



CEPR CENTER
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Submitted Electronically

Re: Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V)

The Private Equity Stakeholder Project (PESP) is a financial watchdog organization that seeks to bring transparency and accountability to the private equity industry for the benefit of impacted communities and investors. The Center for Economic and Policy Research (CEPR) is a nonprofit research organization that conducts professional research and public education on key economic and social issues to create an informed public.

We appreciate this opportunity to provide public comment for this proposed rule to amend Regulation V, which implements the Fair Credit Reporting Act (FCRA), by the Consumer Financial Protection Bureau. The proposed rule is timely as the private equity industry's role in generating medical debt has grown dramatically in recent years.

Along with the other financial and health consequences of medical debt, the reporting of such debt to credit reporting agencies raises barriers to credit even though it is not a good indicator of financial responsibility. Third party debt collectors strategically furnish information to such agencies in order to pressure patients to pay back debt in full. Additionally, the accuracy of medical debt collections is a major policy concern as consumer credit reports have been contaminated with inaccurate medical billing data. Private equity-owned debt collection companies, which may be more aggressive than other debt collectors, have been accused of pursuing medical debts that are not owed, based on allegedly inaccurate data.

Private Equity Stakeholder Project and CEPR commend the proposed rule change as one of multiple solutions needed to help protect patients from unjust impacts of medical debt, and as a necessary step towards addressing the real harms that result from inaccurate medical debt data held by private equity-owned debt collectors and others.

MEDICAL DEBT IS DIFFERENT

Medical debt is a significant issue in the United States. The Kaiser Family Foundation estimated that Americans owed at least \$220 billion in medical debt in 2021 with 78% of medical debt held by individuals who owe more than \$10,000. About half of U.S. adults with medical debt report owing more than \$2,000. Around 20 million Americans – representing one in twelve adults – had medical debt. Such debt has disproportionately affected individuals with disabilities, who report owing debt at more than twice the rate of Americans without disabilities. Other highly impacted groups have been people in worse health, low- and middle-income adults, people without health insurance, Black people, and middle-aged adults.¹

Regardless of disproportionately impacted demographics, all Americans with medical debt suffer significant consequences to their financial and physical well-being.² Nearly two of five adults aged 19-64 reported in a 2023 Commonwealth Fund survey that their medical, dental, or other health care debt led them to cut back on necessities like food, rent, and heating along with delaying/avoiding necessary health care.³ Nearly 60% of bankruptcy filers from 2013 to 2016 cited medical debt as a contributor to their bankruptcy.⁴ A March 2024 *JAMA* analysis of 2018 medical debt data from 2,943 U.S. counties found that a 1% increase in a county's population with medical debt was associated with a 18.3 and 17.9 more physically and mentally unhealthy days, respectively, in a month per 1,000 people, 1.12 lost years of life per 1,000 people, and an increase of 7.51 per 100,000 in age-adjusted all-cause mortality.⁵

Another significant impact of medical debt is how it hurts Americans' ability to access credit for important purchases, such as for a mortgage loan. Medical debt constituted most of the collections on consumer credit reports from 2018 to 2022.⁶ In 2022, the CFPB made an acknowledged underestimate that \$88 billion of medical debt was reflected on Americans' credit records as of 2021. This debt can lower the credit scores of Americans, raising barriers to

¹ Shameek Rakshit et al., "The Burden of Medical Debt in the United States," Peterson-KFF Health System Tracker, February 12, 2024, <https://www.healthsystemtracker.org/brief/the-burden-of-medical-debt-in-the-united-states/>.

² David U. Himmelstein et al., "Prevalence and Risk Factors for Medical Debt and Subsequent Changes in Social Determinants of Health in the US," *JAMA Network Open* 5, no. 9 (September 16, 2022): e2231898, <https://doi.org/10.1001/jamanetworkopen.2022.31898>.

³ Sara R. Collins, Shreya Roy, and Relebohile Masitha, "Paying for It: How Health Care Costs and Medical Debt Are Making Americans Sicker and Poorer," The Commonwealth Fund, October 26, 2023, <https://doi.org/10.26099/bf08-3735>.

⁴ David U. Himmelstein et al., "Medical Bankruptcy: Still Common Despite the Affordable Care Act," *American Journal of Public Health* 109, no. 3 (March 2019): 431–33, <https://doi.org/10.2105/AJPH.2018.304901>.

⁵ Xuesong Han et al., "Associations of Medical Debt With Health Status, Premature Death, and Mortality in the US," *JAMA Network Open* 7, no. 3 (March 4, 2024): e2354766, <https://doi.org/10.1001/jamanetworkopen.2023.54766>.

⁶ Fredric Blavin, Breno Braga, and Michael Karpman, "Medical Debt Was Erased from Credit Records for Most Consumers, Potentially Improving Many Americans' Lives" (Urban Institute, November 2, 2023), <https://www.urban.org/urban-wire/medical-debt-was-erased-credit-records-most-consumers-potentially-improving-many>.

accessing credit, increasing interest rates, and hurting individuals' ability to get loans for their car, home, small business, and more.⁷

The CFPB recognized in a 2014 report that debt collectors furnish information to nationwide consumer reporting agencies as a strategy to “motivate the consumer to contact the collection agency to resolve the debt.”⁸

As the CFPB has documented, medical debt is not a very reliable indicator of whether people can pay off their loans. Unpaid medical debt is not as predictive like non-medical collections in showing that an individual is more likely to be delinquent.⁹ Medical debt differs from other types due to its fundamental causes. Health care in the United States is the most expensive in the world, with Americans paying significantly more for the same services as comparable nations. Unexpected health problems or other services necessary to an individual's health and wellbeing can result in medical debt rather than frivolous spending.¹⁰

PRIVATE EQUITY INCREASES HEALTHCARE COSTS

Private equity has been a major factor in the growing U.S. medical debt crisis. Across the country, it has helped drive up healthcare costs through the acquisitions of hospitals, health systems, and physician practices. In recent years, several studies have confirmed private equity's role in driving up healthcare costs for patients and payers.¹¹

For patients who cannot afford these growing costs, private equity-owned companies have created healthcare debt through medical credit cards, installment loans, and other payment products, which can burden patients with high interest payments on top of the debt itself.¹²

⁷ CFPB, “Medical Debt Burden in the United States” (Consumer Financial Protection Bureau, February 2022), https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf, 2.

⁸ CFPB, “Consumer Credit Reports: A Study of Medical and Non-Medical Collections.”, 35.

⁹ CFPB, “Data Point: Medical Debt and Credit Scores” (Consumer Financial Protection Bureau, May 2014), https://files.consumerfinance.gov/f/201405_cfpb_report_data-point_medical-debt-credit-scores.pdf; CFPB, “Consumer Credit Reports: A Study of Medical and Non-Medical Collections” (Consumer Financial Protection Bureau, December 2014), https://files.consumerfinance.gov/f/201412_cfpb_reports_consumer-credit-medical-and-non-medical-collections.pdf, 43-48.

¹⁰ Mike Winters, “Over Half of Americans Have Medical Debt, Even Those with Health Insurance—Here's Why,” CNBC, March 11, 2022, <https://www.cnbc.com/2022/03/11/why-55percent-of-americans-have-medical-debt-even-with-health-insurance.html>.

