

Testimony of David Jolly on LD 2201: An Act to Implement Certain Recommendations Related to the Regulatory Review and Approval of Certain Health Care Transactions Involving Private Equity Companies, Hedge Funds or Management Services Organizations from the Commission to Evaluate the Scope of Regulatory Review and Oversight over Health Care Transactions That Impact the Delivery of Health Care Services in the State

Sen. Donna Bailey, Senate Chair, Rep. Kristi Mathieson, House Chair, and Members of the Committee on Health Coverage, Insurance and Financial Services:

My name is David Jolly, I live in Penobscot, and I am Co-Chair of Maine AllCare, a state-wide organization advocating universal health care for Maine. I would like to offer testimony in support of LD 2201, but with this important amendment: LD 2201 should include a blanket prohibition on the acquisition of Maine hospitals by private equity firms. This ban would apply only to hospitals; other healthcare entities would be subject to the regulations proposed in the original bill.

Let me begin my testimony by stating that I believe the goals of private equity are incompatible with those of all forms of health care. Private equity firms seek a return on investment as high and as fast as possible; in health care patient well-being, not profit, should be the primary concern. It is clear, however, that private equity ownership is particularly harmful to hospitals and their patients. There is ample evidence of this.

First, private equity firms promise a quick infusion of cash to “save” hospitals by stabilizing their fiscal circumstances. The reality is they do not save hospitals. In 2024, according to the Private Equity Stakeholder Project, private equity companies accounted for 21 per cent of all health care bankruptcies and for seven of the eight largest.¹ Private equity bankruptcies have led to the permanent closing of community hospitals in Massachusetts and Pennsylvania.

Second, private equity firms compromise care. A 2023 study published in the *Journal of the American Medical Association* found that when compared to Medicare patients at other hospitals, Medicare patients at hospitals owned by private equity firms experienced a 25% increase in hospital-acquired complications, mainly falls and blood-stream infections.² The senior author of that study believes that those findings can be explained largely by the staffing cuts private equity firms often impose on hospitals to maximize short-term profits.³ Another study published in JAMA in 2025 found that patients at private equity-acquired hospitals rated their hospital experiences lower than patients at other hospitals did.⁴

Mainers understand many of our hospitals are in dire financial straits, but allowing private equity firms to take them over will only make a bad situation worse. And, as well meaning as the bills before you today may be, Maine AllCare believes that laws attempting to regulate private equity firms once they have purchased hospitals are unlikely to succeed. One reason is that many of our troubled hospitals are the only facility in their region. Once a hospital has

been acquired by a private equity firm, how much actual leverage will regulators have to prevent either rate increases or reductions in service? Certainly, state regulators would not threaten a region's only hospital with closure or serious financial sanctions that could exacerbate its financial problems.

Maine AllCare recognizes that banning private equity acquisition will not remedy the financial troubles of our hospitals. We believe the best strategy to do that would be global budgeting of hospitals, which we propose in the All Maine Health Program,⁵ our plan for universal health care in Maine. Under global budgeting each hospital would negotiate an annual budget with the appropriate state agency. The budget would be based on a combination of factors: revenues or costs from the prior year, service mix, population served, and cost of uncompensated care. This is no pipedream. Maryland adopted global budgeting for its hospitals in 2014. Since then, no hospitals in Maryland have closed, and hospital spending growth has held steady for nearly a decade.⁶

Until global budgeting is adopted, however, prohibiting private equity acquisition is a far better strategy to prevent further deterioration of our hospitals than attempting to regulate private equity firms after an acquisition. I encourage you to pass LD 2201 with an amendment to ban private equity firms from purchasing hospitals in Maine.

1. Private equity Stakeholder Project. <https://privateequitystakeholder.org/reports/private-equity-bankruptcy-tracker/>
2. Kannan S, Bruch JD, Song Z. Changes in Hospital Adverse Events and Patient Outcomes Associated With Private equity Acquisition. JAMA. 2023;330(24):2365-2375. doi:10.1001/jama.2023.23147
3. Brownstein M. Private equity's appropriate equity title for hospitals may put patients at risk. News from the Harvard T.H. Chan School of Public Health. December 16, 2024. <https://hsph.harvard.edu/news/private-equitys-appropriate-equity-title-for-hospitals-may-put-patients-at-risk/>
4. Bhatla A, Bartlett VL, Liu M, Zheng ZN, Wadhera RK, Changes in Patient Care Experience After Private equity Acquisition of US Hospitals. JAMA. 2025;333(6):490-497. doi:10.1001/jama.2024.23450
5. Maine AllCare. All Maine Health Program. <https://maineallcare.org/wp-content/uploads/2025/03/Summary-AMHP-Jan-2025.pdf>
6. Wogan, JB. What States Can Learn from Maryland's Experience with Hospital Global Budgeting. Mathematica. January 25, 2024. <https://www.mathematica.org/blogs/what-states-can-learn-from-marylands-experience-with-hospital-global-budgeting>