

Private Equity Talking Points

Impact of Private Equity on Health Care

- Private equity firms have significantly increased their presence in Pennsylvania's health care sector, investing in areas like physical therapy, behavioral health, and specialized medical practices.
 - According to the Private Equity Stakeholder Study, nearly **900 health care facilities in Greater Philadelphia** are backed by private equity firms. These include investments in areas like physical therapy, behavioral health, and specialized medical practices.
- These investments often aim to streamline operations and improve financial stability, but they also prioritize profit, which can lead to mixed outcomes for patients and providers.
 - According to the Private Equity Stakeholder Study, over the past decade, private equity investors have spent **\$1 trillion globally** on health care acquisitions, with **\$60 billion in deals announced in 2023 alone**.

Potential Risks Posed by Private Equity

- Critics argue that private equity ownership can lead to cost-cutting measures, reduced quality of care, and even abrupt closures of health care facilities.
 - The potential closure of Crozer Health's facilities could strip away 400 hospital beds, deny 25,000 hospital admissions, and abandon over 75,000 emergency room patients annually in Delaware County.
 - **Crozer Health System** has faced significant financial struggles. Two of its four hospitals were closed in 2020 and 2022. The remaining facilities are now at risk of closure due to bankruptcy and funding issues.
- The lack of transparency in private equity operations makes it difficult for regulators and patients to understand financial decisions and their implications.

Impact on Patient Care

- While private equity can bring efficiency, it may also result in higher costs for patients and reduced access to essential services.
 - A study found that private equity-affiliated primary care physicians had **7.8% higher costs** for services compared to independent practices.
- There are concerns that the profit-driven model could compromise the quality of care, as resources might be diverted away from patient-focused initiatives.

Reduction in Professional Independence

- Health care professionals often face reduced autonomy under private equity ownership, as financial priorities may dictate treatment decisions and operational policies.
- This shift can lead to dissatisfaction among medical staff and potentially impact on the overall patient experience.

Financial Challenges and Future Implications

- Private equity investments can provide short-term financial relief for struggling practices, but they may also introduce long-term challenges, such as increased debt and financial instability.
- Governor Josh Shapiro has called for reforms to increase oversight and transparency, aiming to balance the financial benefits of private equity with the need to protect patient care and community health.

Personal Talking Points:

- My presidential initiative this year focuses on private equity's impact on health care.
- Patients and communities suffer when PE companies are pro profit without balancing this with the need to be pro patient.

- Overcommitment of PE companies to profit interferes with the doctor patient relationship by replacing evidence based medicine with financial based medicine.
- Closure of hospitals in a geographic location with no reasonably accessible alternate care is irresponsible and places patients' lives in danger. These closures place trusted relationships between patients and providers at risk. Patients with chronic life threatening diseases who have benefitted from an established relationship with a physician will be disrupted.

PAMED:

Welcomes the opportunity to participate in the discussion about potential legislation considering oversight of PE firms who plan to takeover health care entities. There must be a balance established between "pro profit" and "pro patient".

Supports the doctor patient relationship which is at the core of medicine. Decisions on how a patient should be cared for should be determined in the consultation room between the doctor and patient - not the doctor, patient and PE company.

Supports our physicians throughout the Commonwealth of PA. PAMED is here to help physicians with the daily challenge of outside factors that are increasingly interfering with their ability to care for their patients.