

March 19, 2025

Senate Health and Provider Services Committee
Indiana State Senate
Indiana Statehouse, Room 431
200 W. Washington St.
Indianapolis, IN 46204

H.B. 1666 Testimony – Private Equity Stakeholder Project

Dear Chair Charbonneau, Ranking Member Busch, and Members of the Committee,

The Private Equity Stakeholder Project (PESP) is a non-profit financial watchdog organization that seeks to bring transparency and accountability to the private equity industry for the benefit of impacted communities and investors.

We appreciate this opportunity to testify in support of HB 1666, as we believe it would create stronger oversight of private equity and hedge fund acquisitions of healthcare companies, as well as strengthen oversight regarding corporate ownership in physicians' practices. Both of those goals are crucial to safeguarding the financial stability of Indiana's health systems.¹

For example, our new report [*Private Equity in Intellectual and Developmental Disability Services*](#) details how private equity-owned companies have amassed tens of thousands of employees at numerous locations across the United States, often operating under obscure branding that hides their market concentration. The study highlights case studies that illustrate the risks of private equity's entry into the intellectual and developmental disabilities (IDD) services sector, which includes providers in Indiana operated by the private equity-owned companies **Sevita (Centerbridge Partners, Vistria Group)** and **Help at Home (Centerbridge Partners, Vistria Group)**.

¹ PESP's *Private Equity Risk Index* reports that Indiana is among the 10 states with the highest average rate of readmission after discharge at private equity-controlled acute care hospitals compared to the average for all hospitals in the state, as well as among the 10 states with the lowest average patient survey rating at private equity-controlled hospitals when compared to the average for all hospitals in the state.

<https://privateequityrisk.org/state/indiana/>

Sevita

Sevita is a national provider of home and community-based specialty healthcare to adults and children with IDD, individuals with complex care needs, people recovering from brain injury, and children in foster care.²

In just over a year beginning in 2020, Sevita completed 27 acquisitions, adding 11,600 employees.³ The growth was funded substantially by debt, bringing the company's overall debt load to junk status by 2024; in March 2024, credit agency Moody's Investors Service affirmed Sevita's Caa1-PD Probability of Default Rating, noting its past "very aggressive financial policies."⁴

In December 2020, US Senate Finance Committee Chairman Chuck Grassley (R-IA) and Ranking Member Ron Wyden (D-OR) released two investigative reports regarding Sevita's services for people with IDD in Iowa and Oregon. The reports found recurring critical incidents and a consistent pattern of substandard care by Sevita.⁵

These issues persisted through the duration of the Senate investigation; for example, just weeks before the final report was completed, state regulators in Oregon discovered so many violations at a Sevita home that they shut it down for good.⁶

Inspections of a Sevita facility in Indiana in 2023 found quality deficiencies related to client safety, including failure to adequately protect client rights,⁷ failure to thoroughly investigate an alleged violation⁸ or report the results of an investigation to a designated representative,⁹ failure to

² Sevita website, <https://sevitahealth.com/about-us/>. Accessed August 29, 2024.

³ KPMG. "27 acquisitions. 15 months. One mission." Accessed December 2024. <https://kpmg.com/us/en/how-we-work/client-stories/sevita-client-story.html>

⁴ Moody's Investors Service, "Moody's revises National MENTOR's (Sevita) outlook to positive, affirms Caa1 CFR," March 28, 2024. https://www.moody.com/research/Moodys-revises-National-MENTORs-Sevita-outlook-to-positive-affirms-Caa1Rating-Action--PR_487879#Related-Entities

⁵ "Life at Cypress House: An Examination of Care Provided by MENTOR Oregon," United States Senate Committee on Finance Staff Report, December 3, 2020.