¹¹ See Appendix B. Studies Finding Private Equity Increases Costs

¹² Senator Chris Murphy. “Murphy: We've Allowed Private Equity To Financialize Our Health Care System,” July 11, 2024. <https://www.murphy.senate.gov/newsroom/press-releases/murphy-weve-allowed-private-equity-to-financialize-our-health-care-system>.

Those who cannot pay their medical debts may receive a call from private equity-owned debt collector – some of which have received high volumes of debt-related consumer complaints.¹³

MEDICAL CREDIT CARDS CONTRIBUTE TO DEBT

Private equity has had a hand in the creation of medical debt through medical credit card companies such as AccessOne.¹⁴ In January 2022, North Carolina’s treasurer criticized some of the state’s non-profit hospitals for billing poor patients instead of providing charity care, despite the hospitals’ more than \$1.8 billion in tax breaks. Three health systems used billing services from AccessOne, which encouraged patients to use medical credit cards that could charge interest rates as high as 18% after a promotional period.¹⁵

A partnership with AccessOne at a public university-run healthcare system in North Carolina had substantial impact on patient debt. Most UNC Health patients were in no-interest plans when AccessOne took over billing services, according to a records analysis by KFF. Once the private equity-owned company took over, patients increasingly enrolled in one of AccessOne’s plans exposing them to high interest rate payments.¹⁶

In one two-year period at UNC, the percentage of AccessOne payers who were enrolled in the highest-interest loan plan increased from 9% to 46%. Within one year, nearly half of patients in debt to AccessOne were enrolled in the company’s highest-interest payment plan. High interest payments on medical credit card debts paid to a private equity-owned company have left these patients worse off.¹⁷

Medical credit cards also impact dental patients. In an investigation from 2019, the *Fresno Bee* found that, across California, dentists seemed to be inflating costs and pressuring patients to put services on a medical credit card.¹⁸

¹³ Private Equity Stakeholder Project PESP. “How Private Equity Profits from Aggressive Medical Debt Collection,” August 24, 2021. <https://pestakeholder.org/news/how-private-equity-profits-from-aggressive-medical-debt-collection/>.

¹⁴ Frontier Growth. “Frontier Capital Announces Investment in AccessOne,” January 5, 2017. <https://frontiergrowth.com/news/frontier-capital-announces-investment-in-accessone/>.

¹⁵ North Carolina Department of State Treasurer. “Some North Carolina Nonprofit Hospitals Billing Poor Patients Amid Failures in Charity Care,” January 26, 2022. <https://www.nctreasurer.com/news/press-releases/2022/01/26/some-north-carolina-nonprofit-hospitals-billing-poor-patients-amid-failures-charity-care>. The scheme, highlighted by KFF, was listed at fourth place in the 7th annual Shkreli Awards, the Lown Institute’s list of worst profiteering and dysfunction in healthcare: <https://lowninstitute.org/projects/2023-shkreli-awards/>.

¹⁶ Noam N. Levey and Aneri Pattani. “How Banks and Private Equity Cash In When Patients Can’t Pay Their Medical Bills.” KFF Health News, November 17, 2022. <https://kffhealthnews.org/news/article/how-banks-and-private-equity-cash-in-when-patients-cant-pay-their-medical-bills/>.

¹⁷ Noam N. Levey and Aneri Pattani. “How Banks and Private Equity Cash In When Patients Can’t Pay Their Medical Bills.” KFF Health News, November 17, 2022. <https://kffhealthnews.org/news/article/how-banks-and-private-equity-cash-in-when-patients-cant-pay-their-medical-bills/>.

¹⁸ Manuela Tobias. “Dental Patients Face Years of Debt, Inflated Bills.” CalMatters, December 9, 2019. <http://calmatters.org/projects/dental-patients-face-years-of-debt-inflated-bills/>.

The report found that the largest dental chain in California, owned by private equity, had promoted zero interest financing from CareCredit on its website, without mentioning the 27% interest rate that can become effective after a six- to 24-month promotional period.¹⁹

THE RISE OF REVENUE CYCLE MANAGEMENT (RCM) COMPANIES

A key factor in contemporary debt collection has been the growth of RCM companies that employ an aggressive business model which can raise the financial strain on patients. In the 2000s, there were only a few RCM companies that predominantly focused on providing billing and payment collection services to health providers, namely hospitals. However, the market significantly grew, as hospitals and other providers increasingly outsourced RCM services following the passage of the 2008 Health Information Technology for Economic and Clinical Health (HITECH) Act and the 2010 Affordable Care Act (ACA).²⁰

The former incentivized providers to adopt electronic health record (EHR) systems that were interoperable, meaning that they could exchange information with other software like RCM systems.²¹ These RCM systems grew to be more sophisticated and broad-ranging in provided services compared to the earlier 2000s, such as providing end-to-end RCM that oversees a provider's billing practice from an initial patient appointment all the way through treatment completion and payment.²²

The latter significantly expanded the demand for EHR and RCM systems due to millions of people gaining health insurance coverage and, thus, increased access to care.²³ At the same time, many Americans adopted high deductible health plans (HDHPs) from the ACA's Health Insurance Marketplace which offered lower premiums and lower upfront costs. Concurrently, employers also adopted HDHPs as a means to lower spending while health costs overall were increasing. In 2007, 17.5% of Americans under the age of 65 with private insurance were in a HDHP, rising to 25.3% by 2010, 43.7% in 2017, and roughly 51% in 2023.²⁴ A key consequence

¹⁹ Manuela Tobias. "Dental Patients Face Years of Debt, Inflated Bills." CalMatters, December 9, 2019. <http://calmatters.org/projects/dental-patients-face-years-of-debt-inflated-bills/>; New Mountain Capital. "Sonrava Health." Accessed June 10, 2024. <https://www.newmountaincapital.com/portfolio/sonrava-health/>.

²⁰ Eileen Appelbaum and Rosemary Batt, "Healthcare Financialization through Information Technology," Forthcoming, 39.

²¹ "American Recovery and Reinvestment Act of 2009," Pub. L. No. 111-5 (2009), <https://www.congress.gov/bill/111th-congress/house-bill/1>; Assistant Secretary for Technology Policy/Office of the National Coordinator for Health IT. "How Does the HITECH Act Address Barriers to Information Exchange?" Accessed August 9, 2024. <https://www.healthit.gov/faq/how-does-hitech-act-address-barriers-information-exchange>.

²² Appelbaum and Batt, "Healthcare Financialization through Information Technology", 39; "A Beginner's Guide To End-To-End Revenue Cycle Management," *Hansei* (blog), accessed August 8, 2024, <https://hanseisolutions.com/a-beginners-guide-to-end-to-end-revenue-cycle-management/>.

²³ Eileen Appelbaum and Rosemary Batt, "Private Equity Buyouts in Healthcare: Who Wins, Who Loses?" (Center for Economic and Policy Research & Institute for New Economic Thinking, March 15, 2020), https://cepr.net/wp-content/uploads/2020/03/WP_118-Appelbaum-and-Batt.pdf, 78.

