 45% increase in deal count and a 71% surge in total deal value compared with six years prior.¹ Globally, health care accounted for about 13% of all private equity buyout deals as of March 2019.²

Analysts expect this surge in deals to continue through 2019, noting a “frenzy” of consolidation and investment in physician services, including orthopedics, urology, OB/GYN, gastroenterology, radiology, and eye care.³

This frenzy is likely driven by high returns and the perceived resilience of the industry to recession-related volatility. A 2019 Bain & Co report notes that in the current economic cycle, health care deals have returned \$2.2 for every \$1 of invested capital. That multiple is higher than any other sector.⁴

Private equity ownership of health care assets has garnered considerable attention among medical professionals, patient advocates, and academics. Anecdotal evidence points to several areas of potential risk.

SUMMARY

- Private equity investment in the healthcare sector has surged in recent years, reaching record-breaking levels for number and value of acquisitions.
- Case studies of currently or recently private equity-owned companies highlight private equity behavior in the health care industry:
- Elder care and home health:
 - Carlyle Group – HCR ManorCare
 - Fillmore Capital – Golden Living Centers
- Hospital systems:
 - Paladin Healthcare – Hahnemann Hospital
 - Cerberus Capital Management – Steward Health Care
 - Leonard Green & Partners – Prospect Medical Holdings
 - BlueMountain Capital – New LifeCare Hospitals
- Physician staffing and emergency services:
 - Blackstone Group – Team Health Holdings
 - KKR – Envision Healthcare
 - KKR – Global Medical Response
 - American Securities – Air Methods
- Behavioral health:
 - Centerbridge Partners – Civitas Solutions
 - Webster Equity Partners – BayMark Health Services
- The surge in private equity investment has sparked concerns among medical professionals, patient advocates, and academics over quality of care, health system stability, jobs and human capital, regulatory oversight, and affordability.

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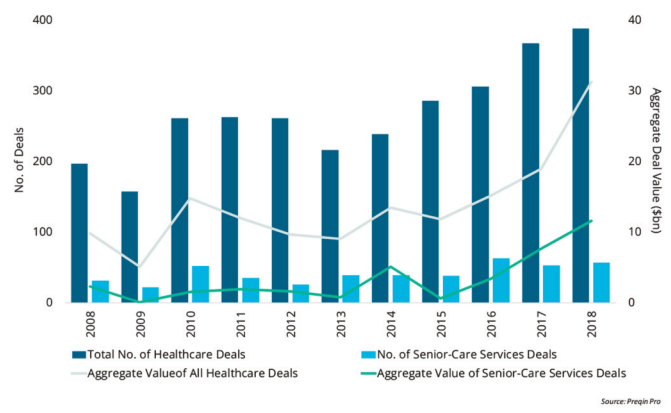
SENIOR CARE AND HOME HEALTH CARE

Senior care centers, home health care and nursing homes, and assisted living facilities have experienced pronounced private equity activity; there were a record number of home health care deals in 2018.⁵ Private equity's presence in the US nursing home industry has been particularly well documented, where 4 out of the 10 largest for-profit nursing home chains were purchased by private equity firm between 2003-2008.⁶ Demand for assisted living and home health care centers is projected to skyrocket as baby boomers age and require more assistance.⁷

According to private equity data provider Preqin, the annual aggregate value of the deals for senior care companies increased fivefold between 2008 and 2018. The number of deals reached a record 63 transactions in 2016. The aggregate deal value has continued increasing beyond that due to some recent high-value transactions, such as KKR's 2018 acquisition of Envision Healthcare Corporation and TPG and Welsh, Carson, Anderson, & Stowe's 2018 acquisition of Kindred Healthcare.⁸

Considering the high level and visibility of private equity investment in senior care and home health care, there has been considerable research and media attention surrounding its impacts, particularly related to patient care.

GLOBAL ANNUAL PRIVATE EQUITY-BACKED BUYOUT DEALS: ALL HEALTHCARE VS. SENIOR-CARE SERVICES, 2008-2018



"Private Equity's Appetite for Healthcare Operators," Preqin, March 2019.

Carlyle Group – HCR ManorCare

HCR ManorCare, for example, made headlines in November 2018 when a *Washington Post* investigation found that under Carlyle Group's nine-year ownership, the private equity firm loaded the chain with debt and implemented cost-cutting measures leading to widespread regulatory issues before filing for bankruptcy in 2016.⁹

Carlyle bought HCR ManorCare in 2007 for \$6.1 billion plus fees and expenses, putting down about \$1.3 billion of its own capital and borrowing the remaining \$4.8 billion.¹⁰

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TOP PRIVATE EQUITY-BACKED HOME HEALTH AND ELDER CARE COMPANIES

NAME	SUBTYPE	PRIVATE EQUITY FIRM	ACQUIRED
Kindred Healthcare/ Kindred at Home	Long term care/home health, rehabilitation services,	TPG, Welsh, Carson, Anderson & Stowe, Humana hospice, community care	July 2018
Aveanna Healthcare	Pediatric home care	Bain Capital, Penfund, J.H. Whitney Capital Partners	March 2017
AccentCare	Home care	Advent International	June 2019
Life Care Companies	Senior living, elder care	McCarthy Capital	July 2010
Apria Healthcare	Home care	Blackstone Group	2008

