

March 25, 2026

House Human Services Committee
Illinois General Assembly
Stratton Building, Room C-1
Springfield, IL 62706

S.B. 3118 and H.B. 4728 Testimony – Private Equity Stakeholder Project

Dear Vice-Chairperson LaPointe, Spokesperson Hammond, 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 S.B. 3118 and H.B. 4728 (together, the “legislation”), as we believe they would strengthen oversight over private equity and hedge fund ownership of intellectual or developmental disability (IDD) services companies. By updating the state’s regulatory framework and establishing guardrails to safeguard services for people with developmental disabilities from predatory investors, Illinois would become a leading example for states seeking to protect their most vulnerable residents and patients.

Private equity firms have increasingly set their sights on companies that provide a wide range of IDD services and supports, such as residential facilities, home care, fiscal intermediary services, adult day programs and occupational and physical therapy. Large asset managers are quietly acquiring and consolidating what were previously small, independent firms. Through recent buyouts and consolidation, several large private equity-owned companies have emerged with tens of thousands of employees at numerous locations across the United States. In some cases, these companies have achieved regional market concentration obscured by complex ownership structures and disparate branding.¹

Several private equity-owned providers of services for individuals with IDD have faced criticism, investigations, and in some instances closures over poor patient conditions. In March 2025, PESP released a detailed report on private equity in IDD services that highlights the concerning track

¹ O’Grady, Eileen. *Private Equity in Intellectual and Developmental Disability Services*, Private Equity Stakeholder Project, Mar. 2025, pestakeholder.org/wp-content/uploads/2025/03/PESP_Report_IDD_2025.pdf.

records of multiple private equity-owned IDD providers across the United States, including three firms operating in Illinois.²

Lawmakers, journalists, and regulators have honed in on private equity firms, because the industry's unique business model is driven by the search for exorbitant profits combined with a very limited transparency or regulation. Firms typically seek to double or triple the value of their investment in 4 to 7 years, which is challenging to do in IDD services without cutting costs in a way that compromises the quality of care. In a sector where companies provide such encompassing and essential services, private equity's entrance threatens to exacerbate the social and health inequalities that people with IDD already face.

Private equity firms are increasing their acquisitions in the IDD sector primarily due to growth in demand for such services, a high level of market fragmentation, overall increases in expenditures on care, and for the sector's recession-resistant nature. Factors like the increased longevity of individuals with IDD, the desire by caregivers for alternatives and the closure of state-facilities, have driven demand. Fragmentation in the sector also provides opportunities for private equity firms to consolidate companies through roll-ups, whereby a private equity firm uses a platform company it owns to acquire multiple other companies in a similar market.³

The following examples emphasize the risks of private equity growth in this sector and the need for legislation like SB3118 and HB 4728.

Sevita and Help at Home⁴

Two of the largest private equity-owned IDD providers, Sevita and Help at Home, are both owned by the same pair of private equity firms: Centerbridge Partners and Vistria Group. Together, Sevita and Help at Home have over 100,000 employees across almost every US state. Since its 2020 acquisition, Help at Home acquired at least 20 providers across nine states, including Community Care Systems Inc., which operates 13 branch locations throughout Illinois.

Centerbridge Partners and Vistria Group have siphoned hundreds of millions of dollars out of Sevita and Help at Home to pay themselves through "dividend recapitalization" transactions. Dividend recapitalizations are deals where a private equity firm directs its portfolio company to take on new debt and use the proceeds to pay a dividend to the private equity owner. These transactions can unnecessarily load healthcare providers with debt. While the private equity owner pays its shareholders, the provider, still responsible for the loan, is often more vulnerable

² *Id.*

³ *Id.*

⁴ O'Grady, Eileen. *Private Equity in Intellectual and Developmental Disability Services*, Private Equity Stakeholder Project, pg. 19, Mar. 2025, pestakeholder.org/wp-content/uploads/2025/03/PESP_Report_IDD_2025.pdf.

to market conditions and left with fewer resources to support operations. Centerbridge and Vistria have collected over 737 million dollars in debt-funded dividends from Sevita and Help at Home over the course of their ownership.

Centerbridge and Vistria engaged in these extractive financial maneuvers even as investigations of both Sevita's and Help at Home's services showed evidence of understaffing, inadequate training, documentation errors, medication mismanagement, and other care and oversight deficiencies across the country. In some cases, these deficiencies contributed to material harm to people under their care, including substantiated allegations of abuse and neglect.

Broadstep Behavioral Health⁵

Bain Capital's Broadstep Behavioral Health illustrates how aggressive growth may undermine quality of care. Broadstep provides residential and community-based services for children and adults with IDD, mental illness, and co-occurring disorders. Bain Capital acquired the company in May 2020. Under Bain's ownership, Broadstep's reach has accorded – in just over a year after Bain's acquisition, Broadstep acquired five other companies and operated in at least seven states, including Illinois. As of February 2026, the company lists only South Carolina on the "locations" section of its website but still lists Illinois as one of three states it operates in on the "about us" section of its website. It is unclear whether, and for how long, Broadstep will be able to continue operating in Illinois, since state regulators revoked its license to operate group homes in July 2024.

Broadstep was one of the largest providers of Community Integrated Living Arrangement (CILA) in Illinois. Between 2021 and 2023, the state paid Broadstep over \$23.6 million for CILA services. An audit of reports by the Office of the Auditor General for Illinois Department of Human Services (DHS) reviewed the state's investigations of CILA program providers, including Broadstep. The audit found that "Broadstep appears to have violated both State law and State rule in the [OIG] investigations of the cases," including 22 instances of noncooperation. In July 2024, the Illinois Division of Developmental Disabilities (DDD) revoked Broadstep's license to operate as a CILA provider after repeat violations of the state's quality standards.

In the revocation letter sent to Broadstep, the state regulator wrote:

"Despite multiple plans of correction and corrective action plans and personalized assistance from DDD, the deficiencies continue. Every effort has been made with Broadstep to not only address these deficiencies but to implement a system to maintain compliance."

⁵ *Id.*

In the same revocation letter, DDD cited Broadstep's ongoing medication administration issues, including repeatedly failing to secure medications, no evidence of training for new medication, and no policies and procedures around medication administration. Sound medication administration is essential to providing care for individuals with IDD given that the medical and pharmaceutical complexity for this population tends to be high. They also found significant deficiencies in staff training and screening and repeat violations regarding deficient safety drills and inspections.

Given the industry's track record in the state, this legislation presents a timely opportunity for Illinois to rein in the growth of private equity buyouts in IDD services. Vulnerable patients and their families should not have to bear the costs associated with private equity's relentless pursuit for short-term profits in healthcare. PESP therefore reiterates our strong support for S.B. 3118 and H.B. 4728. In recent years, states across the country have moved to address private equity's negative impacts in healthcare, demonstrating how widespread of an issue it has become.⁶ This legislation would be an important addition to this legislative movement because it is the only one that focuses on IDD services.

By strengthening ownership oversight of such services, Illinois can join the growing chorus of lawmakers 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', with a stylized, cursive script.

Chris Noble, Esq.
Policy Director
Private Equity Stakeholder Project

⁶ Fenne, Michael. *Dozens of State Bills Proposed Addressing Private Equity in Healthcare*, Private Equity Stakeholder Project, 9 Mar. 2026, pestakeholder.org/news/dozens-of-state-bills-propose-addressing-private-equity-in-healthcare/.