²⁴ Robin A. Cohen, Michael E. Martinez, and Heather L. Free, "Health Insurance Coverage: Early Release of Estimates from the National Health Interview Survey, 2007" (Centers for Disease Control and

of HDHPs is that they pushed significantly higher medical costs onto insured patients, contributing to the rise in medical debt.²⁵

Outsourcing of RCM services will likely only increase in the future. A 2022 survey found that 61% of health care providers planned to outsource RCM to external entities.²⁶ One industry analyses projected the RCM outsourcing market to grow from \$27.8 billion in 2023 to \$102.9 billion by 2032.²⁷ Therefore, as health care providers increasingly outsource to RCM companies, patients will likely be subject to increased financial pressure, including the threat of lower credit scores from reported medical debt to credit agencies if the current proposed rule is not finalized.

AGGRESSIVE PE-OWNED DEBT COLLECTORS

Private equity emerged as a significant player in the RCM market in the 2010s; by July 2024, PE firms backed 104 RCM companies.²⁸ Some private equity-owned debt collectors have suggested that they are more aggressive than other companies. Professional, a private equity-owned debt collector, says its service line Professional Credit offers its clients return rates 5% to 10% higher than the debt collection industry average.²⁹

Private equity-owned debt collectors may be significantly more aggressive in collecting medical debts. Receivable Solutions (RSi), an RCM company owned by WestView Capital Partners,³⁰

Prevention, June 2008), <https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur200806.pdf>; Robin A. Cohen, Emily P. Zammitti, and Michael E. Martinez, “Health Insurance Coverage: Early Release of Estimates From the National Health Interview Survey, 2017” (Centers for Disease Control and Prevention, May 2018), <https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201805.pdf>; “High Deductible Health Plans and Health Savings Accounts : U.S. Bureau of Labor Statistics,” U.S. Bureau of Labor Statistics, April 11, 2024, <https://www.bls.gov/ebs/factsheets/high-deductible-health-plans-and-health-savings-accounts.htm#:~:text=The%20availability%20of%20HDHPs%20for,and%2054%20percent%20in%202023.>

²⁵ David L. Rabin et al., “Under the ACA Higher Deductibles and Medical Debt Cause Those Most Vulnerable to Defer Needed Care,” *Journal of Health Care for the Poor and Underserved* 31, no. 1 (February 2020): 424–40, <https://doi.org/10.1353/hpu.2020.0031>.

²⁶ Victoria Bailey, “61% of Providers Plan to Outsource Revenue Cycle Management Tasks,” *Rev Cycle Management*, April 10, 2023, <https://www.techtarget.com/revcyclemanagement/news/366600481/61-of-Providers-Plan-to-Outsource-Revenue-Cycle-Management-Tasks>.

²⁷ “Healthcare RCM Outsourcing Market Report by Type (Pre-Intervention, Intervention, Post-Intervention), Services (Back-End, Middle, Front-End), End-User (Hospitals, and Others), and Region 2024-2032” (IMARC Group, 2023), <https://www.imarcgroup.com/healthcare-rcm-outsourcing-market>.

²⁸ Appelbaum and Batt, “Healthcare Financialization through Information Technology”; PitchBook, Appelbaum and Batt’s calculations.

²⁹ Professional. “Professional Credit Collections.” Accessed June 13, 2024. <https://professionalcredit.com/professionals-service-lines/professional-credit-2/>.

³⁰ RSi. “Revenue Cycle Management Company RSi Announces Acquisition of Invicta Health Solutions.” PR Newswire, January 9, 2023. <https://www.prnewswire.com/news-releases/revenue-cycle-management-company-rsi-announces-acquisition-of-invicta-health-solutions-301716607.html>.

has received industry recognition for its debt collection services.³¹ RSi has promoted its claims that the company outperformed two competing debt collectors by 27% to 41%, respectively, at one 500-bed hospital. RSi also highlights how it doubled collections in its first year – with annual increases since – while collecting patient debts at a 2,000-bed children’s healthcare system.³²

Some private equity-owned debt collection companies have taken measure of the medical debt crisis. Brown & Joseph observed in one blog post – titled “Medical Bills: The Leading Cause of Bankruptcy” – that despite an ongoing U.S. medical debt crisis, in one year only half of people in the U.S. with unpaid bills were contacted by a collection agency. “The reason why this amount is so low despite high amounts of medical debt is that most bad debt is simply written off by health care providers.”³³ It continued:

The American Hospital Association found that the amount of bad debt written off for almost 5,000 hospitals nationwide was over \$39 billion. This bad debt can be attributed to insurance reform, but it also has to do with hospitals’ outdated revenue cycle management (RCM).³⁴

Debt collectors can achieve significant scale under private equity ownership. Veritas Capital owns revenue cycle management company MiraMed, which provides third-party collection services to U.S. hospitals and physicians.³⁵ The company merged with Coronis Health in 2022 to create an 8,500-employee end-to-end platform serving healthcare providers across various specialties.³⁶

Some private equity-owned debt collectors operate through subsidiaries. Annuity Health is a technology-driven debt collection company providing collections services including bad debt recovery.³⁷ The company segments its debt collection services into two subsidiaries – AMCOL Systems and Arcadia Recovery Bureau – in order to comply with legal requirements.³⁸ Annuity was formed from the merger of revenue cycle management companies AMCOL Systems and

³¹ RSi. “RCM Company RSi Awarded Best in KLAS in Revenue Cycle Financial/HIM.” PR Newswire, February 8, 2023. <https://www.prnewswire.com/news-releases/rcm-company-rsi-awarded-best-in-klas-in-revenue-cycle-financialhim-301740982.html>.

³² RSi. “Bad Debt.” Accessed June 11, 2024. <https://rsircm.com/bad-debt/>.

³³ Mikaela Parrick. “Medical Bills: The Leading Cause of Bankruptcy.” Brown & Joseph, LLC, December 4, 2018. <https://brownandjoseph.com/blog/medical-bills-bankruptcy/>.

³⁴ Mikaela Parrick. “Medical Bills: The Leading Cause of Bankruptcy.” Brown & Joseph, LLC, December 4, 2018. <https://brownandjoseph.com/blog/medical-bills-bankruptcy/>.

³⁵ “MiraMed Revenue Group.” Accessed June 13, 2024. <https://www.miramедrg.com/>.

³⁶ Business Wire. “Veritas Capital Completes Combination of Coronis Health and MiraMed Global Services, Creating Leading Multi-Specialty Revenue Cycle Management Platform,” August 4, 2022. <https://www.businesswire.com/news/home/20220804005392/en/Veritas-Capital-Completes-Combination-of-Coronis-Health-and-MiraMed-Global-Services-Creating-Leading-Multi-Specialty-Revenue-Cycle-Management-Platform>.

³⁷ Annuity Health. “About Us.” Accessed June 13, 2024. <https://www.annuityhealth.com/index.html>.

³⁸ Annuity Health. “Primary and Secondary Bad Debt Recovery.” Accessed June 13, 2024. <https://www.annuityhealth.com/bad-debt.html>.