In 2011, it undertook a sale-leaseback transaction through which it sold almost all the nursing homes' underlying real estate to a third party, forcing the homes to pay rent to the new owner. HCR ManorCare made about \$6.1 billion in the real estate sale. It then used that money to pay off some of the billions in debt it had accrued through Carlyle's buyout and pay a dividend to Carlyle and its investors.¹¹

While Carlyle recovered the original \$1.3 billion it put into acquisition through the sale-leaseback transaction and extracted at least an additional \$80 million in fees from HCR ManorCare, HCR ManorCare struggled to pay rent. It then began a series of cost-cutting measures, including sweeping layoffs, to stay afloat.¹²

The *Post* investigation found that in four of the five states where HCR ManorCare had the most nursing homes, violations at its homes rose steadily and outpaced increases at other nursing homes. Between 2013 and 2017, health-code violations each year rose 26%. Citations for more serious violations, such as those potentially putting patients in immediate jeopardy, rose 29%.¹³

In interviews with the *Washington Post* ManorCare's owners blamed a 2011 cut to Medicare reimbursements as the cause for financial distress. However, most of the industry weathered the reduction. The company was simply too burdened with debt to weather changes in the market.¹⁴

Andrew Porch, an independent consultant on quality statistics to whom HCR ManorCare referred questions about health-code violations, told the *Washington Post*: "Carlyle was a very interesting group to deal with. They're all bankers and investment people. We had some very tough conversations where they did not know a thing about this business at all."¹⁵

Non-profit Promedica bought ManorCare in July 2018.¹⁶

Fillmore Capital – Golden Living Centers

Golden Living Centers was acquired by private equity firm Fillmore Capital in a leveraged buyout in 2006. At the time, it was the second largest for-profit nursing home company in the US, with 342 nursing facilities.¹⁷ As of October 2019, the only facilities Golden Living lists on its website are 24 homes in Indiana.¹⁸

A 2017 academic study aimed at determining how private equity ownership impacts patient care at nursing facilities analyzed Golden Living Centers. The study found that private equity ownership continued trends that began pre-private equity ownership. Instead of stabilizing and growing the company, Fillmore drove it further into distress.¹⁹



"Carlyle was a very interesting group to deal with. They're all bankers and investment people. We had some very tough conversations where they did not know a thing about this business at all."

Andrew Porch, an independent consultant on quality statistics to whom HCR ManorCare referred questions about health-code violations, 2018

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According to the study, Fillmore continued a pattern of intensified control of staffing levels, bringing overall staffing levels below the national average. In California, total staffing hours per-patient-per-day pre-2007 were comparable to its industry counterparts. This decreased significantly after 2007. This was especially true for certified nursing assistants (CNAs) and licensed vocational nurses.²⁰

Fillmore's legal restructuring of Golden Living created regulatory challenges; it created different LLCs to own the operating company, the property, and the individual nursing homes. The study noted that the extra layers and LLCs often hinder state and federal oversight of quality of care and make it more difficult for the government to hold the company accountable.²¹

Under Fillmore's ownership, the Golden Living was a defendant in several large-scale lawsuits. The company's legal trouble, which began before Fillmore acquired it, appears to have worsened under private equity ownership. The lawsuits under Fillmore's ownership include:

- A 2011 class action case for inadequate staffing levels in California²²
- A whistleblower suit against Golden Living's AseraCare hospice company in which the USDOJ intervened²³
- A settlement with the USDOJ for providing inadequate wound care in Georgia, requiring a Corporate Integrity Agreement for federal oversight.²⁴

Beginning in 2015, Pennsylvania's Attorney General filed suit against Golden Living alleging that the company used deceptive conduct to lure seniors into living in its facilities and then provided substandard care. The suit eventually forced Golden Living to sell its 36 Pennsylvania nursing home licenses to other chains in 2018.²⁵

According to *Skilled Nursing News*, Golden Living still owns the real estate for all 36 homes it used to manage in Pennsylvania. An analysis of Medicaid cost reports for 20 of its homes led PennLive to estimate that Golden Living received at least \$12 million in rent in 2017 from the operators now running its Pennsylvania properties.²⁶

Fillmore Capital still owns Golden Living facilities but has divested much of the portfolio. In a series of small transactions with various buyers between October 2016 and February 2017, Golden Living sold facilities in Mississippi, Alabama, Georgia, Kansas, North Carolina, California, Virginia, and Nebraska.²⁷

It is not clear how many facilities Golden Living still owns or operates or where the remaining facilities are. Golden Living's website lists only 24 facilities, all located in Indiana.²⁸ An April news report indicated that it recently owned three Stockton, CA facilities that were under receivership.²⁹

HOSPITAL SYSTEMS

According to the American Hospital Association, as of August 2018 hospitals were closing at a rate of 30 per year. Closures occurred both at for-profit and non-profit

