



**Testimony of Sarah Calder, MaineHealth**  
**Neither For Nor Against LD 985,**  
**“An Act to Impose a Moratorium on the Ownership or Operation of**  
**Hospitals in the State by Private Equity Companies or Real Estate**  
**Investment Trusts”**  
**May 6, 2025**

Senator Bailey, Representative Mathieson, and distinguished members of the Health Coverage, Insurance and Financial Services Committee, I am Sarah Calder, Senior Government Affairs Director for MaineHealth, and I am here to testify Neither For Nor Against LD 985, “An Act to Impose a Moratorium on the Ownership or Operation of Hospitals in the State by Private Equity Companies or Real Estate Investment Trusts.”

MaineHealth is an integrated non-profit hospital system that provides a continuum of health care services to communities throughout Maine and New Hampshire. Every day, our over 24,000 care team members support our vision of “Working Together so Our Communities are the Healthiest in America” by providing a range of services from primary and specialty physician services to a continuum of behavioral health care services, community and tertiary hospital care, home health care and a lab.

The goal of private equity investing is to enhance a company’s operational and financial performance, then sell it at profit. While not uniform, private equity cycles are often 3-7 years from purchase to sale. A highly publicized recent example of private equity ownership of a hospital system was Steward Health, which recently went bankrupt. Private equity goals stand in stark contrast to Maine’s hospital systems and medical practices whose goals are first to serve patients, and to do so in a financially sustainable way that meets the needs of their communities. Profit is needed to maintain operations, but not to pad investors’ pockets.

Thus, MaineHealth shares the sponsors’ concerns related to private equity companies purchasing ownership interest in hospitals. In fact, we believe that the bill should also include medical practices, as they are a more frequent target for private equity investment than hospitals, and they, like hospitals, are crucial to providing access to care for Maine’s populations. Maine is fortunate to have a large number of physicians who are employed by hospital systems, and therefore who are aligned with our missions that involve serving all patients in need, regardless of ability to pay, however we need to protect those physician practices that remain independent from succumbing to the allure of private equity – and its short-term profitability goals - as well.

It is for that reason that we strongly support [Maine’s Certificate of Need \(CON\) statute](#), which provides a necessary and public evaluation of proposed health care projects, including changes in

ownership, and, very importantly, ensures that projects “support the development and availability of health care services regardless of the consumer's ability to pay.”

MaineHealth lost nearly \$17 million last year providing community-based behavioral health services and \$400 million on our physician services. Those losses were offset in other areas, allowing us to barely break-even last year. Private equity is not clamoring to purchase services that primarily serve vulnerable populations that rely upon Medicare and Medicaid and thus lose money. Private equity is looking to invest in the services that will provide a short-term return on investment, which often involves limiting the health care services they deliver and the patients they see. While we do not want to tie the hands of providers to access capital needed to maintain operations, it is hard to envision a scenario in which private equity would make a substantial investment in a rural hospital or medical practice with a high percentage of patients enrolled in Medicare or Medicaid.

In the past few weeks, we've had one hospital and three labor and delivery units announce their closure, hospitals are on week nine of delayed and reduced Medicaid reimbursements due to the failure to pass an emergency Supplemental Budget, the White House has issued a “skinny” budget that proposes to cut Health and Human Services by 26.2%, and Congress is poised to cut \$880 billion out of the Medicaid and Medicare programs. I fear that things are only going to get worse.

With that said, we urge this Committee and the Legislature to ensure that your policymaking efforts support the sustainability of Maine's nonprofit health care providers. This includes policies such as protecting the 340B and Certificate of Need programs, as well as opposing other policies that promote the ability of health providers to pick and choose the patients they serve, and ignore Maine's most vulnerable residents, including those who lack adequate insurance coverage.

I have attached links to a recent *Health Affairs* [article](#) on private equity-acquired physician practices and a [MedPac study](#) on private equity and Medicare for your information.

Thank you, and I would be happy to answer questions.