RevMD Partners.³⁹ In 2018, Annuity Health was acquired by private equity firm Pine Tree Equity.⁴⁰

Debt collection case study: Providence Health

For almost two years, two private equity-owned RCM companies helped a large non-profit hospital chain in the collection of unlawful medical charges against patients who were likely qualified for charity care.⁴¹

The private equity-owned RCM companies – Optimum Outcomes and Harris & Harris – sent collection letters to patients that failed to include mandatory written disclosures informing patients about charity care discounts before aggressively collecting on their medical debt.⁴²

The debt collectors were ordered to reform their practices, and together paid approximately \$1.8 million in penalties.⁴³ Providence entered into an agreement requiring the health system to forgive \$137 million in debt and provide \$20 million in refunds to nearly 100,000 patients.⁴⁴

In 2019, Optimum Outcomes and Harris & Harris were contracted to collect patient medical debts on behalf of hospital chain Providence.⁴⁵ A year earlier, Providence executives had established a program called “Rev-Up,” requiring employees to pressure payments from patients,

³⁹ Greenberg Advisors. “RCM / ARM Firm, Arcadia, Acquired by Annuity Health,” March 31, 2020. <https://greenberg-advisors.com/rcm-arm-firm-arcadia-acquired-by-annuity-health/>.

⁴⁰ David Helms, Alex Weiss, and Kari O’Brien. “WHA Quarterly Healthcare Sector Update & Vertical Deep Dive.” WallerHelms Advisors, Q3 2021. [https://www.wallerhelms.com/images/news/pdf/Quarterly%20Newsletter%20\(Q3%202021\).pdf](https://www.wallerhelms.com/images/news/pdf/Quarterly%20Newsletter%20(Q3%202021).pdf).

⁴¹ Washington State Office of the Attorney General. “AG Ferguson: Judge Orders Providence Debt Collector Optimum Outcomes to Pay \$827,000 Penalty for Violating Patients’ Medical Debt Collection Rights,” March 20, 2024. <https://www.atg.wa.gov/news/news-releases/ag-ferguson-judge-orders-providence-debt-collector-optimum-outcomes-pay-827000>.

⁴² Washington State Office of the Attorney General. “AG Ferguson: Providence’s Collection Agencies Broke the Law While Collecting Medical Debts,” August 9, 2022. <https://www.atg.wa.gov/news/news-releases/ag-ferguson-providence-s-collection-agencies-broke-law-while-collecting-medical>.

⁴³ Washington State Office of the Attorney General. “AG Ferguson: Judge Orders Providence Debt Collector Optimum Outcomes to Pay \$827,000 Penalty for Violating Patients’ Medical Debt Collection Rights,” March 20, 2024. <https://www.atg.wa.gov/news/news-releases/ag-ferguson-judge-orders-providence-debt-collector-optimum-outcomes-pay-827000>.

⁴⁴ Washington State Office of the Attorney General. “AG Ferguson: Providence Must Provide \$157.8 Million in Refunds and Debt Relief for Unlawful Medical Charges to Low-Income Washingtonians,” February 1, 2024. <https://www.atg.wa.gov/news/news-releases/ag-ferguson-providence-must-provide-1578-million-refunds-and-debt-relief>.

⁴⁵ Washington State Office of the Attorney General. “AG Ferguson: Judge Orders Providence Debt Collector Optimum Outcomes to Pay \$827,000 Penalty for Violating Patients’ Medical Debt Collection Rights,” March 20, 2024. <https://www.atg.wa.gov/news/news-releases/ag-ferguson-judge-orders-providence-debt-collector-optimum-outcomes-pay-827000>.

including those eligible to receive free care. Providence hired debt collectors to pursue patients who did not make payments.⁴⁶

Optimum Outcomes (Pamplona Capital Management)

The attorney general in Washington described Optimum Outcomes' role in the scheme:

Optimum's failure to conduct even the most rudimentary compliance task, either before commencing collection efforts or at any time for the 17 months thereafter, demonstrates Optimum's blatant disregard and disrespect for Washington law. This disrespect of Washington law and Optimum's bad faith are further evidenced by the fact that Optimum never obtained the correct in-state license to collect debt for Providence during the entire time period that it collected in Washington.⁴⁷

A trial court found that Optimum Outcomes had acted in bad faith in collecting the Providence medical debt:

... it chose to do business in Washington; it failed to comply with Washington's laws, without evidence it did an even rudimentary check of them; it offered no plausible explanation as to how it missed this important detail compared to other important details it got right (like where to send money) ...⁴⁸

Following a trial in which the court found the company had acted in bad faith, Optimum Outcomes was ordered to make reforms and to pay the state \$10 per violation – totaling \$827,290 for more than 82,000 claims – and legal fees estimated to exceed \$400,000.⁴⁹

Harris & Harris (Clarion Capital Partners)

Harris & Harris agreed to pay \$1 million and to reform its practices to settle claims that it unlawfully collected medical payments from more than 160,000 patients without providing required disclosures about rights related to their medical debt. "By excluding those disclosures," read a press release from the Washington attorney general's office, "Harris & Harris created barriers that kept patients from learning about and accessing financial assistance on their hospital bills."⁵⁰

⁴⁶ Jessica Silver-Greenberg and Katie Thomas. "They Were Entitled to Free Care. Hospitals Hounded Them to Pay." New York Times, September 24, 2022.

<https://www.nytimes.com/2022/09/24/business/nonprofit-hospitals-poor-patients.html>.

⁴⁷ Washington v. Providence Health & Services Washington, et al. "State's Trial Brief." King County Superior Court, February 22, 2024, 2.

⁴⁸ Washington v. Providence Health & Services Washington, et al. "Findings of Fact and Conclusions of Law." King County Superior Court, March 29, 2024, 9.

⁴⁹ Washington State Office of the Attorney General. "AG Ferguson: Judge Orders Providence Debt Collector Optimum Outcomes to Pay \$827,000 Penalty for Violating Patients' Medical Debt Collection Rights," March 20, 2024. <https://www.atg.wa.gov/news/news-releases/ag-ferguson-judge-orders-providence-debt-collector-optimum-outcomes-pay-827000>.

⁵⁰ Washington State Office of the Attorney General. "AG Ferguson: Providence Debt Collector Harris & Harris to Pay \$1 Million for Failing to Inform Patients of Their Medical Debt Collection Rights,"

RCM, debt collection, and non-profit hospitals

Hospital chains such as Providence can assign patient medical debt to a collection company by contracting with the company to collect debts on its behalf for a commission. In other cases, a collection company may buy medical debt from a hospital and keep the entire amount that it collects.⁵¹

In recent years, non-profit hospitals have spent less on charity care, with median charity care as a percentage of operating expenses declining from 1.21% in 2020 to 0.99% in 2022.⁵² A recent study looking at 2,425 non-profit hospitals found that 80% spent less on financial assistance and community investment than the value of their tax breaks.⁵³ Federal law requires non-profit hospitals to provide some level of charity care, but hospitals have broad flexibility to establish their own eligibility criteria.⁵⁴

Hospital debts comprise a significant portion of medical debt. Nearly three in four adults with past-due medical debt report owing debt to hospitals. In a majority of cases, people with past-due medical bills were contacted by a debt collection agency.⁵⁵

Patients at mission-driven hospitals are not exempt from medical debt risk. Non-profit hospitals and their debt collector company partners are among the most aggressive pursuers of medical debt.⁵⁶ In 2023, Human Rights Watch found that the U.S. non-profit hospital model contributes to abusive medical billing and debt collection practices and undermines human rights.⁵⁷

MEDICAL DEBT DATA IS NOT ACCURATE

February 21, 2024. <https://www.atg.wa.gov/news/news-releases/ag-ferguson-providence-debt-collector-harris-harris-pay-1-million-failing-inform>.

