

Testimony in Support of LD 985

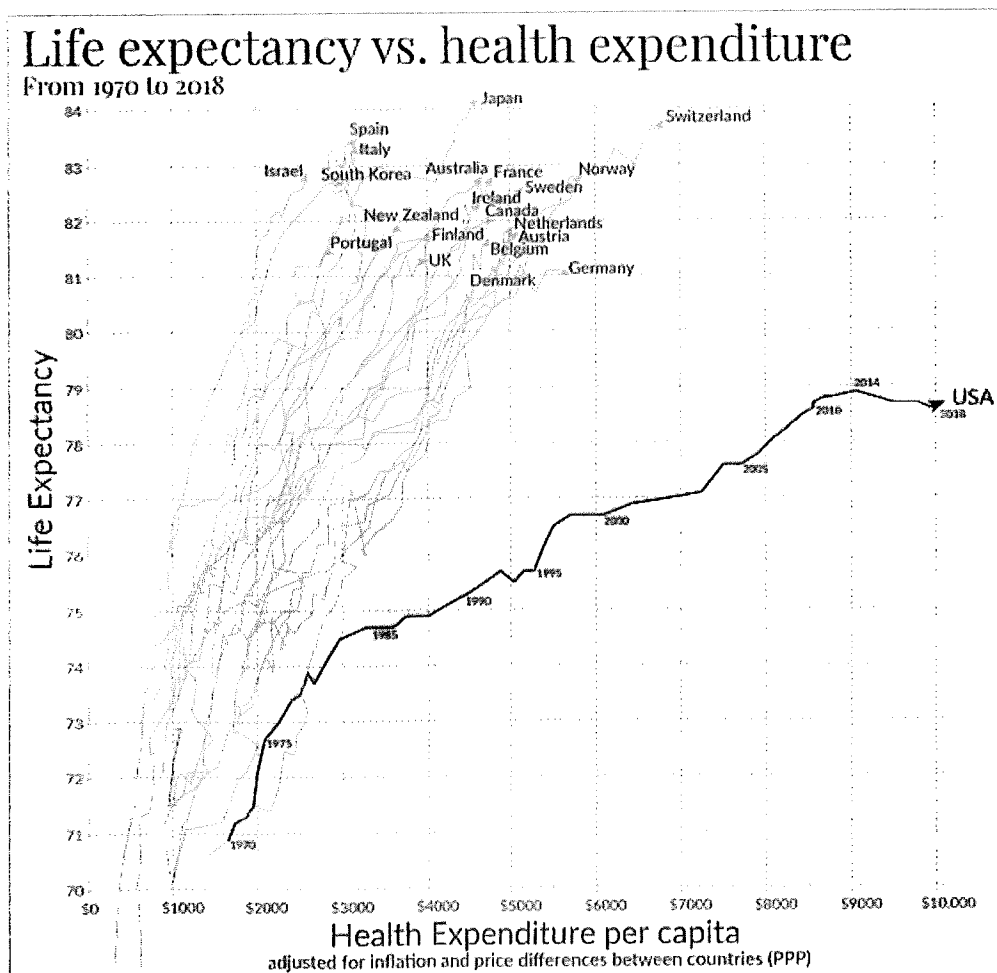
An Act to Impose a Moratorium on the Ownership or Operation of Hospitals in the State by Private Equity Companies or Real Estate Investment Trusts

Honorable co-chairs and HCIFS committee members, my name is Henk Goorhuis from Auburn, ME. I practiced Emergency Medicine for 30 yrs in the central Maine area and have long advocated for healthcare reform. I am here to testify in support of LD 985. The burden of illness in a population is predictable and is unavoidable – particularly as we age – and because people will go to any measure to pay for a sick family member – thus the flow of funds, and the possible extraction of excessive administrative fees, is fraught with ethical complications. And that is what “financialization” of healthcare is about – the regular and expected extraction of fees where the flow of money is *predictable and unavoidable (i.e. healthcare and illness)*. This is especially enticing and rewarding if the administrative fee can be reaped off such a large thing as healthcare.

I would like to submit some information and questions here:

Item #1 The USA already has a wasteful healthcare system, and no one else does it this way.

How will PE help with this?



