

May 22, 2025

Joint Committee on Health Coverage,
Insurance and Financial Services
Maine State Legislature
2 State House Station
Augusta, ME 04333

LD 985 (SP 416) Testimony – Private Equity Stakeholder Project

Dear Chair Bailey, Chair Mathieson, 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 LD 985 (SP 416). We believe this legislation would protect Maine’s hospitals from private equity consolidation and ownership, including from the risks often associated with it.

Investing over \$1 trillion in the US healthcare sector over the last decade,ⁱ private equity increasingly makes up a substantial portion of acquisitions of U.S. healthcare companies as a whole. The industry reached an all-time high in 2021 of 515 healthcare buyouts valued at \$151 billion.ⁱⁱ Private equity’s growing footprint is contributing to horizontal consolidation in areas such as primary care,ⁱⁱⁱ emergency medicine,^{iv} eye care,^v gastroenterology,^{vi} durable medical equipment,^{vii} anesthesiology,^{viii} dental care,^{ix} fertility clinics,^x methadone treatment centers,^{xi} and air ambulances.^{xii}

Private equity’s consolidation of healthcare has included troubling tactics such as aggressively looting safety net hospitals,^{xiii} stripping out valuable real estate,^{xiv} cutting critical but less profitable services,^{xv} and exploiting government funding programs^{xvi} designed to support and stabilize healthcare access.^{xvii} There has been an increase in state and federal efforts to address the negative effects of consolidation, including this bill’s introduction.^{xviii}

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

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\$500 million) bankruptcies in the healthcare industry in 2024 were at companies with a history of private equity ownership.^{xix}

PESP reiterates its strong support for LD 985 (SP 416). By implementing a moratorium on ownership of hospitals by private equity and other private funds, Maine can protect its health systems from extractive investment practices and join the growing chorus of states that are choosing to prioritize the long-term health of its citizens over short-term profits.

Best,

A handwritten signature in black ink, appearing to read "C. Noble". The signature is fluid and cursive, with a large "C" and a stylized "Noble".

Chris Noble, Esq.
Policy Director
Private Equity Stakeholder Project

End Notes

- ⁱ Blumenthal, David. *Private Equity's Role in Health Care*, Commonwealth Fund, 17 Nov. 2023, www.commonwealthfund.org/publications/explainer/2023/nov/private-equity-role-health-care.
- ⁱⁱ "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/.
- ⁱⁱⁱ Singh, Yashaswini, et al. "Growth of Private Equity and Hospital Consolidation in Primary Care and Price Implications." *JAMA Network*, JAMA Health Forum, 17 Jan. 2025, jamanetwork.com/journals/jama-health-forum/fullarticle/2829224. (The study found that an increasing share of primary care physicians (PCPs) are affiliated with hospitals and private equity firms, and that such affiliated PCPs on average charge higher prices for the same services relative to independent PCPs).
- ^{iv} Adler, Loren, et al. "Measuring Private Equity Penetration and Consolidation in Emergency Medicine and Anesthesiology." *Oxford Academic*, Health Affairs Scholar, Volume 1, Issue 1, July 2023. Published online 20 June 2023, academic.oup.com/healthaffairsscholar/article/1/1/qxad008/7203733. (The study found that, from 2009 to 2019, there were substantial increases in local market concentration in emergency medicine practices and that physician groups owned by private equity or publicly traded companies grew from 8.6% of the national emergency medicine market to 22.0%).
- ^v Weber, Lauren. "Private Equity Sees the Billions in Eye Care as Firms Target High-Profit Procedures." *KFF Health News*, 19 Sept. 2022, kffhealthnews.org/news/article/private-equity-ophthalmology-eye-care-high-profit-procedures/.
- ^{vi} Busam, Jonathan A., and Eric D. Shah. "The Rise of Private Equity in Gastroenterology Practices." *NCBI*, Gastroenterology & Hepatology, 19 May 2023, pmc.ncbi.nlm.nih.gov/articles/PMC10548246/.
- ^{vii} O'Grady, Eileen, and David Card. *Private Equity in Durable Medical Equipment: How Private Equity Profits Off of Disabled and Chronically Ill Americans*, PESP & NDRN, Nov. 2023, pestakeholder.org/wp-content/uploads/2023/11/PESP_Report_DME_2023.pdf. (Explaining that the risk of fraud in private equity-owned durable medical equipment companies is evident, as such companies have paid millions of dollars in recent years to settle lawsuits alleging fraud that occurred while under private equity ownership).
- ^{viii} See Adler, et al., *supra* note 4. (The study also found that, from 2009 to 2019, there were substantial increases in local market concentration in anesthesiology practices and that physician groups owned by private equity or publicly traded companies grew from 3.2% of the national anesthesiology market to 18.8%).
- ^{ix} Timmerman, Anna M., et al. "Pushing Upmarket: Consolidation of DSOs and Secondary Private Equity Sales." *McGuireWoods*, 5 May 2023, www.mcguirewoods.com/client-resources/alerts/2023/5/consolidation-dsos-secondary-private-equity-sales/.
- ^x Stevenson, David. "Private Equity Drives Consolidation in Maturing Fertility Market." *PitchBook*, 16 Nov. 2023, pitchbook.com/news/articles/private-equity-buyouts-fertility-consolidation.
- ^{xi} Facher, Lev. "The Methadone Clinic Monopoly: Opioid Treatment Chains Backed by Private Equity Are Fighting Calls for Reform." *STAT*, 19 Mar. 2024, www.statnews.com/2024/03/19/methadone-clinics-opioid-addiction-private-equity/.
- ^{xii} Stanton, Chris. "The Air-Ambulance Vultures." *NY Magazine*, *Intelligencer*, 20 Apr. 2022, nymag.com/intelligencer/2022/04/how-private-equity-took-over-air-ambulances.html.
- ^{xiii} 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.
- ^{xiv} 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/hahnmann-hospital-closing-philadelphia/index.html.
- ^{xv} 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.

^{xvi} 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/.

^{xvii} 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.

^{xviii} 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.

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