⁵¹ Luke Messac. *Your Money or Your Life: Debt Collection in American Medicine*. New York: Oxford University Press, 2024, p. 3.

⁵² Alex Kacik. “As Hospital Expenses Rise, Charity Care Spending Falls.” *Modern Healthcare*, November 17, 2023. <https://www.modernhealthcare.com/providers/nonprofit-hospital-charity-care-spending-2020-2022>.

⁵³ Lown Institute Hospital Index. “Nonprofit Hospitals Receive Billions More in Tax Breaks than They Invest in Their Communities,” March 26, 2024. <https://lownhospitalsindex.org/hospital-fair-share-spending-2024/>.

⁵⁴ Zachary Levinson, Scott Hulver, and Tricia Neuman Published. “Hospital Charity Care: How It Works and Why It Matters.” KFF, November 3, 2022. <https://www.kff.org/health-costs/issue-brief/hospital-charity-care-how-it-works-and-why-it-matters/>.

⁵⁵ Michael Karpman. “Most Adults with Past-Due Medical Debt Owe Money to Hospitals.” *Urban Institute*, March 13, 2023. <https://www.urban.org/research/publication/most-adults-past-due-medical-debt-owe-money-hospitals>.

⁵⁶ Isaiah Thompson. “Nonprofit Hospitals Pursue Aggressive Medical Debt Collection.” *Nonprofit Quarterly*, September 5, 2023. <https://nonprofitquarterly.org/nonprofit-hospitals-pursue-aggressive-medical-debt-collection/>.

⁵⁷ Matt McConnell. “In Sheep’s Clothing.” *Human Rights Watch*, June 15, 2023. <https://www.hrw.org/report/2023/06/15/sheeps-clothing/united-states-poorly-regulated-nonprofit-hospitals-undermine>.

Accuracy of medical debt collections is a major policy concern. Consumer credit reports have been contaminated with inaccurate medical billing data, according to the Consumer Financial Protection Bureau, which estimated in 2022 that U.S. consumer credit reports included \$88 billion in medical bills.⁵⁸

A number of private equity-owned debt collectors have received complaints in the CFPB consumer complaint database primarily around attempts to collect debts that are not owed or collecting wrong amounts.⁵⁹

Receivables Management Partners has been private equity-owned since 2007 and a Meduit subsidiary since 2017.⁶⁰ The company received at least 980 complaints related to medical debt collection from 2011 through July,⁶¹ including 277 complaints for attempts to collect debt not owed and 148 complaints for continued attempts to collect debt not owed.⁶²

CMRE Financial Services has been a private equity-owned subsidiary of NexPhase Capital-owned Meduit since February 2020.⁶³ According to a search of the CFPB consumer complaint database from the beginning of March 2020 through July 2024, CMRE Financial Services has

⁵⁸ Consumer Financial Protection Bureau. “CFPB Estimates \$88 Billion in Medical Bills on Credit Reports,” March 1, 2022. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-estimates-88-billion-in-medical-bills-on-credit-reports/>.

⁵⁹ Consumer Financial Protection Bureau. “Consumer Complaint Database.” Accessed April 28, 2024. <https://www.consumerfinance.gov/data-research/consumer-complaints/>.

⁶⁰ LaSalle Capital. “Receivables Management Partners.” Accessed August 5, 2024. <http://www.lasallecapital.com/our-portfolio/case-rmp.html>; Thompson Street Capital Partners. “Thompson Street Capital Partners Acquires Receivables Management Partners,” July 27, 2012. <https://www.tscp.com/news/thompson-street-capital-partners-acquires-receivables-management-partners/>; NexPhase Capital. “NexPhase Capital Invests in Two Leading Healthcare Revenue Cycle Management Companies – Med A/Rx and RMP – NexPhase Capital.” March 2, 2017. <https://nexphase.com/nexphase-capital-invests-in-two-leading-healthcare-revenue-cycle-management-companies-med-a-rx-and-rmp/>.

⁶¹ CFPB Consumer Complaint Data search: dates filtered from 12/01/2011 through 07/31/2024; company name filtered to Receivables Management Partners, LLC; product filtered to debt collection; subproduct filtered to medical debt and medical. https://www.consumerfinance.gov/data-research/consumer-complaints/search/?chartType=line&company=Receivables%20Management%20Partners%2C%20LLC&dateInterval=Year&date_received_max=2024-07-31&date_received_min=2011-12-01&lens=Product&product=Debt%20collection%E2%80%A2Medical%20debt&product=Debt%20collection%E2%80%A2Medical&searchField=all&subLens=issue&tab=Trends.

⁶² CFPB Consumer Complaint Data search: dates filtered from 12/01/2011 through 07/31/2024; company name filtered to Receivables Management Partners, LLC; product filtered to debt collection; subproduct filtered to medical debt and medical.

⁶³ Meduit RCM. “CMRE Has Joined Forces with Meduit,” February 12, 2020. <https://blog.meduitrcm.com/blog/cmre-has-joined-forces-with-meduit>; NexPhase Capital. “Portfolio.” Accessed May 29, 2024. <https://nexphase.com/portfolio/>.

received at least 839 complaints.⁶⁴ Among the complaints, 672 were related to debt collection.⁶⁵ At least 464 of these complaints relate to medical debt,⁶⁶ including 236 complaints for attempts to collect debt not owed. Additionally, 113 complaints related to written notifications about the debt, including not receiving enough information to verify the debt and not receiving any notice of the right to dispute the debt

Optimum Outcomes was under private equity ownership from 2011 until January 2021.⁶⁷ According to the CFPB Consumer Complaint Database, the company received 580 complaints during this time.⁶⁸ At least 392 of the complaints were about attempts to collect medical debt.⁶⁹

⁶⁴ CFPB Consumer Complaint Data search: dates filtered from 03/01/2020 through 07/31/2024; company name filtered to CMRE Financial Services, Inc. https://www.consumerfinance.gov/data-research/consumer-complaints/search/?chartType=line&company=CMRE%20Financial%20Services%2C%20Inc.&dateInterval=Year&date_received_max=2024-07-31&date_received_min=2020-03-01&lens=Product&searchField=all&subLens=issue&tab=Trends

⁶⁵ CFPB Consumer Complaint Data search: dates filtered from 03/01/2020 through 07/31/2024; company name filtered to CMRE Financial Services, Inc.; product issued to debt collection. https://www.consumerfinance.gov/data-research/consumer-complaints/search/?chartType=line&company=CMRE%20Financial%20Services%2C%20Inc.&dateInterval=Year&date_received_max=2024-07-31&date_received_min=2020-03-01&lens=Product&searchField=all&subLens=issue&tab=Trends.