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TOP PRIVATE EQUITY-BACKED HOSPITAL SYSTEMS

NAME	PRIVATE EQUITY FIRM	ACQUIRED
LifePoint Health	Apollo Global Management	November 2018
Steward Health Care System	Cerberus Capital Management	November 2010
Premise Health	OMERS Private Equity	July 2018
Prospect Medical Holdings	Leonard Green & Partners	December 2010

hospitals.³⁰ However, private equity ownership may exacerbate this trend. While private equity owners prefer to avoid bankruptcy, they can recover their equity and make a profit regardless.³¹ Private equity firms thus may have more incentive to undertake more short-term strategies like sale-leaseback transactions and large acquisitions than to invest in keeping less profitable hospitals open.³²

Paladin Healthcare – Hahnemann Hospital

The closure of Hahnemann Hospital in Philadelphia raised concern that private equity firms may buy hospitals with little intention of keeping them open, instead opting to utilize the underlying real estate and assets for other purposes.³³ Private equity firm Paladin Healthcare bought Hahnemann and its sister hospital St. Christopher's in Philadelphia in January 2018. Paladin Healthcare Chairman Joel Freedman said in a press release announcing the sale:

[“We are committed to sustaining and enhancing the outstanding clinical and academic programs at both hospitals, providing the capital investment they need to thrive, and preserving their long-term future as financially stable healthcare providers and employers.”³⁴](#)

A year and a half later, Freedman announced that Hahnemann was not profitable enough and would be forced to close.³⁵ The closure eliminates a crucial safety net hospital for Philadelphia's poor residents of color. An analysis by the Philadelphia Inquirer found that close to half of the people admitted to Hahnemann were on Medicaid and two-thirds are black or Latino.³⁶ Additionally, over 2,500 hospital employees lost their jobs.³⁷

According to city records, the real estate under the hospital totals about 1 million square feet and has a market value of \$58 million. The real estate is not included in the bankruptcy.³⁸ When Paladin bought the hospital, it simultaneously entered into a joint venture with private equity real estate firm Harrison Street Real Estate Capital, LLC to acquire a portfolio of buildings on the medical campus.³⁹

Meanwhile, the portfolio was structured in a way that according to some experts, didn't make sense from an investment perspective. Eileen Appelbaum, Director of the Center for Economic and Policy Research, told the American Prospect “This is pretty clearly a pure real estate deal... Paladin continues to own the real estate and stands to make a fortune without lifting a finger by selling it to developers who are already salivating over what they can do with this well-located property.”⁴⁰

Developers and real estate experts see opportunity in Hahnemann Hospital's real estate. An executive vice president at real estate services group Colliers International called it a “gateway location,” and “a real opportunity to put another piece in place that continues the redevelopment of North Broad Street.”⁴¹ He suggested it could be used for a hotel to serve the nearby convention center. Another developer, the president of Parkway Corp, suggested the land could be used for technology and research businesses.⁴²

Cerberus Capital Management – Steward Health Care

Over the last few years, Steward Health Care grew from a 6-hospital Massachusetts community health system to a 38-hospital nationwide system. The growth took place under the ownership of Cerberus Capital Management, which acquired the then-non-profit Catholic system in 2010, converting it into a for-profit health system.⁴³

In 2016, Steward sold the real estate under its 9 Massachusetts hospitals for \$1.25 billion and a 5% equity stake in the company to health care REIT Medical Properties Trust (MPT). Steward's CEO said that equity stake would give Steward a “second source of capital funding and allow it to grow its model of community-based care in other states.”⁴⁴ Cerberus was able to pay itself back for its initial investment in Steward. Steward now leases those properties and pays rent to MPT.⁴⁵

Steward then began expanding aggressively; the following year it bought buy 8 hospitals across Pennsylvania,



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Florida, and Ohio from Community Health Systems (CHS)⁴⁶ and 18 hospitals from TPG Capital-owned Iasis Healthcare.⁴⁷

Steward's national growth has been accompanied by closures and discontinuation of services. In the first few years of Cerberus ownership, Steward closed its pediatric unit at Morton Hospital in Taunton, MA and the family medicine residency program at Carney Hospital that it had initiated just two years earlier.⁴⁸ In December 2014, Steward closed Quincy Hospital, making Quincy the largest city in New England without a hospital. The state's Attorney General undertook an investigation of the closure and ordered Steward to keep the emergency department open for up to two years.⁴⁹ When the emergency unit closes in 2020, Quincy will become the largest city in Massachusetts without an ER.⁵⁰

In 2018 Steward permanently closed the maternity wing at Morton Hospital⁵¹ as well as the entire Northside Regional Medical Center in Youngstown, Ohio, which it had acquired the year before.⁵² In July 2019, it closed neonatal unit of Easton Hospital in Pennsylvania, which it had also purchased in 2017.⁵³

In September 2019, the Massachusetts Nurses Association filed charges with the National Labor Relations Board (NLRB) against Steward for allegedly threatening to close the Nashoba Valley Medical Center unless the union accepted the hospital's "final offer" for a union contract.⁵⁴ The contract was ratified the following month after 10 months of negotiations and a 100% strike authorization vote.⁵⁵

Throughout Cerberus's ownership Steward has faced litigation and regulatory scrutiny. Steward has twice been fined by the state of Massachusetts for failing to disclose its audited financial statements to state agencies.⁵⁶ In 2018, a physician filed a whistle-blower lawsuit against Steward for allegedly pressuring physicians to refer patients only to Steward-operated hospitals and specialists.⁵⁷ As of May 2019, the lawsuit was ongoing as Steward contested the claims.⁵⁸ The same year, CHS sued Steward when it failed to pay over \$10 million in costs associated with the sale of the 8-hospital portfolio Steward purchased.⁵⁹ According to court records, the case was ongoing as of October 2019.

