

Private Equity in Vermont's Health Care Landscape: Trends and Effects

Testimony on H. 583

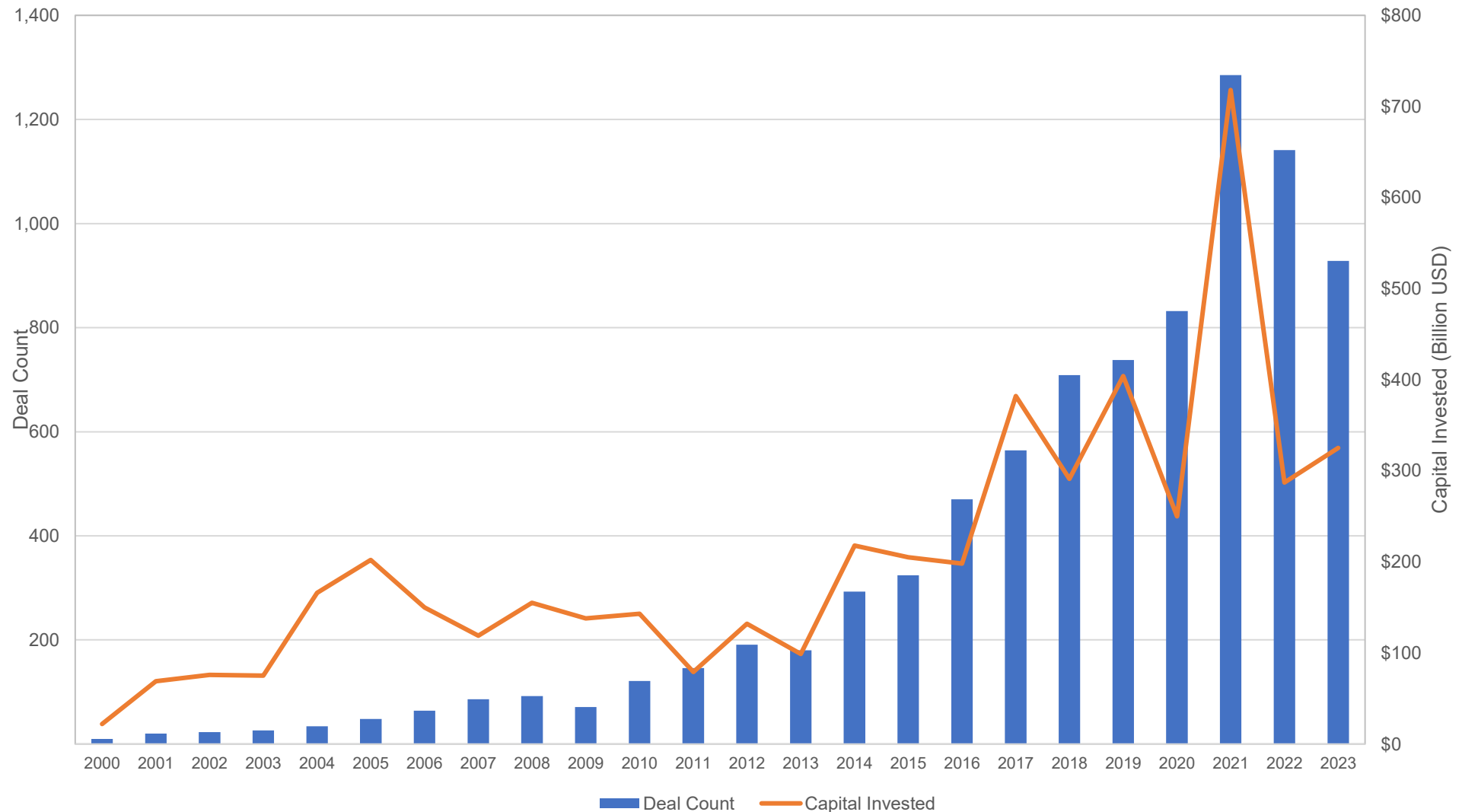
An Act relating to health care financial transactions and clinical decision making

Vermont House Committee on Health Care

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Brown University

January 30, 2026

Private equity firms have invested \$1 trillion dollars in the US health care system in the last decade

