

Lisa Leaverton  
Orland  
LD 2190

Good day, Representative Mathieson of Kittery for the Joint Standing Committee on Health Coverage, Insurance and Financial Services:

I offer testimony in support of LD 2190 and the associated bills that would address the state of Maine's need to plan ahead and negotiate in instances of transfer of private equity ownership of a health care entity, including hospitals in Maine. As a concerned citizen who has spent two years researching private equity's integrations into Maine's public and private sectors, and studying integrations across public and private sectors, and as one who provided testimony in support of a private equity study, I am grateful for MaineAllCare's work to address Maine's hospitals, which are vulnerable to targeting by private equity or venture capital. Maine needs healthy investment, not extractive financial opportunism. It is already hard to track leadership owing to corporate LLC structure, let alone, track internal financial strategies or to hold an LLC accountable, pointing to the need for additional oversight.

I support L.D. 2190: Certificate of Need Changes, which is essential to ensuring private equity transfer of ownership does not happen behind the scenes without scrutiny of the activities and conduct of a company or trust. Due to the minimal reporting requirements for private investment, this bill is key to ensuring state oversight of essential health services that could otherwise be compromised by aggressive strategies of investors.

I also stand in support for L.D. 2197: Protecting Hospital Campus Ownership. I am aware of the need to instate a policy that prevents the use of sale-leasebacks. Due to the lack of transparency into private equity strategies in play, owing to minimal reporting requirements, policy should be established to prohibit harm that would otherwise only be understood too late. This bill to protect hospital campus ownership works in tandem with L.D. 2198: Debt-to-Equity Standards for Health Care Transactions, a bill I also support. It is my understanding that setting debt-to-equity standards would prevent the unwarranted use of instruments such as dividend recapitalization, setting limits relative to pre-determined ratios. In other words, debt could not be heaped back onto a health care entity to serve interests of short-term profit by investors.

Finally, I also stand in support with the passage of L.D. 2201: Establishing a Regulatory Review & Approval Process for private investment transactions. This bill would offer the state oversight and prevent outcomes incompatible with health care and prevent private investors from prioritizing short-term profit over patient well-being and long-term community health. Maine should maintain oversight such that private equity is discouraged from practices that do not serve our communities, for example, cherry-picking parts deemed more profitable or scaleable, and eliminating essential services deemed to return lower profits. We can do better to ensure costs are not passed back to the state, and to patients. Preferably, we can graduate to nonprofit systems that reinvest surpluses locally rather than extracting outsized profits for investors.