



Mike Tipping
Senator, District 8

THE MAINE SENATE
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Senator Bailey, Representative Mathieson and members of the Committee On Health Coverage, Insurance and Financial Services,

My name is Mike Tipping. I represent Senate District 8 in Penobscot County and I'm proud to present **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.**

Last week, I watched a TikTok posted by a group of nurses holding down the last shift in an empty hospital that had been bought and gutted by a private equity firm. It was dystopian - health care professionals rolling chairs down the echoing hallways of a once-bustling hospital as they contemplated the loss of their own jobs and the loss of an important health care institution for their community.

Unfortunately, this outcome has become a common reality for hospitals in other states and there's an immediate threat of it occurring here in Maine.

We already have an unstable health care system, with hospitals across the state facing difficult financial situations and the shuttering of services. What that could lead to is a breaking of the dam of non-profit ownership in this state and for the first time having major Maine hospitals run for the benefit of shareholders rather than patients.

This bill will impose a five-year moratorium on the acquisition of any Maine hospital by a venture capital or private equity firm.

In many cases in other states we've seen a disturbing pattern. First, a private equity firm buys a hospital. In the process, it saddles the institution with debt in order to finance the sale. The firm then cuts back staff and services to make a profit. When they've squeezed it dry, they leave town, leaving the community to try to pick up the pieces.

The core model of private equity is to buy companies and assets, extract value quickly and then sell within just a few years. Their practices often involve moving money and debt between different corporate entities in a way that is difficult to track and regulate. This is absolutely anathema to the good practice and provision of health care.

We've seen that state law can make a difference in preventing the worst outcomes of these practices. When Leonard Green & Partners private equity firm bought a set of hospitals across Connecticut, Pennsylvania and Rhode Island, they loaded them up with debt and extracted more than half a billion dollars in shareholder dividends. They then attempted to dispose of the now-

guttered hospitals. In Pennsylvania and Connecticut the hospitals closed, but in Rhode Island, state laws protecting the public interest in hospital conversion have so far kept these hospitals open and the Attorney General is investigating the firm.

In Pennsylvania, without the state protections, they're scrambling to deal with the aftermath.

"I'm done letting private equity treat Pennsylvania hospitals like a piggy bank they can empty out and smash on the floor," Pennsylvania Governor Josh Shapiro said in his recent budget address. "As a Commonwealth, it's time for us to stand up for our local hospitals and nursing facilities and put in place real safeguards against private equity."

We don't have to wait until the worst happens here. We can put a moratorium in place to protect our hospitals from being scrapped and sold for parts as we also work to make sure they have the support they need to continue providing vital services to Maine people.

I'll note that I've also submitted a potential amendment to exempt any hospital ownership transaction where a certificate of need has been filed prior to June 1st of this year. This could potentially exempt the sale of CMMC. I have some concerns about any sale involving private equity, including that one, but I wanted to give the committee the opportunity to have this bill only apply to future transactions, if you so choose.

I appreciate your consideration of this bill and I'm happy to answer any questions.