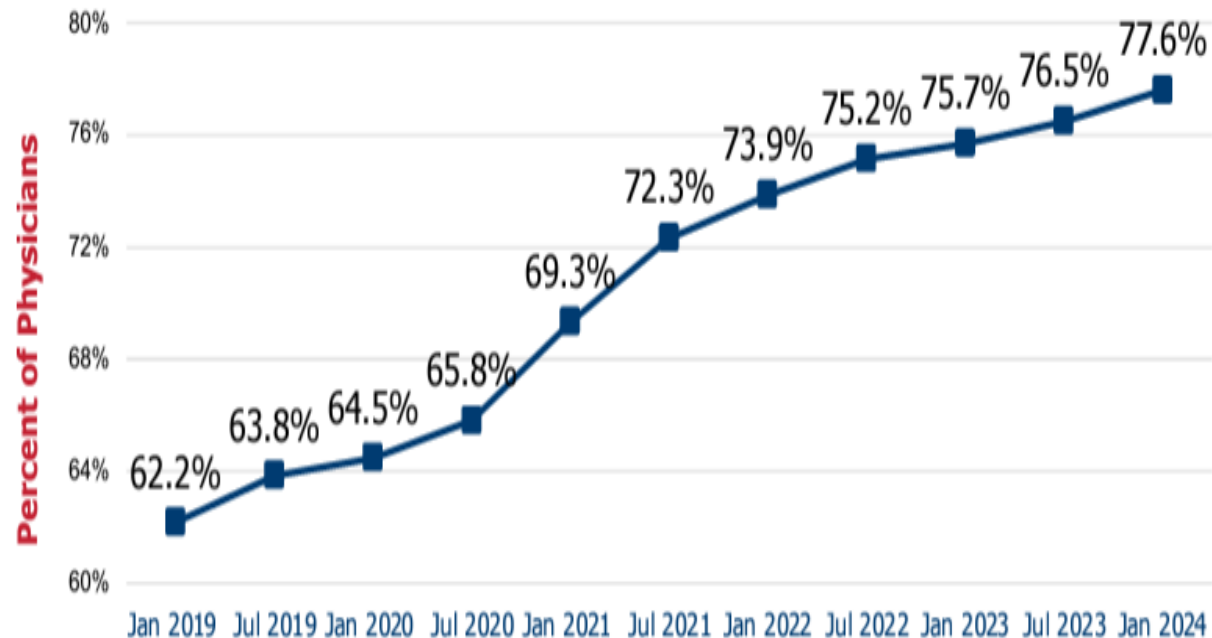


How PE differs from other private, for-profit health care entities

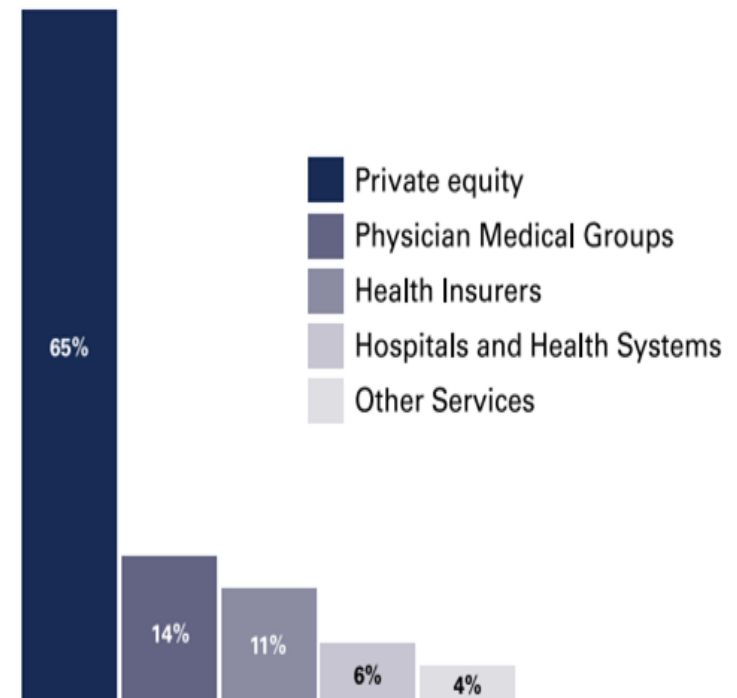
- **Limited transparency**
 - Few disclosure requirements on ownership structures, financing, or performance
 - Difficult for researchers, policymakers to identify trends and assess impacts
- **Incentive structure**
 - PE combines equity with substantial debt to acquire controlling stakes
 - Short investment horizon, typically 3-7 years
 - High target internal rates of return (often ~20% per year)
 - Emphasis on rapid value creation and exit rather than long-term investments
- **PE strategies are distinct across investment settings**
 - “Platform and add-on” consolidation in outpatient settings (common in physician practices)
 - Sale-leaseback arrangements that separate the property company (PropCo) from the clinical operating company (OpCo) (common in hospitals and nursing homes)