Leonard Green & Partners – Prospect Medical Holdings

Private equity firm Leonard Green & Partners purchased Prospect Medical Holdings in December 2010. At the time, Prospect owned and operated five community-based hospitals in the greater Los Angeles area.⁶⁰ It now owns and operates 20 hospitals and more than 165 clinics in Pennsylvania, California, New Jersey, Connecticut, Rhode Island, and Texas.⁶¹

In July 2019, Prospect initiated a \$1.55 billion sale-leaseback deal with Medical Properties Trust in which it sold its real estate to the health care REIT and leased it back, paying rent for property it had once owned. The deal included all of its operations in Pennsylvania, Connecticut, and California.⁶²

The sale-leaseback deal did not include Prospect-owned Nix Health Care System in Texas, but Prospect appears to be gearing up to sell Nix Health:

- In July 2019, Nix announced it was selling a 24-floor high rise where Nix Medical Center was the main tenant. The future of the medical center is uncertain. Company representatives said: "We are currently reviewing strategic options for our Nix Health operations. These options may include identifying a local or national operator to acquire the facilities."⁶³
- In August 2019, Nix Health announced that it would close its home health department, laying off as many as 585 employees.⁶⁴



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- In September 2019, Nix Health announced it would close its 208-bed acute care hospital.⁶⁵

BlueMountain Capital – New LifeCare Hospitals

Private equity-backed New LifeCare Hospitals filed for Chapter 11 bankruptcy in May 2019. It is owned primarily by affiliates of BlueMountain Capital, Monarch Alternative Capital and Twin Haven Special Opportunities Fund. At the time of the bankruptcy filing, it operated 17 hospitals in 9 states. It closed several hospitals leading up to the bankruptcy.⁶⁶

PHYSICIAN STAFFING & EMERGENCY SERVICES

Physician Staffing

Hospitals increasingly contract out staffing for emergency rooms and other specialty departments to physician staffing companies. Because the contracted physicians are often out of the insurance network the hospital uses, patients can get saddled with unexpected and sometimes very large medical bills.⁶⁷

The two largest physician staffing firms are Blackstone Group-owned Team Health and KKR-owned Envision Healthcare. Together, the two firms make up about 30% of the market for physician staffing services.⁶⁸

A 2017 study by researchers at Yale University analyzed insurance company filings and found that when KKR's Envision Healthcare entered a market, out-of-network billing rates increased between 81 and 90 percentage points. Blackstone's Team Health triggered a rate increase of 33 percentage points.⁶⁹

Lawmakers have introduced bipartisan Congressional legislation that would put an end to surprise medical billing. A September 2019 investigation by the *New York Times* found that Team Health and Envision have contributed more than \$28 million on an ad campaign to oppose the legislation through a shadowy lobbying entity called Doctor Patient Unity in 2019.⁷⁰

Following the New York Times report, Congressional Energy and Commerce Committee Chairman Frank Pallone (D-NJ) and Ranking Member Greg Walden (R-OR) launched an investigation into the role of private equity firms in surprise billing.⁷¹

Some states have already outlawed surprise medical billing, including California, New York, and Oregon. In 2018, Bloomberg reported that those states' retirement systems remain heavily invested in the asset managers that own the companies that engage in the practice.⁷²

Air Ambulances

Two of the three largest air medical transport companies that dominate the market are private equity owned: Global Medical Response is owned by KKR and Air Methods is owned by American Securities. Both companies have come under scrutiny for surprise medical billing.⁷³

Air Methods and its collections agency are currently facing a class action lawsuit from six plaintiffs who allege the company charged exorbitant prices for services that patients never agreed to pay. The average of the plaintiffs' bills comes to almost \$46,000 per person.⁷⁴

In Colorado, AirMedCare Network, a consortium of four seemingly independent ambulance companies all owned

TOP PRIVATE EQUITY-BACKED PHYSICIAN STAFFING COMPANIES

NAME	PRIVATE EQUITY FIRM	ACQUIRED
Envision Healthcare	KKR	October 2018
Team Health Holdings	Blackstone Group	February 2017
American Physician Partners	BBH Capital Partners, Brentwood Capital	April 2015
Sound Physicians	Athyrium Capital, Summit Partners, Silversmith Capital, Revelstoke Capital Partners	June 2018

