

2/18/26

Testimony in Support of LD 2197

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 Louise Secordel and I am testifying on behalf of Maine AllCare, an organization dedicated to universal health care for all Maine residents. We appreciate the Committee's continued work following the Commission's review and final report, and offer testimony in support of LD 2197.

Maine's hospitals are under serious financial strain, and that makes them targets. Private equity firms promise a short-term infusion of cash — but their business model requires extracting that investment back out, along with substantial returns for investors. One of the most harmful mechanisms used in these transactions is the sale-leaseback arrangement.¹ After acquiring a hospital, a private equity owner often sells the hospital's land and buildings to a separate real estate entity — such as a real estate investment trust (REIT) — and then requires the hospital to lease the property back. The money from the sale goes to repay investors, pay down the loans used to buy the hospital, or support other expansion plans—not patient care. The hospital permanently loses ownership of its real estate and becomes obligated to make long-term rent payments.

The collapse of Steward Health Care in Massachusetts illustrates the risk.² Under private equity ownership (Cerberus Capital Management), Steward sold much of its hospital property to Medical Properties Trust in a large sale-leaseback transaction. The deal generated substantial cash upfront but saddled the hospitals with significant ongoing rent obligations. When operating margins tightened, those lease payments did not. Steward ultimately filed for bankruptcy in 2024, two Massachusetts hospitals closed permanently, and the state was forced to seize a third through eminent domain to keep it open.³ Massachusetts did not prohibit sale-leaseback arrangements until after the Steward catastrophe.⁴

If private equity acquisition were prohibited outright, LD 2197 would not be necessary. However, if it is not banned, Maine AllCare strongly supports this bill. Sale-leaseback agreements are particularly harmful to hospitals and increase their risk of bankruptcy.¹ LD 2197 would prevent one of the most extractive practices associated with private equity ownership and help protect Maine hospitals from further destabilization. We urge your support.

¹<https://hsph.harvard.edu/news/hospitals-acquired-by-real-estate-investment-trusts-associated-with-greater-risk-of-bankruptcy-closure/> 18 Dec 2025.

² Himmelstein DU, Kuttner R, Woolhandler S. Who Should Own Americans' Health Care? *JAMA*. 2025;333(12):1032–1033. doi:10.1001/jama.2024.28565

³<https://commonwealthbeacon.org/health-care/when-communities-lose-trust-one-year-after-steward-healths-bankruptcy-and-the-death-of-two-hospitals/>. 23 Oct 2025.

⁴<https://www.proskauer.com/blog/spurred-on-by-the-steward-health-care-bankruptcy-massachusetts-adopts-bill-regulating-private-equity-and-reits-in-health-care-continuing-a-national-trend>. 21 Jan 2025.