Context: Rapid changes to physician organizations

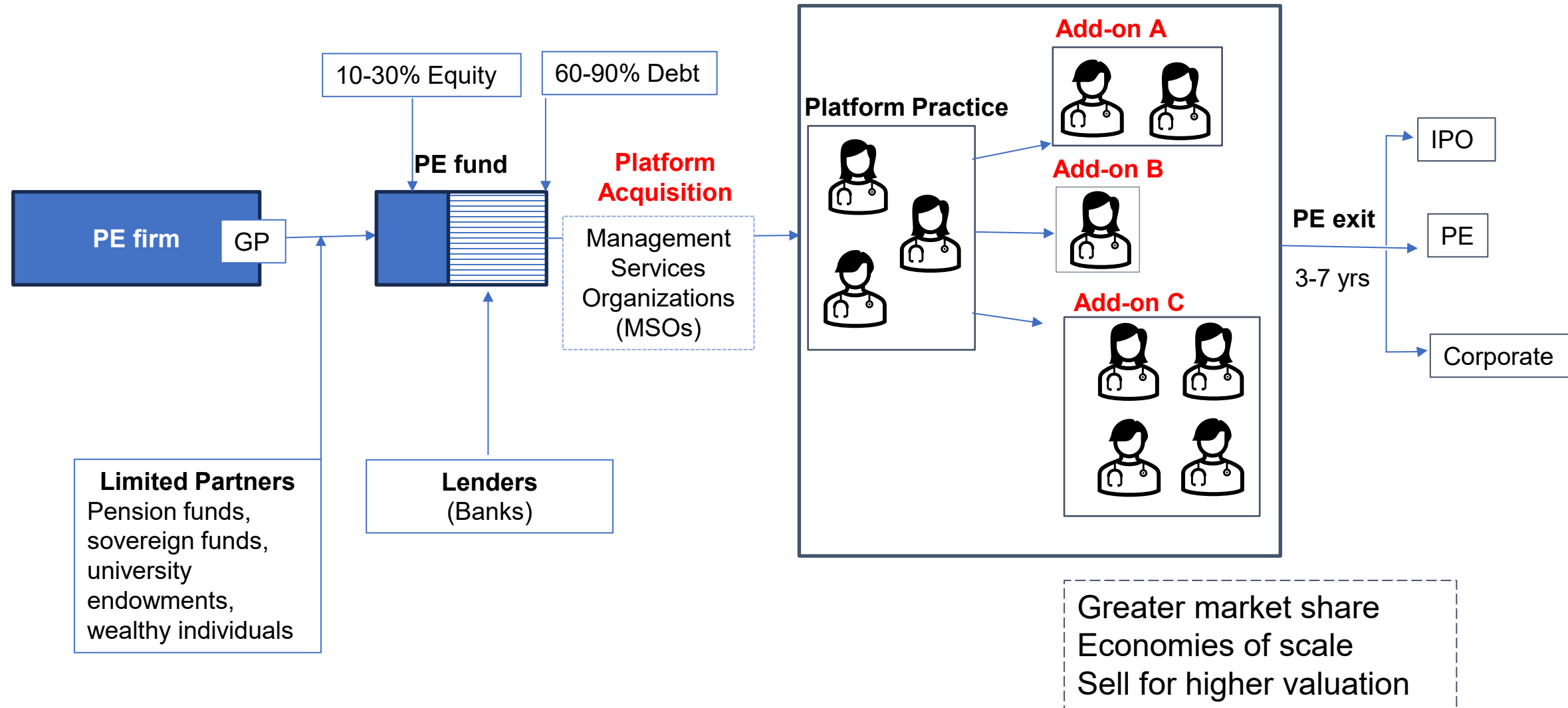
**PERCENT OF U.S. PHYSICIANS EMPLOYED
BY HOSPITALS OR CORPORATE ENTITIES IN 2019-23**