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by Global Medical Response, offers subscription services for people worried about out-of-network fees. According to the *American Prospect*, “the subscription promises that the patient will not be billed out-of-network for any flight in the AirMedCare Network. Of course, as the fine print of the subscription pamphlet notes, the patient has no control whatsoever over which company arrives first to transport them.”⁷⁵

While the number of air ambulance helicopters has increased as the industry has grown, a 2017 GAO report found that air ambulance prices doubled between 2010 and 2014.⁷⁶ A 2019 GAO report found that 69% of air ambulance trips taken in 2017 were out-of-network.⁷⁷

Over the past five years, more than a dozen federal lawsuits have accused air ambulance providers of unfair billing practices.⁷⁸

Ground Ambulances

A 2016 investigation by the *New York Times* uncovered numerous problems with private equity ownership of ambulances, including at least two lawsuits alleging that the poor quality of service led to patient deaths.⁷⁹

The *Times* found that of the 12 ambulance companies recently owned by private equity, three had filed for bankruptcy in the three years before the article was published. Rural/Metro was one of those that went through bankruptcy under ownership by private equity firm Warburg Pincus and reemerged with another private equity owner and distressed debt investor, Oaktree Capital Management.⁸⁰ Rural/Metro was acquired by American Medical Response (AMR), a segment of Envision Healthcare, in 2015.⁸¹

Over the course of Rural/Metro’s private equity ownership, a myriad of problems emerged. Slow response times and unavailable ambulances led to county-imposed financial penalties and severed contracts. In Arizona, employees said ambulances weren’t properly stocked, raises for senior staff were eliminated, and pensions were slashed.⁸²

In 2015 Rural/Metro’s competitor American Medical Response (AMR), which was owned by Envision Healthcare, took over Rural/Metro.⁸³ Private equity firm KKR acquired Envision, and thus Rural/Metro and AMR, in 2018.⁸⁴

Behavioral Health

Private equity has made up a significant portion of recent merger activity in behavioral health. Behavioral health broadly refers to mental health and addiction services; services may include outpatient and inpatient therapy, intellectual and developmental disability treatment, psychiatric hospitals, methadone clinics, and detox centers. A fast-growing industry, behavioral health transactions reached historic highs in 2018, at 97 known transactions; that represents a 59% year-over-year increase from 2017. During the same period, private equity buyers went from accounting for 48% of acquisitions in behavioral health to 69% of acquisitions.⁸⁵

Private equity firms have been particularly active in acquiring methadone clinics. The president for the American Association for the Treatment of Opioid Dependence told the *Wall Street Journal* in September 2017 that “while a decade ago roughly 60% of the clinics were nonprofits, today nearly 60% are for-profit entities.”⁸⁶

Centerbridge Partners in 2018 acquired Civitas Solutions, a mental health and autism treatment company, in one of



the largest behavioral health transactions in recent years with an estimated enterprise value of \$1.4 billion.⁸⁷ Civitas is the leading national provider of home- and community-based health services to people with intellectual, developmental, physical or behavioral disabilities.⁸⁸

BayMark Health Services, a portfolio company of private equity firm Webster Equity Partners, has been one of the most active acquirers of behavioral health providers. Since August 2016, BayMark has announced 15 transactions, six of which occurred in 2018. Baymark is now the largest opioid treatment company in North America with 218 programs across 32 states and one Canadian province.⁸⁹ In January 2019, Webster announced plans to sell BayMark in the second half of 2019. Sources close to the matter reportedly indicated the most likely buyer will be another large private equity firm.⁹⁰

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TOP PRIVATE EQUITY-BACKED BEHAVIORAL HEALTH COMPANIES

NAME	SUBTYPE	PRIVATE EQUITY FIRM	ACQUIRED
Civitas Solutions	Intellectual and developmental disabilities	Centerbridge Partners, Vistria Group	March 2019
BrightView	Addiction treatment centers	Shore Capital Partners	October 2017
Pathways Health & Community Support	Home and community behavioral health and social services	ATAR Capital	October 2018
RHA Health Services	Behavioral health home care, intellectual and developmental disabilities	Blue Wolf Capital, Constitution Capital	August 2019
LEARN Behavioral	Autism treatment	Gryphon Investors, PineBridge Investments	March 2019

ISSUES

Based on physician and academic studies as well as anecdotal experiences, private equity investments in health care providers have raised a number of issues:

Quality of care: Private equity-owned health care companies may employ cost cutting measures to meet debt obligations or owners' investment expectations, including reducing or closing less profitable services, reducing staff, and favoring fast growth over long term investments in safety and quality. Such cost cutting had demonstrable effects on HCR ManorCare, whose health violations markedly increased over the course of ownership by a private equity firm. In other areas, physicians have expressed concern over pressure to direct referrals internally to capture revenue from additional services, which may render referral patterns less responsive to patient needs or preferences.⁹¹

System stability: The closing of Hahnemann hospital, shutting down Steward, Nix Health, and New LifeCare programs and facilities, the HCR ManorCare bankruptcy, and similar examples point to risks to health systems' stability under private equity ownership. The signature private equity practice of highly levered acquisitions and further saddling companies with debt may leave them more vulnerable to market volatility. While private equity owners may still want to avoid bankruptcy, they may make a profit regardless and thus may have less reason to focus on the health care provider's long-term success. Where the underlying assets (e.g. real estate) are worth more than the operation of the hospital itself, firms may prefer to close a system and sell or redevelop the property rather than keep it open.

