

Senator Bailey, Representative Mathieson and members of the Committee. My name is Tom Sterne, and I live in Bridgton. I am a retired primary care physician, community health center leader and health economist who practiced in the Boston metropolitan area before moving to Maine, the place I now call my home. I am here today to share mine and others' experience and thoughts about what happened in Massachusetts when the Steward Health Care system contracted and then collapsed, as a cautionary tale about the effects on individuals, communities and the State of private equity ownership of hospitals and other facilities.

In October of 2023, Sungida Rashid gave birth to a baby daughter at St. Elizabeth's Hospital in Boston. She soon thereafter developed bleeding complications which could have been treated with a special embolization coil which the hospital did not have. She was transferred to another institution, had a cardiac arrest, and died. Records review and public scrutiny revealed an alarming scarcity of life-saving supplies and devices at this and other hospitals owned by the Steward Health Care system, as suppliers repossessed their equipment for Steward's failure to pay its bills. Subsequent federal inspections revealed 32 instances of immediate jeopardy, gross underfunding, high levels of malpractice cases, and failures in infection control at Steward-owned nursing care centers.

In May of 2024, Steward filed for bankruptcy almost 8 billion dollars in debt, shuttering two of its Massachusetts hospitals, one more rural, and both serving uninsured, underinsured and socioeconomically disadvantaged populations. Up until that time, it funded its CEO to the tune of millions of dollars, including private jets for his travel, multiple international homes, and a management firm that he controlled.

The saga of Steward and other private equity firms should remind us that their profit driven mission and incentive inherently conflict with the goals of quality clinical care and community service, exacerbating existing barriers to health care access, and disproportionately harming marginalized groups who already face structural inequities in health care.

Here in Maine we face an underfunding crisis for several institutions disproportionately located in rural and underserved locations. To quote from a recent article on who should own Americans' Health Care-

"Dominion over medical resources should reside with them (referring to locally accountable public agencies), not the highest bidder."

I humbly ask that the Committee vote Ought to Pass on LD 985. Thank you.

Private Equity Stakeholder Project. The pillaging of Steward Health Care: how a private equity firm and hospital landlord contributed to Steward's bankruptcy. Published June 26, 2024. Accessed December 2, 2024.

Sharife K. How private equity and an ambitious landlord put Steward Health Care on life support. Organized Crime and Corruption Reporting Project. Published October 9, 2024. Accessed December 2, 2024.

Who Should Own Americans' Health Care? David U. Himmelstein, MD; Robert Kuttner, MA, PhD; Steffie Woolhandler, MD, MPH. Abstract Full Text. JAMA. 2025;333(12): ...

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