Percentage of acquired physicians by type, 2019 - 2023

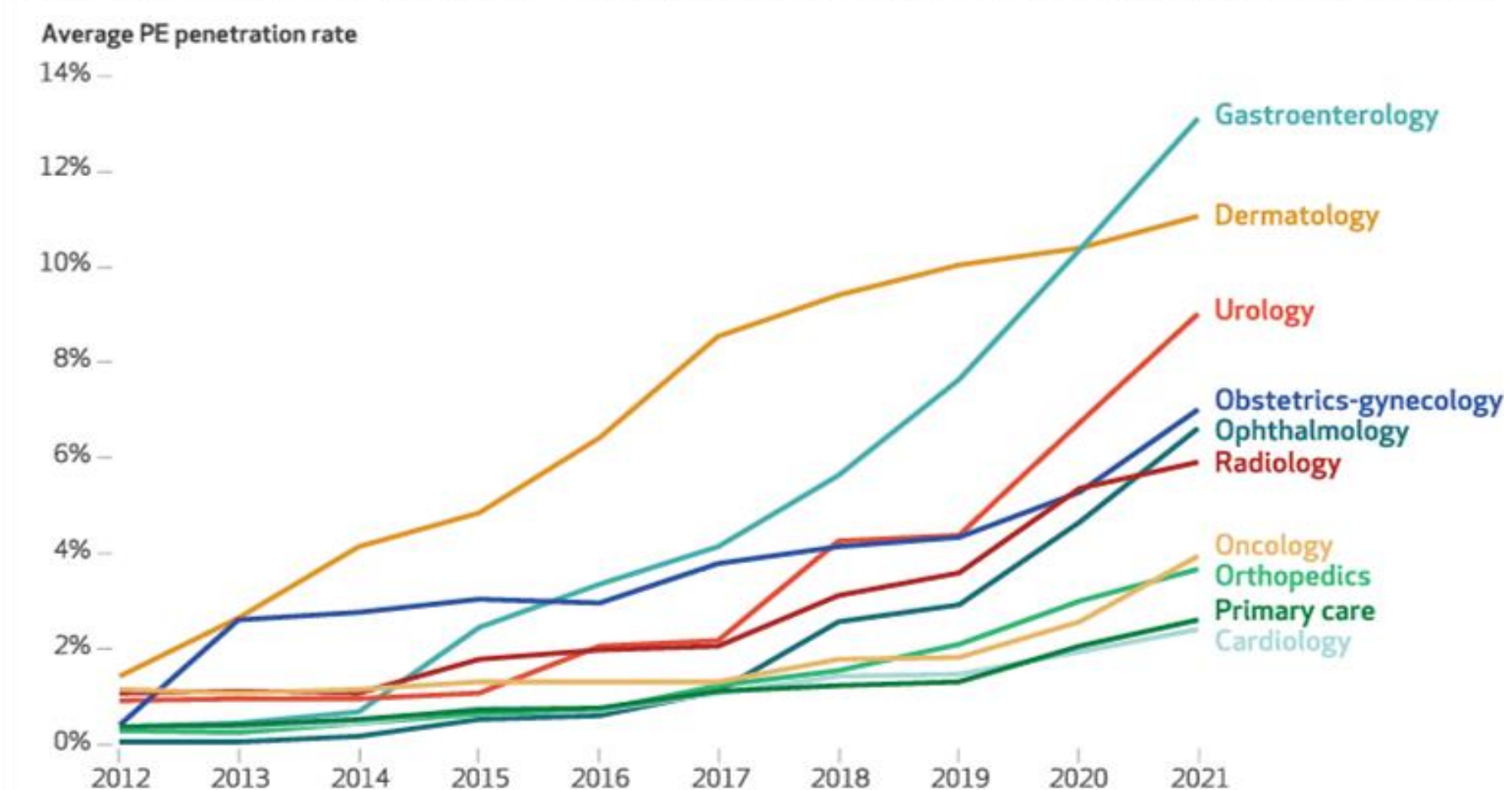


Classic model of private equity investment in physician practices

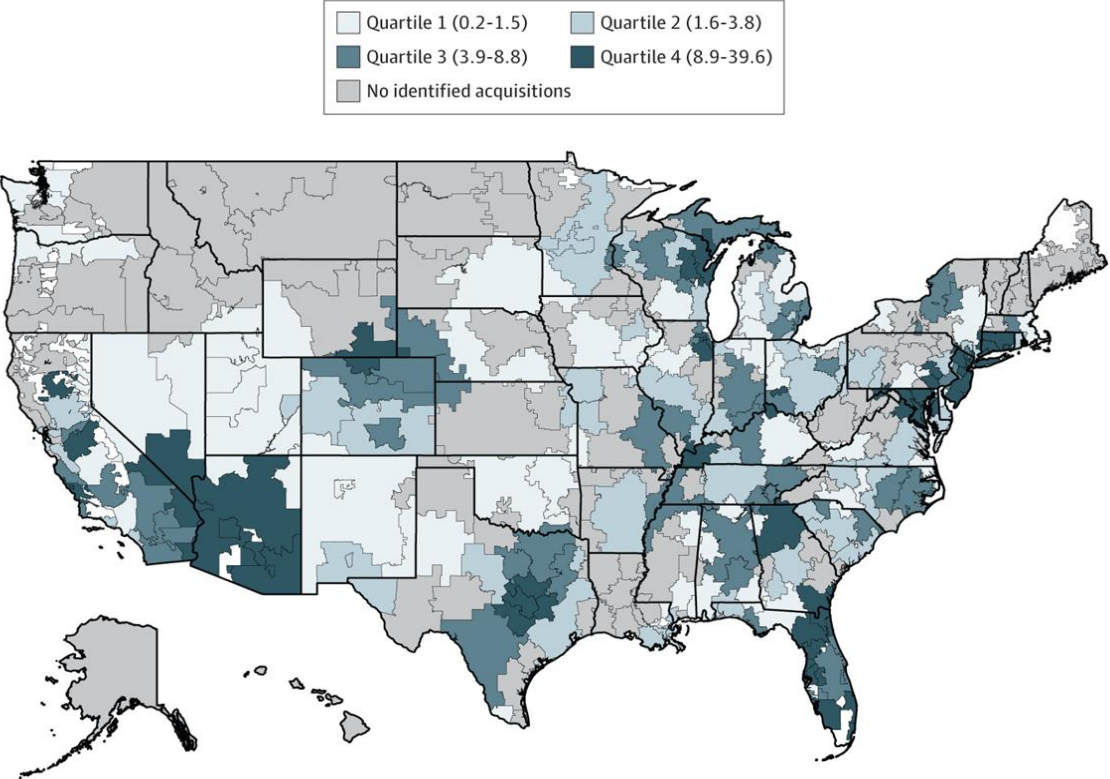


A growing share of physicians are PE-affiliated nationally

Trends in private equity (PE) penetration at the physician level in the US among 10 physician specialties, 2012–21