Decreased liability and regulatory oversight: The structure of private equity-owned medical practices reduces liability for the private equity owners. Legal restructuring of companies into separate LLCs makes it difficult to pursue

litigation for systemic issues. Despite exercising control over their portfolio companies, private equity owners are rarely held accountable for the actions of companies they own.

Employees/Human Capital: Private equity-owned health care companies employ hundreds of thousands of workers in the US; we conservatively estimate the total number to be at least 930,000 employees.⁹² Facility closures due to cost cutting and bankruptcies, such as at HCR ManorCare, Hahnemann Hospital, Steward Health, Nix Health, and New LifeCare Hospitals, create significant disruptions for health care workers. Where facilities stay open, private equity-driven cost cutting may lead to labor disputes over wages and benefits.

Affordability of services: Balance (i.e. "Surprise") billing practices can make emergency services exorbitantly expensive for patients, especially for services like air ambulances, where private equity firms dominate the market. In areas where private equity-owned practices appear to be reducing access for Medicaid-funded services, such as in behavioral health, patients may experience reduced access to affordable services.⁹³

Lack of transparency: Non-disclosure agreements and the general opacity of private equity ownership structures make it difficult to evaluate the impact of private equity ownership of health care companies. In some cases, private equity-owned health care providers have willfully withheld financial information, like Cerberus-owned Steward Health Care refusing to submit financial information to the Massachusetts Center for Health Information and Analysis.⁹⁴ As long as the data on private equity-owned health care companies remains inaccessible, it will be difficult to analyze the impact of private equity ownership on the health care industry and hold owners accountable for problems.

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ELDER CARE & HOME HEALTH

NAME	TYPE	EMPLOYEES	PE FIRM	ACQUIRED
Golden Living Centers	Long term care, nursing homes, hospice, home care	-	Fillmore Capital Partners	March 2006
Kindred Healthcare/ Kindred at Home	Long term care/home health, rehabilitation services, hospice, community care	34,500	TPG Capital, Welsh, Carson, Anderson & Stowe, Humana	July 2018
Aveanna Healthcare	Pediatric home care	32,000	Bain Capital, Penfund, J.H. Whitney Capital Partners	March 2017
AccentCare	Home care	25,000	Advent International	June 2019
Life Care Companies	Senior living, elder care	23,000	McCarthy Capital	July 2010
Apria Healthcare	Home care	13,000	Blackstone Group	2008
Kindred Healthcare (Nursing Facility Business)	Long term care, nursing homes, hospice, home care	11,500	BlueMountain Capital Management	October 2017
Plum Healthcare Group	Long term care, nursing homes, hospice	11,000	Bay Bridge Capital Partners	December 2012
LaVie Care Centers	Skilled nursing, rehabilitation	10,000	Formation Capital, Senior Care Development	December 2011
Interim HealthCare	Home care and hospice staffing franchise	10,000	Levine Leichtman Capital Partners	September 2015
Home Care Assistance (HCA)	Home care	10,000	Summit Capital Partners	November 2015
Holiday Retirement/ Harvest Management	Assisted living	10,000	Fortress Investment Group	December 2006
Reliant Rehabilitation	Rehabilitation services contractor to SNFs	9,000	H.I.G. Capital	August 2018
CareFinders Total Care	Home care	7,600	Banyan Investment Partners, Linda Mintz, Sanford G. Hausner	May 2014
Elara Caring	Home care	7,200	Blue Wolf Capital, Kelso Private Equity	December 2016
Enlivant (Assisted Living Concepts)	Senior living	7,000	TPG Capital, Sabra Health Care REIT	July 2013
Erickson Living	Senior living	7,000	Redwood Capital Investments	December 2009
Pathways Health and Community Support	Home and community behavioral health and social services	6,000	ATAR Capital	October 2018
RHA Health Services	Behavioral health home care, intellectual and developmental disabilities	5,000	Blue Wolf Capital, Constitution Capital	August 2019
Covenant Care	Assisted living	4,500	Centre Partners, Bregal Partners	July 2008
InnovAge	Senior care	1,600	Welsh, Carson, Anderson & Stowe	May 2016
Hospice Compassus	Hospice	1,200	Formation Capital, Audax Group	December 2014
Mission Health Communities	Skilled nursing, senior living, home health	1,000	Skyway Capital Group	January 2014

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NAME	TYPE	EMPLOYEES	PE FIRM	ACQUIRED
Curo Health Services	Home care, hospice	-	TPG, Welsh, Carson, Anderson & Stowe (+ Humana)	July 2018
Extendicare (U.S. Business)	Long term care, nursing homes, home health	-	Formation Capital, Safanad	July 2015
Golden Living (A Portfolio of 17 Facilities in California)	Long term care, nursing homes	-	BlueMountain Capital Management	December 2016
Medical Solutions	Travel nursing	-	TPG Capital	June 2017
Prospect Medical Holdings	Health system/Home care	-	Leonard Green & Partners	December 2010