<https://www.finance.senate.gov/imo/media/doc/120220%20Life%20at%20Cypress%20House%20-%20An%20Examination%20of%20Care%20Provided%20by%20MENTOR%20Oregon.pdf>

⁶ Fedor Zarkhin, "Oregon developmental disabilities company repeatedly failed vulnerable Oregonians, U.S. Senate investigation finds," The Oregonian, December 3, 2020. <https://www.oregonlive.com/watchdog/2020/12/oregon-developmental-disabilities-company-repeatedly-failed-vulnerable-oregonians-us-senate-investigation-finds.html>

⁷ Department of Health & Human Services Centers for Medicare & Medicaid Services. Inspection report for REM-Indiana Inc. Dated May 30, 2023. https://www.in.gov/health/reports/QAMIS/icfrpt/yceh12_2567.pdf pg. 1.

⁸ Department of Health & Human Services Centers for Medicare & Medicaid Services. Inspection report for REM-Indiana Inc. Dated May 30, 2023. https://www.in.gov/health/reports/QAMIS/icfrpt/yceh12_2567.pdf pg. 15.

⁹ Department of Health & Human Services Centers for Medicare & Medicaid Services. Inspection report for REM-Indiana Inc. Dated May 30, 2023. https://www.in.gov/health/reports/QAMIS/icfrpt/yceh12_2567.pdf pg. 21.

ensure staff were properly trained¹⁰ and failure to ensure staff implemented a client's continuous active treatment plan.¹¹

PESP previously wrote about Sevita in a 2022 report: "The Kids Are Not Alright: How Private Equity Profits Off of Behavioral Health Services for Vulnerable and At-Risk Youth." We detailed a history of abuse and neglect at its foster care programs, as well as state and federal investigations into quality-of-care issues. For more on those, see the report [here](#).

Help at Home

As of September 2024, Help at Home has 58,000 employees working out of 180 branches across 11 states.¹² Help at Home has grown substantially since Centerbridge and Vistria group bought it in 2020; in the last four years it has acquired at least 17 companies providing IDD services in nine states through dozens of locations.¹³

¹⁰ Department of Health & Human Services Centers for Medicare & Medicaid Services. Inspection report for REM-Indiana Inc. Dated May 30, 2023. https://www.in.gov/health/reports/QAMIS/icfrpt/yceh12_2567.pdf pg. 27.

¹¹ Department of Health & Human Services Centers for Medicare & Medicaid Services. Inspection report for REM-Indiana Inc. Dated May 30, 2023. https://www.in.gov/health/reports/QAMIS/icfrpt/yceh12_2567.pdf pg. 31.

¹² Andrew Donlan, "Help at Home Announces Three Acquisitions, Expands In Key State," Home Health Care News, September 4, 2024. <https://homehealthcarenews.com/2024/09/help-at-home-announces-three-acquisitions-expands-in-key-state/>

¹³ "The Adaptive Group acquired by Help at Home," Edgemont Partners, December 2020.

<https://www.edgemont.com/transactions/adaptive-group/>; "Help at Home Acquires Community Care Systems Inc.," PR Newswire, July 21, 2021. <https://www.prnewswire.com/news-releases/help-at-home-acquires-communitycare-systems-inc-301338769.html>; "Help at Home acquires Ohio-based Prime Home Care," Help at Home, November 12, 2021. <https://www.helpathome.com/carehub/help-at-home-acquires-ohio-basedprime-home-care/>; "Help at Home Acquires Two New York-based Home Care Organizations," April 6, 2022. <https://www.helpathome.com/news-archive/help-at-home-acquires-twonew-york-based-home-care-organizations/>; "Help at Home Acquires Ohio-based AnswerCare," April 18, 2022. <https://www.helpathome.com/news-archive/help-at-home-acquires-ohio-based-answer-care/>; "Help at Home Acquires Michigan-based Alliance Home Health Care Services," June 8, 2022. <https://www.helpathome.com/news-archive/help-at-home-acquiresmichigan-based-alliance-home-health-care-services/>; "Help at Home Acquires Open Systems Healthcare," January 3, 2023. <https://www.helpathome.com/news-archive/help-at-home-acquires-open-systemshealthcare/>; "Help at Home Enters Atlanta Market with Addition of Prosper Home Care," March 7, 2023. <https://www.helpathome.com/news-archive/help-at-home-enters-atlantamarket-with-addition-of-prosper-home-care/>; "Help at Home Continues Growth Strategy with Two Recent Home Care Acquisitions in Ohio and Indiana," August 1, 2023. <https://www.helpathome.com/newsarchive/help-at-home-continues-growth-strategy-with-two-recent-home-careacquisitions-in-ohio-and-indiana/>; Andrew Donlan, "Help at Home Announces Three Acquisitions, Expands In Key State," Home Health Care News, September 4, 2024. <https://homehealthcarenews.com/2024/09/help-at-home-announces-three-acquisitions-expands-in-key-state/>; "Help at Home Acquires Florida-based Caregiver Services, Inc.," Help at Home, October 23, 2024. <https://www.helpathome.com/news-archive/help-at-homeacquires-florida-based-caregiver-services-inc/>; "Help at Home Announces Multiple Northeast Home Care Acquisitions," PR Newswire, January 8, 2025. <https://www.prnewswire.com/news-releases/help-at-home-announces-multiple-northeast-home-care-acquisitions-302344550.html>