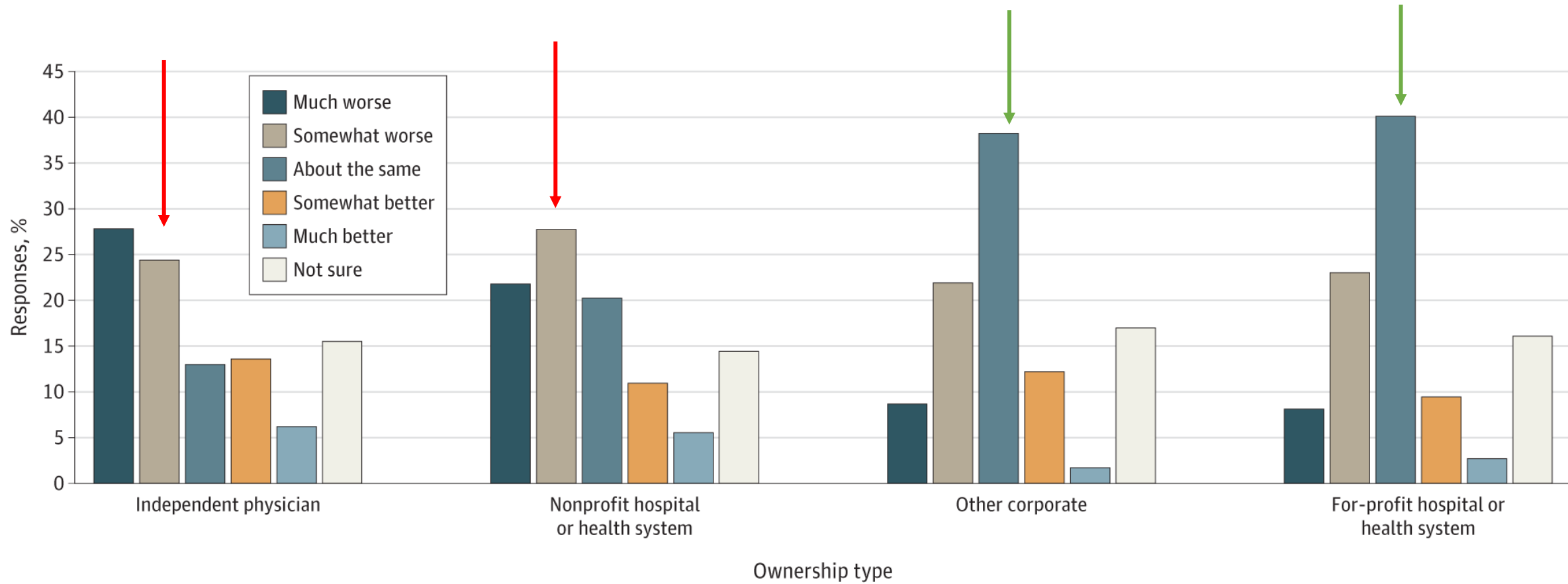


PE acquisitions are concentrated in Florida, Texas, Arizona, and the Northeast



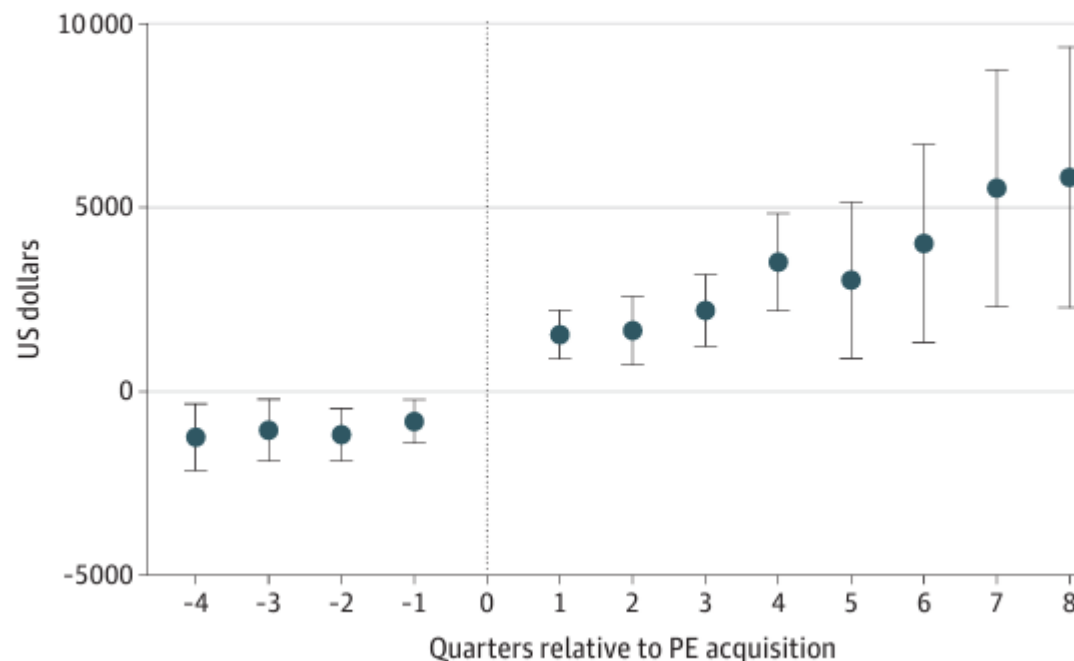
Specialty	Share of physicians affiliated with PE (% as of 2019)
Gastroenterology	13.7
Urology	10.3
Dermatology	9.9
Obstetrics/Gynecology	8.8
Ophthalmology	6.5
Orthopedics	3.0
Cardiology	2.0
Primary care	1.5

Physicians perceive PE to be **worse** than independent or non-profit hospitals and **about the same as** corporate or for-profit hospitals



PE acquisitions of dermatology, gastroenterology, and ophthalmology practices increased commercial prices by 11%

Figure 1. Changes in Total Spending per Practice Associated With Private Equity Acquisition, by Quarter



Relative to controls, PE acquisitions increased:

Charges by 20%

Prices by 11%

Unique patients by 26%

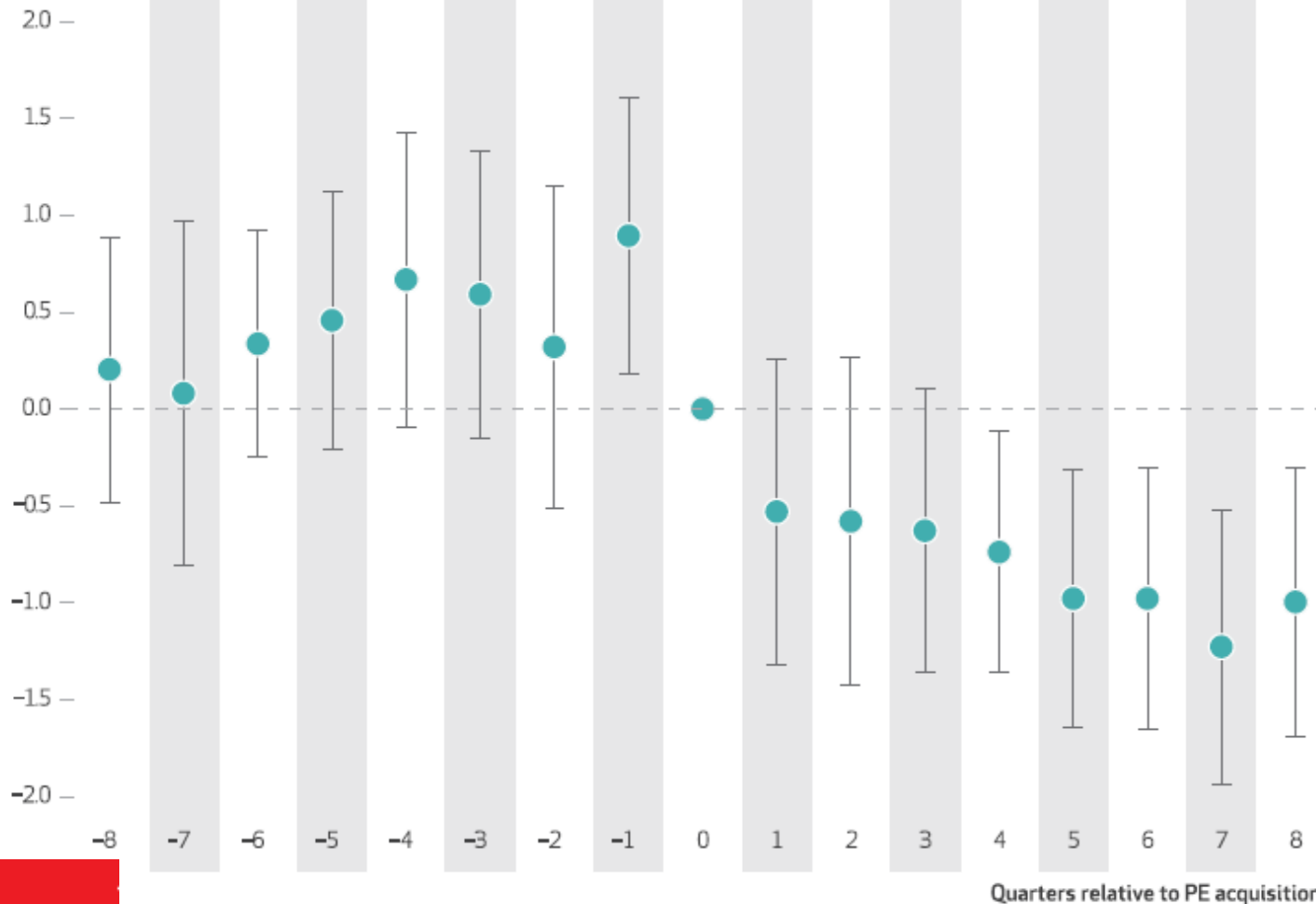
New Patients by 38%

Long (>30 min) visits 9%

PE acquisitions of ophthalmology practices decreased provision of critical but less profitable surgeries by 20%