HOSPITALS & HEALTH SYSTEMS

NAME	TYPE	EMPLOYEES	PE FIRM	ACQUIRED
LifePoint Health	Non-urban healthcare centers	43,000	Apollo Global Management Anderson & Stowe (+ Humana)	November 2019
Steward Health Care System	Health system	42,000	Cerberus Capital Management	November 2019
Kindred Healthcare/ Kindred at Home	Long term care/home health, rehabilitation services, hospice, community care	34,500	TPG Capital, Welsh, Carson, Anderson & Stowe, Humana	July 2019
Premise Health	Health system	4,684	OMERS Private Equity	July 2019
Emerus Hospital Partners Private Company	Community Hospitals	1,400	Welsh, Carson, Anderson & Stowe	September 2019
Prospect Medical Holdings	Health system	-	Leonard Green & Partners	December 2019

PHYSICIAN STAFFING & EMERGENCY SERVICES

NAME	TYPE	EMPLOYEES	PE FIRM	ACQUIRED
Envision Healthcare	Ambulance/ Patient transportation/physician staffing	69,300	KKR	October 2018
Global Medical Response	Ambulance/ Patient transportation	35,000	KKR, Ardian Capital	April 2015, March 2018
Team Health Holdings	Healthcare outsourcing/ staffing	20,000	Blackstone Group	February 2017
American Physician Partners	Physician staffing/ emergency services	17,000	BBH Capital Partners, Brentwood Capital	April 2015
HealthPRO/Heritage	Nursing home/ LTC staffing outsourcing	9,000	Beecken Petty O'Keefe & Company	December 2015
Air Methods	Medical transport by air	5,000	American Securities	April 2017
PartnerMD	Healthcare outsourcing/ staffing	4,200	Markel Ventures	July 2011
Sound Physicians	Physician staffing	3,500	Athyrium Capital, Summit Partners, Silversmith Capital, Revelstoke Capital Partners	June 2018
SpecialtyCare	Healthcare outsourcing/ staffing	2,000	Kohlberg & Company	September 2017
CHG Healthcare Services	Healthcare outsourcing/ staffing	1,800	Leonard Green & Partners, Ares Management	November 2012

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NAME	TYPE	EMPLOYEES	PE FIRM	ACQUIRED
DuPage Medical Group	Physician staffing	1,241	Ares Management, Athyrium Capital, Guidon Partners	August 2017
Schumacher Clinical Partners	Emergency staffing	1,140	Onex Partners	August 2015
Aequor Healthcare Services	Healthcare outsourcing/ staffing	-	DW Healthcare Partners	May 2018
US Acute Care Solutions	Emergency staffing	-	Welsh, Carson, Anderson & Stowe	April 2015

BEHAVIORAL HEALTH

NAME	TYPE	EMPLOYEES	PE FIRM	ACQUIRED
Civitas Solutions disabilities	Intellectual and developmental	23,000	Centerbridge Partners, Vistria Group	March 2019
BrightView	Addiction treatment centers	19,000	Shore Capital Partners	October 2017
Pathways Health and Community Support	Home and community behavioral health and social services	6,000	ATAR Capital	October 2018
RHA Health Services	Behavioral health home care, intellectual and developmental disabilities	5,000	Blue Wolf Capital, Constitution Capital	August 2019
LEARN Behavioral	Autism treatment	3,400	Gryphon Investors, PineBridge Investments	March 2019
Center For Autism & Related Disorders	Autism treatment	3,000	Blackstone Group	May 2018
Autism Learning Partners	Autism treatment	2,600	FFL Partners	December 2017
Pyramid Healthcare	Behavioral Health/Addiction treatment	1,700	Clearview Capital	July 2011
Oceans Healthcare	Behavioral Health	1,277	General Catalyst Partners and HLM Venture Partners	January 2013
Meridian Behavioral Health	Behavioral Health/Addiction treatment	1,200	Audax Group	December 2015
Promises Behavioral Health	Behavioral Health/Addiction treatment	1,000	BlueMountain Capital Management	March 2019
Active Day	Adult daycare	1,000	Audax Group	December 2015
SUN Behavioral Health	Psychiatric hospitals	1,000	NewSpring Capital, LLR Partners, Petra Capital Partners, and HealthInvest Equity Partners	April 2015
360 Behavioral Health	Autism treatment	-	DW Healthcare Partners	March 2018
Blue Sprig Pediatrics	Autism treatment	-	KKR	January 2017
BayMark Health Services	Addiction treatment centers	-	Webster Capital Management	June 2015
Pinnacle Treatment Centers	Addiction treatment centers	-	Linden Capital Partners	August 2016
Community Medical Services	Addiction treatment centers	-	Clearview Capital	March 2018
Discovery Behavioral Health	Behavioral Health, women, children, adolescents	-	Webster Capital Management	August 2011