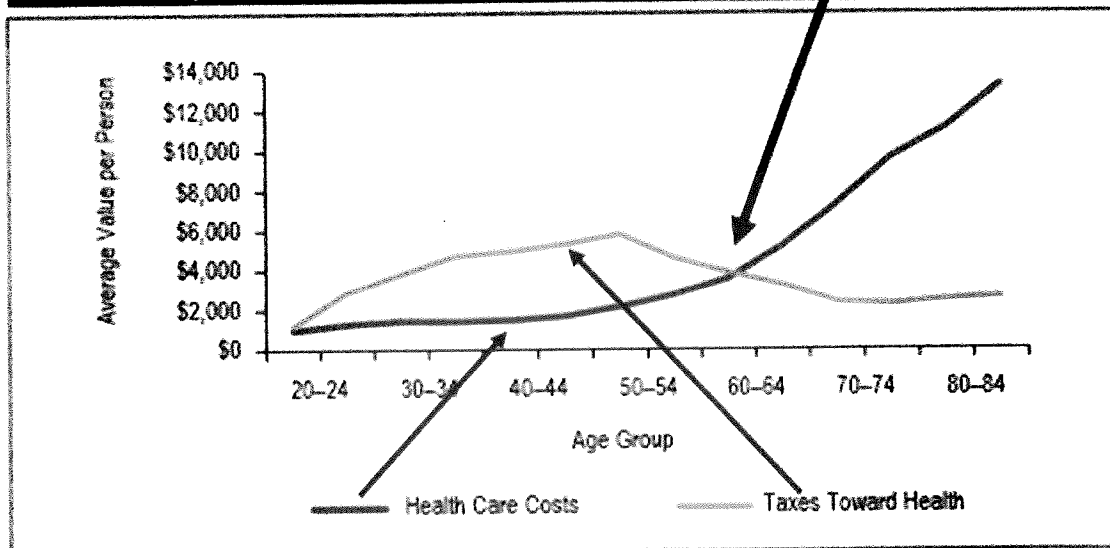
Item #2 You and your loved ones will move from a net giver to a net taker in healthcare expenditures.

How does one price such human inevitabilities?

From a Net giver to Net taker?

A Natural Phenomena that occurs at age 58?


Figure 1 Publicly Financed Health Care Costs and Corresponding Tax Payments, by Age Group



Source
Analysis by the Canadian Institute for Health Information.
2012

Item #3 Health and healthcare is an essential human experience, and probably not well suited to financialized market activities.

◆ AI Overview

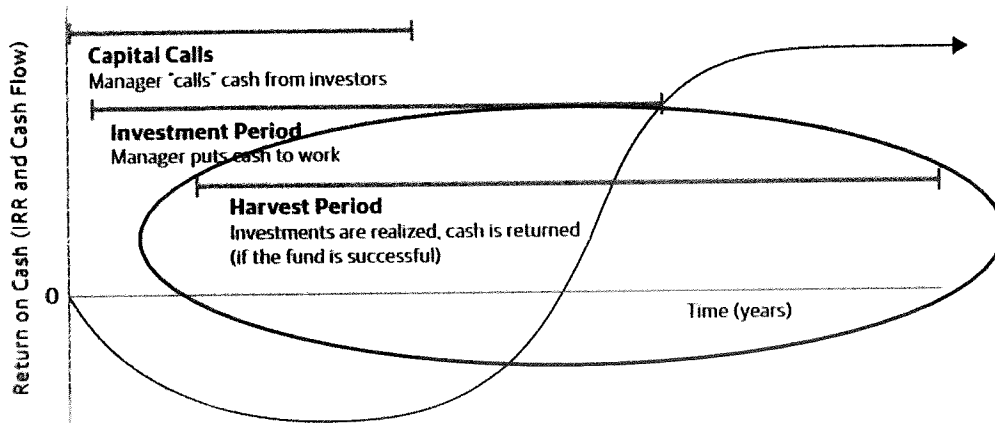
Financialization refers to the increasing dominance and influence of financial markets, institutions, and transactions within an economy. This shift involves a growing emphasis on financial activities and assets, often at the expense of traditional economic sectors like manufacturing and industry. 

Item #4 What will be harvested, Life Cycle Stage #3, from Maine and our healthcare?

II. Staging the Time Horizon: Capital Calls, Investment Period and Harvest Period

The term of private equity funds can be upwards of 7-10 years. One way of thinking about the 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 GP in the first 3-5 years. The final 3-7 years, the harvest period, is generally when most investments are realized, and the fund, if successful, returns any cash to investors.¹

Figure 2: Illustrative Example of the Timeline of Private Equity Funds



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PRIVATE WEALTH SOLUTIONS

The Life Cycle of Private Equity

Private Equity managers aim to create value by providing investment capital to a wide range of businesses.

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

The current and future financing of healthcare in Maine is a very serious issue. The future organization of healthcare services in Maine – is also an important issue. LD 985 asks for time, for you, via your legislative work, and preferably through a mature and open public political process in Maine - to consider the future of this area. If you think this should be done with the assistance of “financialized” processes – then what is the extractive fee or price are you willing to pay?

I ask you to vote this LD 985, as Ought to Pass, as this committee and the Maine legislature takes seriously its responsibility to oversee healthcare for the benefit of all Mainers. With all the possible Federal uncertainties coming upon us, the arena of healthcare financing may be the most important issue of the 132nd legislature.

Thank you.