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**Testimony in Support of:**

**LD 985, An Act to Impose a Moratorium on the Ownership or  
Operation of Maine Hospitals by Private Equity Insurers**

**May 6, 2025**

Senator Bailey, Representative Mathieson, and esteemed members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services. I am Kate Ende, Policy Director for Consumers for Affordable Health Care. Thank you for the opportunity to provide this testimony in support of LD 985, *An Act to Impose a Moratorium on the Ownership or Operation of Maine Hospitals by Private Equity Insurers*.

My name is Kate Ende, and I am the Policy Director at Consumers for Affordable Health Care (CAHC), a nonpartisan, nonprofit organization that advocates the right to quality, affordable health care for every person in Maine. As designated by Maine's Attorney General, CAHC serves as Maine's Health Insurance Consumer Assistance Program (CAP), which operates a toll-free HelpLine. Our HelpLine fielded nearly 7,300 calls and emails last year from people across Maine who needed help obtaining, keeping, using, or fixing problems with private health insurance or with accessing or affording health care services. CAHC also serves as the Ombudsman program for Maine's Medicaid program, MaineCare, and helps people apply for and navigate the enrollment and access to health care services under MaineCare. It is with that background that we provide these comments.

This bill places a moratorium on a private equity company or real estate investment trust from acquiring or increasing a direct or indirect ownership interest or operational control or financial control in a hospital in the State until June 15, 2029.

We believe the proposed moratorium is necessary and makes sense, given the fragility of Maine's health care infrastructure and what could be described as a temptation to look to private equity as a means for finding investors to support systems experiencing economic difficulties. However, we believe this is short-sighted and could further deteriorate Maine's healthcare systems.

Unfortunately, private equity in the health care space has led to higher prices. More recent studies have documented that private equity acquisitions have also put consumers (patients) at risk, including but not limited to:

- A national study of quality of care in hospitals acquired by private equity that shows worsening of fall and infection risks; and
- an increase in some post-procedure adverse events, even though private equity hospitals performed fewer procedures among younger and less disadvantaged patients.

The new findings, described in the Journal of the American Medical Association, amplified existing economic concerns about the growth of this for-profit ownership model.<sup>1</sup>

Blackstone, which describes itself as the world's largest alternative asset manager, serving institutional and individual investors<sup>2</sup> describes how to think about private equity "terms."

*One way of thinking about the (private equity) term is by dividing it into three stages: the fundraising period, the investment period, and the harvest period. After investors have committed capital during the fundraising cycle, the fund will begin to incrementally call this "capital" during the early stages of the investment period. This stage may span the first few years of the fund. Simultaneously, capital will begin to be deployed by investing in opportunities selected by the General Partner in the first ... years. The final years, the harvest period, is generally when most investments are realized, and the fund, if successful, returns any cash to investors... In the first few years, investors are providing capital while also paying management fees. As the fund deploys the capital, returns are not high enough to overcome fees, which results in a negative return...<sup>3</sup>*

In other words, like any savvy investor, private equity "partners" invest in something they believe they will benefit from financially. When the benefit decreases or no longer works in their favor, however, they look to divest their financial interests. We only need to look as close as Massachusetts, to see a clear example of how a private equity acquisition of a health care system, and subsequent "harvesting" of its assets, failed dramatically and worsened access for patients. In 2010, Cerberus Capital Management purchased a financially distressed hospital system in Massachusetts, which it rebranded as Steward. In 2016, after an initial monitoring period, Steward signed a \$1.25 billion sale-leaseback agreement with a publicly traded firm. This means the hospitals now had millions of dollars of rent each year for property they previously owned. This deal contributed to the downfall of the health system by creating an unsustainable debt burden for the hospitals, while allowing shareholders to extract millions of dollars in profit.<sup>4</sup>

The Massachusetts Department of Public health announced on May 6, 2024, that Steward Health Care filed for protection under Chapter 11 bankruptcy laws to address its financial difficulties.<sup>5</sup> The announcement included confirmation that two of Steward's hospitals would be closing.

Since then, we have heard news reports about how Steward Health Care went from being referred to as a "hospital savior to the precipice of failure."<sup>6</sup> Just last week, it was reported that the federal bankruptcy court overseeing Steward's Chapter 11 proceedings ordered the employees' retirement

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<sup>1</sup> [Changes in Hospital Adverse Events and Patient Outcomes Associated With Private Equity Acquisition | Health Care Economics, Insurance, Payment | JAMA | JAMA Network](#); 12/26/23

<sup>2</sup> [Institutional Investors - Blackstone](#) <https://www.blackstone.com/investors/overview/>

<sup>3</sup> [Life-Cycle-of-Private-Equity-EMEA.pdf](#) <https://pws.blackstone.com/emea/wp-content/uploads/sites/20/blackstone-secure/Life-Cycle-of-Private-Equity-EMEA.pdf?v=1638976450>

<sup>4</sup> <https://lowinstitute.org/steward-implosion-provides-cautionary-tale-on-private-equity-in-health-care/>

<sup>5</sup> <https://www.mass.gov/steward-health-care-transitions>

<sup>6</sup> <https://www.wbur.org/news/2024/02/02/steward-health-history-deals-massachusetts-hospitals>

programs dissolved and that almost \$60 million from the savings plans be transferred to Steward to pay off company creditors.<sup>7</sup>

We understand this committee will be hearing other proposals that would look more holistically at Maine's healthcare infrastructure and more comprehensively evaluate large-scale acquisitions or changes in ownership. However, we see this moratorium as an important protection to have in the short term until a more comprehensive approach to reviewing transactions can be implemented. There is a lot more that could be said about concerns regarding private equity in health care, but for now, we hope you will support LD 985. Thank you.

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<sup>7</sup> [Judge allows bankrupt Steward to keep employee retirement funds | WBUR News;](https://www.wbur.org/news/2025/05/01/steward-health-care-deferred-compensation-massachusetts)  
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