Indiana Disability Rights published a report in 2021 that profiled Help at Home and an individual who died under the company's care.¹⁴ Help at Home was the service provider for Aaron, an individual with IDD who moved to Indiana in 2019 with his brother and primary caregiver Harvey.¹⁵ Help at Home's services were provided through a Community Integration and Habilitation (CIH) waiver managed by Indiana's Bureau of Developmental Disabilities Services (BDDS).

Upon selecting Help at Home to manage Aaron's care, Harvey insisted that they hire him to be Aaron's primary caregiver (he had previously served as his caregiver prior to arriving in Indiana). Help at Home hired Harvey despite indications that he may not be qualified; for example, Harvey failed to demonstrate competency in critical client-specific subjects, and an error in his background check caused Help at Home to miss criminal domestic charges filed against Harvey in Tennessee after he was witnessed striking Aaron.

Help at Home then failed to meet state requirements to adequately evaluate Aaron's living situation. Indiana's Medicaid waiver program requires that staff meet with waiver individuals regularly to ensure the health and safety of their caregiving setting.¹⁶ Despite this, IDR found that: "Although support team members traveled to his mobile home, Help at Home staff did not meet Aaron or even see him; Aaron remained in his room for the entire meeting. Help at Home staff never returned to Aaron's home again during his time with the agency. Although BDDS and Help at Home both require monthly home visits, Harvey declined them." In addition, IDR found that Help at Home failed to document Aaron's medication changes and failed to ensure that Harvey documented Aaron's care.

Three months after Help at Home took over Aaron's care management, Harvey called 911 after finding him unresponsive. Doctors discovered that "Aaron weighed just 71 pounds and had 11 pressure sores, at least one of which exposed bone." He died two days later from septic shock. According to Indiana Disability Rights, an investigation by the Indiana's Bureau of Quality Improvement Services (BQIS) found that "Help at Home and Harvey neglected to provide Aaron with proper care; Help at Home failed to train Harvey properly; and Help at Home violated the regulatory Code of Ethics, betraying the values of honesty, integrity, and fairness when its supervisory staff documented daily records on Harvey's behalf, despite having never met – or even observed – Aaron."

¹⁴ Emily Munson and Natasha Henry, Indiana Disability Rights, *Slipping through the Safety Net: How Indiana's Disability Services System Failed One Client and Jeopardizes Others*, 2021. <https://www.in.gov/idr/reports-and-press/slippingthrough-the-safety-net/>.

¹⁵ Indiana Disability Rights changed the names of individuals in the report to protect their privacy.

¹⁶ Indiana Division of Disability and Rehabilitative Services Home- and CommunityBased Services Waivers, Provider Reference Module. Published September 9, 2024. <https://www.in.gov/medicaid/providers/files/modules/ddrs-hcbs-waivers.pdf>

BQIS then allowed Help at Home to write its own Corrective Action Plan (CAP) after the incident, in which it proposed to update staff training requirements and ensure that currently enrolled clients were receiving proper care. BQIS approved the plan with no additional action. The State of Indiana imposed no disciplinary action, nor other sanctions, in response to the neglect leading to Aaron's death. Since Aaron's death and the subsequent investigations, Help at Home has continued to have substantiated failures to meet state standards.