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NAME	TYPE	EMPLOYEES	PE FIRM	ACQUIRED
Odyssey Behavioral Healthcare	Behavioral Health/Addiction treatment	-	The Carlyle Group	November 2018
Behavioral Health Group	Behavioral Health/Addiction treatment	-	The Vistria Group	December 2018

AMBULATORY CARE

NAME	TYPE	EMPLOYEES	PE FIRM	ACQUIRED
Concentra	Occupational Health, urgent care	8,000	Welsh, Carson, Anderson & Stowe, Cressey & Company	June 2015
ATI Physical Therapy	Physical Therapy	6,000	Advent International	May 2016
Upstream Rehabilitation	Outpatient rehabilitation	5,000	Revelstoke Capital Partners, WP Global Partners, Yukon Partners, Northwestern Mutual Capital	December 2015
Athletico Physical Therapy	Physical Therapy	5,000	BDT Capital Partners	December 2016
NueHealth	Ambulatory Centers	2,500	BC Partners, Ares Management	November 2018
US Renal Care	Dialysis	1,001	Bain Capital, Summit Partners, Revelstroke Capital Partners	February 2019
American Vision Partners	Ophthalmology	-	H.I.G. Capital	April 2017

CORRECTIONAL HEALTH

NAME	TYPE	EMPLOYEES	PE FIRM	ACQUIRED
Wellpath (fka Correct Care Solutions/ Correctional Medical Group Cos)	Correctional healthcare	15,000	H.I.G. Capital	August 2010
Corizon Health	Corizon Health	11,000	BlueMountain Capital Management	April 2017
Armor Correctional Health Services	Correctional healthcare	1,600	Georgetown Capital	May 2018

DENTAL CARE

NAME	TYPE	EMPLOYEES	PE FIRM	ACQUIRED
Heartland Dental Care	Non-clinical dental support services	12,000	KKR	April 2018
Aspen Dental Management	Dental practice management	5,000	Leonard Green & Partners, Ares Management	2006 (Ares) 2010 (LGP)
Western Dental Services	Dental care	4,500	New Mountain Capital	September 2012
American Dental Partners	Dental care	2,651	JLL Partners	February 2012
Smile Brands	Dental practice management	1,745	Gryphon Investors & Triangle Capital	August 2016
Carestream Dental	Dental imagine and products	1,300	Clayton Dubilier & Rice and Care Capital	September 2017
Dental Care Alliance	Dental practice management	1,100	Harvest Partners, Crescent Capital Group	July 2015
Affordable Dentures	Dental care	1,000	Berkshire Partners and Partners Group	October 2015

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PHARMACIES & PHARMACEUTICALS

NAME	TYPE	EMPLOYEES	PE FIRM	ACQUIRED
PharMerica/BrightSpring	Pharmacy services, home and community health	50,700	KKR, Athrium Capital, Walgreens Boots Alliance	December 2017
PAREXEL International	Biotechnology and pharmaceutical development	20,000	Pamplona Capital Management	September 2017
Pharmaceutical Product Development	Pharmaceutical research and development	19,000	The Carlyle Group, Hellman & Friedman	December 2011
Publicis Healthcare Communications	Pharmaceuticals	4,000	Altamont Capital Partners	January 2019
PCI Pharma Services	Pharmaceuticals	3,200	Partners Group, Thomas H. Lee Partners	June 2016
Guardian Pharmacy Services	Pharmacy services	2,400	Cardinal Equity Partners, Bindley Capital Partners	July 2003

HEALTH TECH

NAME	TYPE	EMPLOYEES	PE FIRM	ACQUIRED
NexTech Systems	Medical record software	50,000	Thomas H Lee Partners	June 2019
Carestream Health	Diagnostic image and healthcare IT	6,000	Onex Partners	May 2007
Gebbs Healthcare Solutions	Medical billing software	6,000	ChrysCapital	December 2018
AthenaHealth	Healthcare IT services, software	5,156	Evergreen Coast Capital, Veritas Capital	February 2019
Ortho-Clinical Diagnostics	Diagnostic equipment	4,300	The Carlyle Group	June 2014

OTHER

NAME	TYPE	EMPLOYEES	PE FIRM	ACQUIRED
Massage Envy Franchising	Therapeutic Massage/wellness	35,000	Ares Capital, Roark Capital Group	October 2012
ScribeAmerica	Medical scribe training and management services	15,000	Chicago Growth Partners and Vesey Street Capital	
Omega Healthcare Management Services	Medical billing and collections	13,000	TA Associates Management	June 2012
U.S. Anesthesia Partners	Anesthesia/ Pain Mgmt	3,500	Berkshire Partners, Tetrad and Welsh, Carson, Anderson & Stowe	2013
nThrive	Medical billing	3,200	Pamplona Capital Management	January 2016
LifeLabs	Laboratory	2,900	Borealis Infrastructure	February 2007
One Call Care Management	Workers' compensation diagnostic services	-	Apax Partners, Altamir	November 2013
US Radiology Specialists	Radiology	-	Welsh, Carson, Anderson & Stowe	2018

Data compiled from Pitchbook as of October 2019.

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