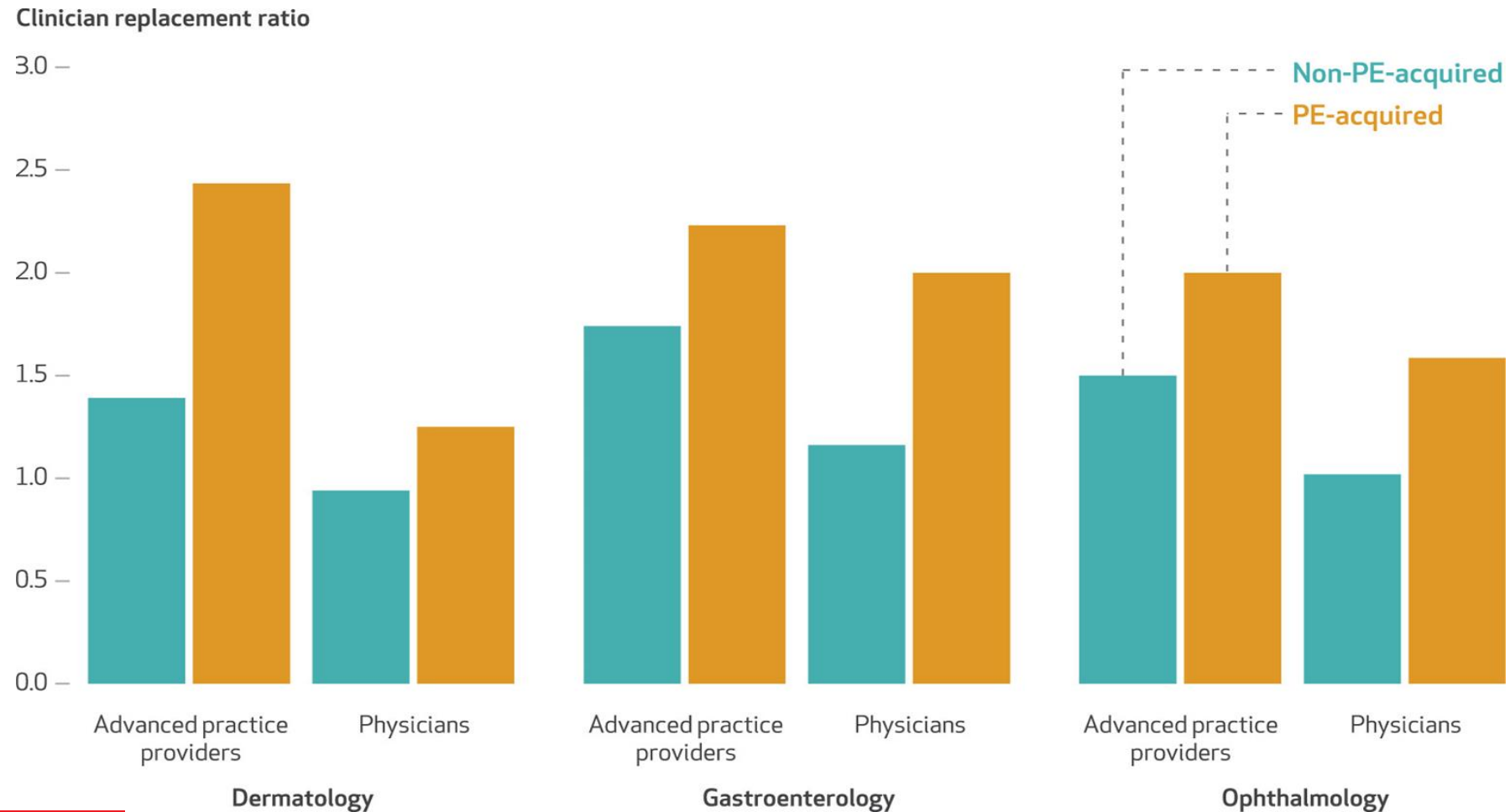
Changes in retinal detachment surgery volume, PE and matched controls