A 2022 Center for Medicare & Medicaid Services investigation found failures related to medication management, documentation, and ensuring that caregivers were active and in good standing with the state's Home Health Aide registry. Help at Home had been precluded from providing its own home health aide training and competency evaluation program for two years.¹⁷

Private Equity's Growth in Healthcare

Given the potential risks the industry poses to the state's health system, HB 1666 provides an opportunity for Indiana to demonstrate leadership in addressing the growing role of private equity in healthcare. Private equity increasingly makes up a substantial portion of acquisitions of U.S. healthcare companies as a whole, reaching an all-time high in 2021 of 515 healthcare buyouts valued at \$151 billion.¹⁸

Private equity's consolidation of healthcare has included troubling tactics such as aggressively looting safety net hospitals,¹⁹ stripping out valuable real estate,²⁰ cutting critical but less profitable services,²¹ and exploiting government funding programs²² designed to support and

¹⁷ https://www.in.gov/health/reports/QAMIS/hharpt/38680-h2_2567.pdf

¹⁸ "Healthcare Private Equity Market 2021: The Year in Review" (Bain & Company, March 16, 2022), bain.com/insights/year-in-review-global-healthcare-private-equity-and-ma-report-2022/.

¹⁹ O'Grady, Eileen. *How Private Equity Raided Safety Net Hospitals and Left Communities Holding the Bag*, Private Equity Stakeholder Project, Nov. 2022, pestakeholder.org/wp-content/uploads/2022/11/Prospect_Primer_Nov-2022.pdf.

²⁰ DePillis, Lydia. *Rich Investors May Have Let a Hospital Go Bankrupt. Now, They Could Profit from the Land*, CNN, 29 July 2019, www.cnn.com/2019/07/29/economy/hahemann-hospital-closing-philadelphia/index.html.

²¹ Spegele, Brian. "A City's Only Hospital Cut Services. How Locals Fought Back." *Wsj.Com*, Wall Street Journal, 11 Apr. 2021, www.wsj.com/articles/a-citys-only-hospital-cut-services-how-locals-fought-back-11618133400.

²² Batt, Rosemary, and Eileen Appelbaum. *Hospital Bailouts Begin — for Those Owned by Private Equity Firms*, The American Prospect, 2 Apr. 2020, prospect.org/economy/hospital-bailouts-begin-for-those-owned-by-private-equity-firms/.

stabilize healthcare access.²³ There has been an increase in state and federal efforts to address the negative effects of consolidation, including this bill's introduction.²⁴

Additionally, private equity buyouts of healthcare companies too frequently end in bankruptcy, threatening the stability of the healthcare system. In 2024, one-fifth (21%) of healthcare bankruptcies involved private equity-owned companies. Seven out of eight (88%) of the largest (liabilities over \$500 million) bankruptcies in the healthcare industry in 2024 were at companies with a history of private equity ownership.²⁵

For the above reasons, PESP strongly supports HB 1666. By strengthening its oversight authority over healthcare mergers, Indiana can join the growing chorus of lawmakers that are choosing to prioritize the long-term health of its citizens over short-term profits.

Best,



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²³ Willmer, Sabrina. "A Wall Street Giant Tapped \$1.5 Billion in Federal Aid for Its Hospitals." *Bloomberg.Com*, Bloomberg, 14 Sept. 2020, www.bloomberg.com/news/articles/2020-09-14/a-wall-street-giant-tapped-1-5-billion-in-federal-aid-for-its-hospitals.

²⁴ Kaye, Danielle. "States Fill Gaps in FTC Health-Care Consolidation Crackdown (1)." *Bloomberglaw.Com*, Bloomberg Law, 15 Mar. 2024, news.bloomberglaw.com/antitrust/states-fill-gaps-in-ftc-crackdown-on-health-care-consolidation.

²⁵ PESP Private Equity Bankruptcy Tracker, 12 Feb, 2025. <https://pestakeholder.org/private-equity-bankruptcy/>