

## Testimony on LD 985

Senator Bailey, Representative Mathieson, and members of the Health Coverage, Insurance, and Fiscal Services Committee, my name is David Jolly, and I live in Penobscot. I am retired university faculty and worked 35 years in public health. I am a board member of Maine AllCare, and I am here to testify in support of LD 985.

Private equity is capitalism on steroids. It seeks a return on investment as high as possible and as fast as possible, then sells the investment quickly and moves on to its next conquest. Its goals are incompatible with those of health care, where patient well-being, not profit, should be the primary concern.

From a public health perspective, private equity acquisition of hospitals is very worrisome. Colleagues of mine at Maine AllCare will document its negative impact on the quality of care that patients experience. I will focus on the impact that private equity acquisition has on health equity, a primary concern of public health. In this context health equity refers to the extent to which disadvantaged people, whether marginalized by race, ethnicity, economic status, or geography, have equal access to affordable, quality health care.

In 2024, private equity companies accounted for 21 per cent of all health care bankruptcies and for seven of the eight largest health care bankruptcies.<sup>1</sup> Private equity firms generally target financially healthier hospitals, which tend to operate in wealthier areas, but they have sometimes acquired hospitals serving lower income, predominantly Black and Latino communities. This was true with Carney Hospital in Boston, and when it closed following the bankruptcy of its private equity owner,<sup>2</sup> the impact on its community was larger than that of hospitals shutting elsewhere because that community's residents already had limited access to health care and many were already in poor health.

One can expect the same with private equity-acquired hospitals in rural areas. About one-fourth of all private equity-owned hospitals serve rural communities.<sup>3</sup> Like many racial and ethnic minority communities, rural areas have limited access to health care, their residents are disproportionately low-income, and those residents often suffer from poor health. Many rural folks have few options for health care beyond their local hospital, and when it closes, they usually end up having to travel far greater distances for care. In emergency situations, this can be a matter of life or death.

Five states already have laws on the books regulating private equity in health care. Legislation is pending in another five, and Connecticut is currently considering a bill that would completely prohibit private equity-acquisition of group practices, hospitals, and health systems.<sup>4</sup> LD 985 is a relatively narrow and modest bill. Its five-year moratorium on private equity purchases of hospitals would give you, our legislators, the time you need to develop rules that will

appropriately regulate private equity firms attempting to buy hospitals. LD 985 will help Maine avoid what has already happened in Massachusetts.

I urge you to vote Ought to Pass on LD 985. Thank you.

1. Private Equity Stakeholder Project. <https://pestakeholder.org/reports/private-equity-bankruptcy-tracker/>
2. McGregor A. Loss of Carney would accentuate Boston's health care inequities. Commonwealth Beacon. August 26, 2024. <https://commonwealthbeacon.org/opinion/loss-of-carney-would-accentuate-bostons-healthcare-inequities/>
3. Private Equity Stakeholder Project. [https://pestakeholder.org/private-equity-hospital-tracker/#key\\_findings](https://pestakeholder.org/private-equity-hospital-tracker/#key_findings)
4. Bass, Berry & Sims, PLC. Connecticut and Maine Propose New Restrictions on Private Equity and REITs in Health Care Transactions. JDSupra. March 28, 2025. <https://www.jdsupra.com/legalnews/connecticut-and-maine-propose-new-6047164/>