⁶⁶ CFPB Consumer Complaint Data search: dates filtered from 03/01/2020 through 07/31/2024; company name filtered to CMRE Financial Services, Inc.; product filtered to debt collection; subproduct filtered to medical debt. https://www.consumerfinance.gov/data-research/consumer-complaints/search/?chartType=line&company=CMRE%20Financial%20Services%2C%20Inc.&dateInterval=Year&date_received_max=2024-07-31&date_received_min=2020-03-01&lens=Product&product=Debt%20collection%E2%80%A2Medical%20debt&searchField=all&subLens=issue&tab=Trends.

⁶⁷ Waud Capital Partners. “Optimum Outcomes.” Accessed April 28, 2024. <https://www.waudcapital.com/en/portfolio/optimum-outcomes/>; Waud Capital Partners. “Adreima.” Accessed April 28, 2024. <https://www.waudcapital.com/en/portfolio/adreima/>; Wall Street Journal. “Pamplona’s nThrive Buying Waud-Backed Adreima,” November 18, 2016. <http://www.wsj.com/articles/pamplonas-nthrive-buying-waud-backed-adreima-1479428063>; Clearlake Capital Group. “Clearlake Capital To Acquire nThrive’s Technology Division.” PR Newswire, November 19, 2020. <https://www.prnewswire.com/news-releases/clearlake-capital-to-acquire-nthrives-technology-division-301176847.html>; Washington v. Providence Health & Services Washington, et al. “State’s Trial Brief.” King County Superior Court, February 15, 2024, 15.

⁶⁸ CFPB Consumer Complaint Data search: dates filtered from 12/01/2011 through 12/31/2020; company name filtered to Optimum Outcomes, Inc. https://www.consumerfinance.gov/data-research/consumer-complaints/search/?chartType=line&company=Optimum%20Outcomes%2C%20Inc.&dateInterval=Year&date_received_max=2020-12-31&date_received_min=2011-12-01&lens=Product&searchField=all&subLens=sub_product&tab=Trends.

⁶⁹ CFPB Consumer Complaint Data search: dates filtered from 12/01/2011 through 12/31/2020; company name filtered to Optimum Outcomes, Inc.; product filtered to debt collection; subproduct filtered to medical and medical debt. https://www.consumerfinance.gov/data-research/consumer-complaints/search/?chartType=line&company=Optimum%20Outcomes%2C%20Inc.&dateInterval=Year&date_received_max=2020-12-31&date_received_min=2011-12-01&lens=Product&product=Debt%20collection%E2%80%A2Medical&product=Debt%20collection%E2%80%A2Medical%20debt&searchField=all&subLens=sub_product&tab=Trends.

More than 260 of the complaints were for attempts, or continued attempts, to collect debt not owed.⁷⁰

Debt collector Harris & Harris was acquired by Clarion Capital Partners in September 2019.⁷¹ Since then, it has received at least 713 complaints through July 2024,⁷² including 653 complaints related to attempts to debt collection.⁷³ At least 295 complaints related to medical debt and 221 complaints were made by people who did not know what type of debt was being collected.⁷⁴

CONCLUSION

Private equity's role in exacerbating the medical debt crisis is becoming increasingly clear, as it both raises healthcare costs for patients and utilizes aggressive debt collection strategies, including furnishing information to credit reporting agencies that harms patients' credit scores regardless of if such data is actually indicative of their financial responsibility. In July, private equity was one of the topics discussed during a hearing on the growing medical debt crisis held by the Senate Health, Education, Labor, and Pensions Committee. The hearing highlighted private equity's ownership of hospitals and healthcare practices, as well as medical credit cards.

⁷⁰ CFPB Consumer Complaint Data search: dates filtered from 12/01/2011 through 12/31/2020; company name filtered to Optimum Outcomes, Inc.; issue filtered to "Cont'd attempts collect debt not owed" and "Attempts to collect debt not owed." https://www.consumerfinance.gov/data-research/consumer-complaints/search/?chartType=line&company=Optimum%20Outcomes%2C%20Inc.&dateInterval=Year&date_received_max=2020-12-31&date_received_min=2011-12-01&issue=Cont%27d%20attempts%20collect%20debt%20not%20owed&issue=Attempts%20to%20collect%20debt%20not%20owed&lens=Product&searchField=all&subLens=sub_product&tab=Trends.

⁷¹ Clarion Capital. "Clarion Capital Partners Completes Investment in Harris & Harris," October 15, 2019. <https://www.clarion-capital.com/news-article/clarion-capital-partners-completes-investment-harris-harris>.

⁷² CFPB Consumer Complaint Data search: dates filtered from 10/01/2019 through 07/31/2024; company name filtered to Harris & Harris, Ltd. https://www.consumerfinance.gov/data-research/consumer-complaints/search/?chartType=line&company=Harris%20%26%20Harris%2C%20Ltd.&dateInterval=Year&date_received_max=2024-07-31&date_received_min=2019-10-01&lens=Product&searchField=all&subLens=sub_product&tab=Trends.

⁷³ CFPB Consumer Complaint Data search: dates filtered from 10/01/2019 through 07/31/2024; company name filtered to Harris & Harris, Ltd.; product filtered to debt collection. https://www.consumerfinance.gov/data-research/consumer-complaints/search/?chartType=line&company=Harris%20%26%20Harris%2C%20Ltd.&dateInterval=Year&date_received_max=2024-07-31&date_received_min=2019-10-01&lens=Product&product=Debt%20collection&searchField=all&subLens=sub_product&tab=Trends.

⁷⁴ CFPB Consumer Complaint Data search: dates filtered from 10/01/2019 through 07/31/2024; company name filtered to Harris & Harris, Ltd.; product filtered to debt collection; subproduct filtered to I don't know. https://www.consumerfinance.gov/data-research/consumer-complaints/search/?chartType=line&company=Harris%20%26%20Harris%2C%20Ltd.&dateInterval=Year&date_received_max=2024-07-31&date_received_min=2019-10-01&lens=Product&product=Debt%20collection%E2%80%A2%20do%20not%20know&searchField=all&subLens=sub_product&tab=Trends.

Senator Chris Murphy noted the “extraordinary new phenomenon driven in part by the financialization of our health care system.”⁷⁵

For people with medical debt, private equity may be present at every juncture: high healthcare prices paid in credit; interest rates making it harder to cover costs; and the aggressive collectors of unpaid debts. At every step private equity firms are positioned to take a cut of funds meant to go towards healthcare – contributing to and benefiting from an unsustainable crisis that burdens millions of people under billions in debt.

Private equity-owned healthcare companies have contributed to high costs for patients, which can result in medical debt. Private equity-owned RCM has contributed to inaccurate and sometimes unlawful debt being tied to consumers credit reports. Private-equity-backed debt collectors exacerbate the existent perverse incentives of outsourced RCM for aggressive collection strategies and strategic reporting of medical debt to credit reporting agencies as a threat to patients. The proposed rule change is one of multiple solutions needed to help protect patients from unjust impacts of medical debt, and it is a necessary step towards addressing the real harms that result from inaccurate medical debt data held by private equity-owned debt collectors and others.

We again appreciate this opportunity to provide public comment for this proposed rule to amend Regulation V, which implements the Fair Credit Reporting Act (FCRA), by the Consumer Financial Protection Bureau, and we support the proposed rule change as one of multiple solutions needed to help protect patients from unjust impacts of medical debt.

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⁷⁵ Senator Chris Murphy. “Murphy: We’ve Allowed Private Equity To Financialize Our Health Care System,” July 11, 2024. <https://www.murphy.senate.gov/newsroom/press-releases/murphy-weve-allowed-private-equity-to-financialize-our-health-care-system>.

APPENDIX A: PRIVATE EQUITY-OWNED MEDICAL DEBT COMPANIES

Company	Owner(s)	Core Services
AccessOne	Frontier Capital (since 2017 ⁷⁶)	Medical payment products
Adreima	Waud Capital Partners (2008-2017); FinThrive subsidiary (2017-2021)	Debt collection
AGS Health	EQT (since 2019 ⁷⁷)	Revenue cycle management platform
AMCOL Systems	Annuity Health subsidiary (since 2021 ⁷⁸)	Debt collection
Annuity Health	Pine Tree Equity (since 2018 ⁷⁹)	Debt collection
CarePayment	Cedar Springs Capital (acquired in 2017 – current ownership status unknown)	Medical payment products
ClearBalance	Angelo Gordon & Co (acquired in 2012 – current ownership status unknown)	Medical payment products
CMRE Financial Services	Meduit subsidiary (since 2020 ⁸⁰)	Medical payment products
Coronis Health	Veritas Capital (since 2015 ⁸¹)	Debt collection
Ensemble Health Partners	Warburg Pincus, Berkshire Partners (since 2022 ⁸²); Golden Gate Capital (since 2019 ⁸³)	Revenue cycle management platform
FinThrive	Pamplona Capital Management (2016-2021); Clear Lake Capital (since 2021 ⁸⁴)	Revenue cycle management platform
Harris & Harris	Clarion Capital Partners (since 2019 ⁸⁵)	Debt collection

⁷⁶ Frontier Growth. “AccessOne.” Accessed June 6, 2024.

<https://frontiergrowth.com/portfolio/accessone/>.

⁷⁷ EQT. “AGS Health.” Accessed June 11, 2024. <https://eqtgroup.com/current-portfolio/ags-health/>.

⁷⁸ Greenberg Advisors. “RCM / ARM Firm, Arcadia, Acquired by Annuity Health,” March 31, 2020.

<https://greenberg-advisors.com/rcm-arm-firm-arcadia-acquired-by-annuity-health/>.

⁷⁹ Pine Tree Equity Partners. “» Portfolio.” Accessed August 9, 2024.

<https://www.pinetreteequity.com/equity-partnership-portfolio>.

⁸⁰ Meduit RCM. “CMRE Has Joined Forces with Meduit,” February 12, 2020.

<https://blog.meduitrcm.com/blog/cmre-has-joined-forces-with-meduit>.

⁸¹ Veritas Capital. “Portfolio.” Accessed August 9, 2024. <https://www.veritascapital.com/portfolio>.

⁸² Warburg Pincus. “Select Investments.” Accessed August 9, 2024.

<https://warburgpincus.com/investments/>; Berkshire Partners. “Portfolio.” Accessed August 9, 2024.

<https://berkshirepartners.com/private-equity/portfolio/>.

⁸³ Golden Gate Capital. “Portfolio.” Accessed August 9, 2024. <https://goldengatecap.com/portfolio/>.

⁸⁴ Clearlake Capital. “Clearlake Capital.” Accessed August 9, 2024. <https://clearlake.com/portfolio/>.

⁸⁵ Clarion Capital. “Portfolio.” Accessed August 9, 2024. <https://www.clarion-capital.com/portfolio>.

Meduit	NexPhase Capital (since 2017 ⁸⁶)	Debt collection
MiraMed	Coronis Health subsidiary (since 2022 ⁸⁷)	Debt collection
Optimum Outcomes	Waud Capital Partners (2011-2017; Adreima subsidiary 2013-2017); FinThrive subsidiary (2017-2021)	Debt collection
PrimaHealth Credit	Red Door Capital Partners (since 2022 ⁸⁸)	Medical payment products
Professional	Tonka Bay Equity (since 2021 ⁸⁹)	Debt collection
R1 RCM	New Mountain Capital (largest shareholder); TowerBrook Capital Partners, Clayton Dubilier & Rice (acquisition announced June 2024) ⁹⁰	Revenue cycle management platform
Receivable Solutions (RSi)	WestView Capital Partners (since 2019 ⁹¹)	Debt collection
Receivables Management Partners	Meduit subsidiary (since 2017 ⁹²)	Debt collection
Revco Solutions	Longshore Capital Partners (since 2020 ⁹³)	Debt collection
Revecore	GrowthCurve Capital, Riverside Partners (since 2022 ⁹⁴)	Revenue cycle management platform

⁸⁶ NexPhase Capital. "Portfolio." Accessed August 9, 2024. <https://nexphase.com/portfolio/>.

⁸⁷ Business Wire. "Veritas Capital Completes Combination of Coronis Health and MiraMed Global Services, Creating Leading Multi-Specialty Revenue Cycle Management Platform," August 4, 2022. <https://www.businesswire.com/news/home/20220804005392/en/Veritas-Capital-Completes-Combination-of-Coronis-Health-and-MiraMed-Global-Services-Creating-Leading-Multi-Specialty-Revenue-Cycle-Management-Platform>.

⁸⁸ Red Door Capital Partners. "Portfolio." Accessed August 9, 2024. <https://reddoorcp.com/transactions/>.

⁸⁹ Tonka Bay Equity. "Partner Companies." Accessed August 9, 2024. <https://tonkabayequity.com/portfolio/>.

⁹⁰ Heather Landi. "R1 RCM to Go Private in \$9B Deal with TowerBrook, CD&R." Fierce Healthcare, August 1, 2024. <https://www.fiercehealthcare.com/finance/towerbrook-cdr-take-health-tech-company-r1-rcm-private-89b-deal>.

⁹¹ WestView Capital. "Portfolio Page." Accessed August 9, 2024. <https://wvcapital.com/portfolio>.

⁹² Receivables Management Partners. "Home • RMP." Accessed August 9, 2024. <https://www.receiveormp.com/>.

⁹³ Longshore Capital Partners. "Our Investment Portfolio." Accessed August 9, 2024. <https://www.longshorecp.com/portfolio/>.

⁹⁴ GrowthCurve Capital. "Portfolio." Accessed August 9, 2024. <https://www.growthcurvecapital.com/investments>; Riverside Partners. "Our Companies." Accessed August 9, 2024. <https://www.riversidepartners.com/companies>.

RevMD Partners	Annuity Health subsidiary (since 2021 ⁹⁵)	Debt collection
SimiTree Healthcare Consulting	Sheridan Capital Partners (since 2021 ⁹⁶)	Debt collection
Varsity Healthcare Partners	Ventra Health (since 2019 ⁹⁷)	Revenue cycle management platform
Waystar	EQT AB, CPP (since 2019 ⁹⁸); Bain Capital (since 2016 ⁹⁹); Francisco Partners (since 2020 ¹⁰⁰); following 2024 IPO CPP, EQT, and Bain will beneficially own approximately 29.2%, 22.3%, and 16.8% ¹⁰¹	Revenue cycle management platform

⁹⁵ Greenberg Advisors. “RCM / ARM Firm, Arcadia, Acquired by Annuity Health,” March 31, 2020. <https://greenberg-advisors.com/rcm-arm-firm-arcadia-acquired-by-annuity-health/>.

⁹⁶ Sheridan Capital Partners. “Portfolio.” Accessed August 9, 2024. <https://www.sheridanncp.com/portfolio>.

⁹⁷ Varsity Healthcare Partners. “Select Investments.” Accessed August 9, 2024. <https://varsityhealthcarepartners.com/select-investments/>.

⁹⁸ EQT. “Current Portfolio.” Accessed August 9, 2024. <https://eqtgroup.com/current-portfolio/>; CPP Investments. “Private Equity | Our Investments.” Accessed August 9, 2024. <https://www.cppinvestments.com/the-fund/our-investments/investment-private-equity/>.

⁹⁹ Bain Capital Technology. “Waystar.” Accessed August 9, 2024. <https://www.baincapital.com/technology/?portfolio=waystar>.

¹⁰⁰ Francisco Partners. “Investments.” Accessed August 9, 2024. <https://www.franciscopartners.com/investments>.

¹⁰¹ Reuters. “Healthcare Payments Firm Waystar Aims up to \$3.83 Bln Valuation in US IPO,” May 28, 2024. <https://www.reuters.com/markets/deals/waystar-aims-up-383-bln-valuation-us-ipo-2024-05-28/>.

APPENDIX B: STUDIES FINDING PRIVATE EQUITY INCREASES COSTS

- A study from August 2020 in *JAMA Internal Medicine* found private equity acquisition was associated with increases in annual net income, hospital charges, charge-to-cost ratios, and case mix index among hospitals. According to the authors, a higher charge-to-cost ratio after being acquired could indicate higher charges for services, reductions in operating costs, or both.¹⁰²
- In April 2021, National Bureau of Economic Research published a working paper which found that the overall bill is more than 10 percent higher for patients at private equity-owned nursing homes compared to other homes, but that the higher fees did not translate into better care.¹⁰³
- A research article in *Health Affairs* from May 2021 found that private equity-acquired hospitals had higher charge-to-cost ratios and operating margins, which widened during the study period. Higher cost-to-charge ratios can induce higher payments from patients and insurers.¹⁰⁴
- In October 2021, USC-Brookings Schaeffer Initiative for Health Policy white paper found that private equity may more aggressively exploit market failures and payment loopholes than other potential acquirers, which could result in higher patient costs.¹⁰⁵
- *JAMA Health Forum* published a study in November 2021 finding private equity acquisition of nursing homes was associated with higher Medicare costs and increases in emergency department visits and hospitalizations for ambulatory sensitive conditions.¹⁰⁶
- In April 2022, *JAMA Internal Medicine* published a study reviewing data on privately insured patients who received anesthesia services from 2012 to 2017, noting that physician management companies with private equity backing charged prices higher than those without private equity backing.¹⁰⁷

¹⁰² Joseph D. Bruch, Suhas Gondi, and Zirui Song. “Changes in Hospital Income, Use, and Quality Associated With Private Equity Acquisition.” *JAMA Internal Medicine* 180, no. 11 (November 1, 2020): 1428–35. <https://doi.org/10.1001/jamainternmed.2020.3552>.

¹⁰³ Atul Gupta, Sabrina T. Howell, Constantine Yannelis, and Abhinav Gupta. “How Patients Fare When Private Equity Funds Acquire Nursing Homes.” NBER, April 1, 2021. <https://www.nber.org/digest/202104/how-patients-fare-when-private-equity-funds-acquire-nursing-homes>.

¹⁰⁴ Anaeze C. Offodile II, Marcelo Cerullo, Mohini Bindal, Jose Alejandro Rauh-Hain, and Vivian Ho. “Private Equity Investments In Health Care: An Overview Of Hospital And Health System Leveraged Buyouts, 2003–17.” *Health Affairs* 40, no. 5 (May 2021): 719–26. <https://doi.org/10.1377/hlthaff.2020.01535>.

¹⁰⁵ Erin Fuse Brown, Loren Adler, Erin Duffy, Paul B. Ginsburg, Mark Hall, and Samuel Valdez. “Private Equity Investment As A Divining Rod For Market Failure: Policy Responses To Harmful Physician Practice Acquisitions.” Brookings, October 5, 2021. <https://www.brookings.edu/articles/private-equity-investment-as-a-divining-rod-for-market-failure-policy-responses-to-harmful-physician-practice-acquisitions/>.

¹⁰⁶ Braun, Robert Tyler, Hye-Young Jung, Lawrence P. Casalino, Zachary Myslinski, and Mark Aaron Unruh. “Association of Private Equity Investment in US Nursing Homes With the Quality and Cost of Care for Long-Stay Residents.” *JAMA Health Forum* 2, no. 11 (November 19, 2021): e213817. <https://doi.org/10.1001/jamahealthforum.2021.3817>.

¹⁰⁷ Ambar La Forgia, Amelia M. Bond, Robert Tyler Braun, Leah Z. Yao, Klaus Kjaer, Manyao Zhang, and Lawrence P. Casalino. “Association of Physician Management Companies and Private Equity

- In September 2022, *JAMA Health Forum* published a study of 578 private equity-acquired dermatology, gastroenterology, and ophthalmology physician practices, as well as 2,874 similar independent practices. The report found that private equity acquisitions of physician practices were associated with increases in healthcare spending and utilization, as well as some changes to practice patterns.¹⁰⁸
- In July 2023, *BMJ* published a systematic review of 55 empirical research studies evaluating private equity-owned healthcare operators in eight countries. The review found that private equity ownership is often associated with harmful impacts on costs to patients or payers.¹⁰⁹

Investment With Commercial Health Care Prices Paid to Anesthesia Practitioners.” *JAMA Internal Medicine* 182, no. 4 (April 2022): 396–404. <https://doi.org/10.1001/jamainternmed.2022.0004>.

¹⁰⁸ Yashaswini Singh, Zirui Song, Daniel Polsky, Joseph D. Bruch, and Jane M. Zhu. “Association of Private Equity Acquisition of Physician Practices With Changes in Health Care Spending and Utilization.” *JAMA Health Forum* 3, no. 9 (September 2, 2022): e222886. <https://doi.org/10.1001/jamahealthforum.2022.2886>.

¹⁰⁹ Alexander Borsa, Geronimo Bejarano, Moriah Ellen, and Joseph Dov Bruch. “Evaluating Trends in Private Equity Ownership and Impacts on Health Outcomes, Costs, and Quality: Systematic Review.” *BMJ* 382 (July 19, 2023): e075244. <https://doi.org/10.1136/bmj-2023-075244>.