Differential change in number of surgeries per surgeon, relative to controls

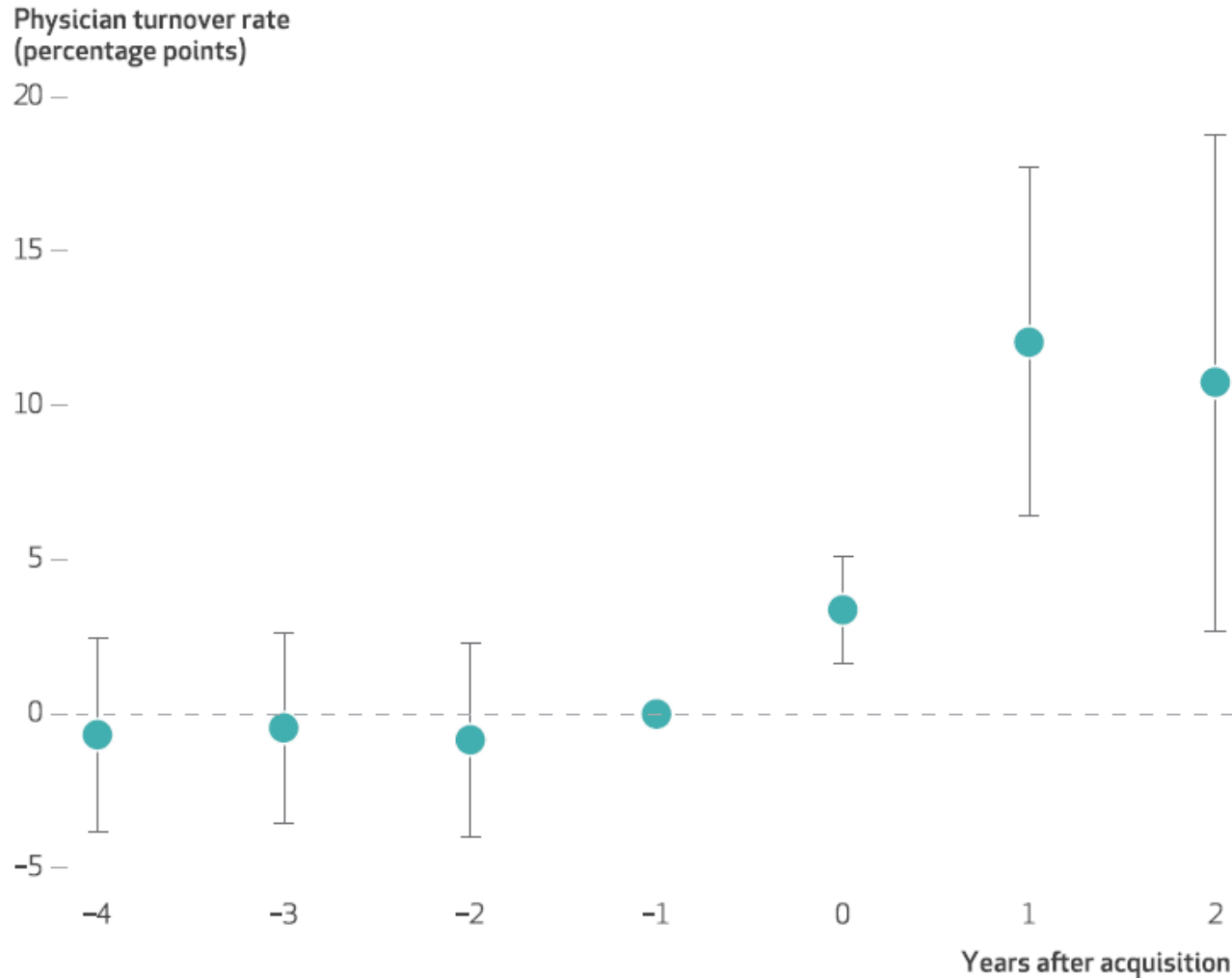


Relative to controls, PE acquisitions of ophthalmology practices decreased provision of retinal detachment surgeries by 20%

PE acquisitions change workforce composition by increasing reliance on advanced practice providers



PE acquisitions increased physician turnover by 265%



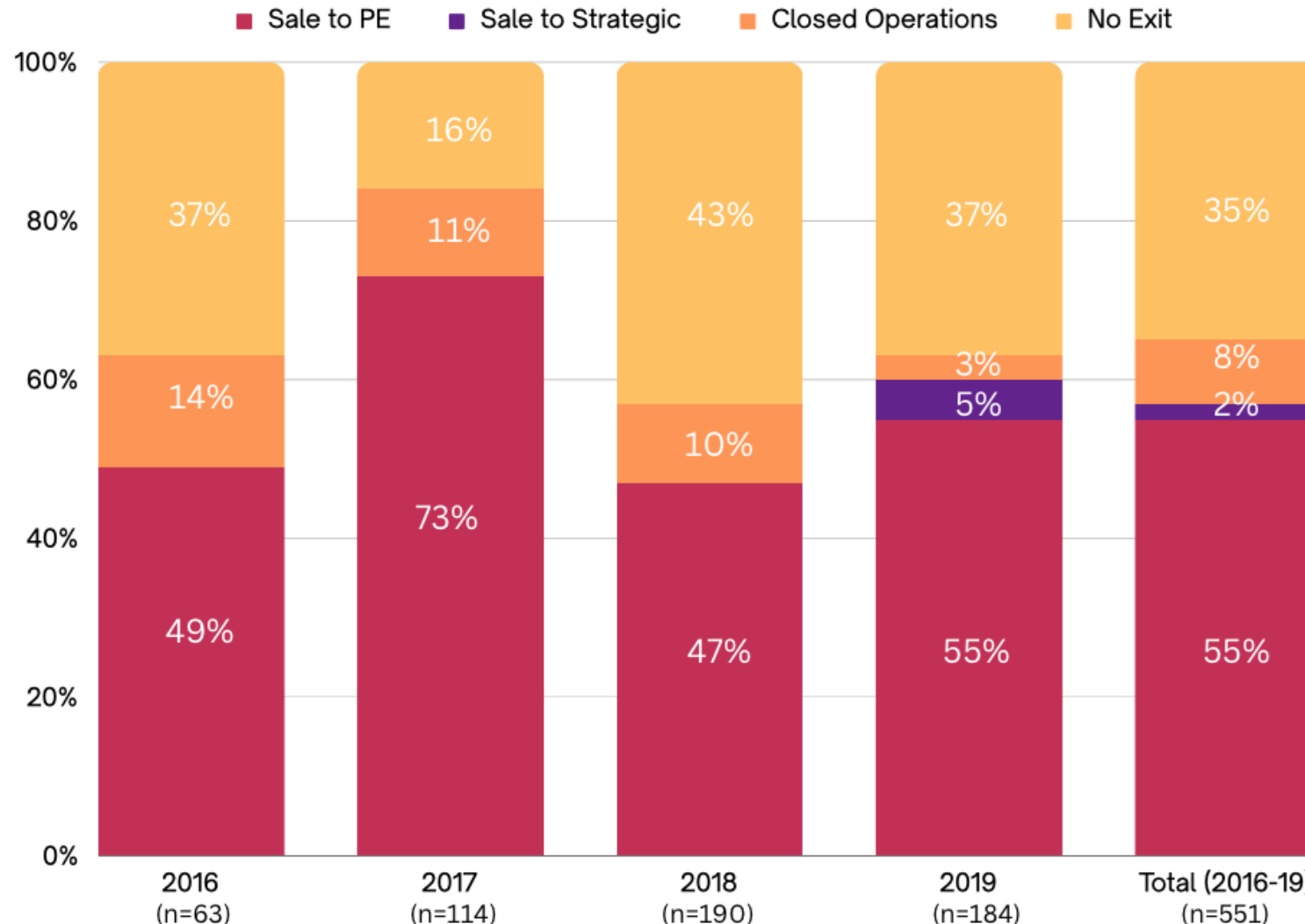
Relative to controls, PE acquisitions:

Increased physician turnover from 5% to over 20%

70% of exiting physicians were under 60 years old

Exiting physicians move > 100 miles for alternate employment

PE exits raise concerns about ownership change and care continuity



Among 551 PE-acquired practices from 2016-2019, PE exits happen in 3 years:

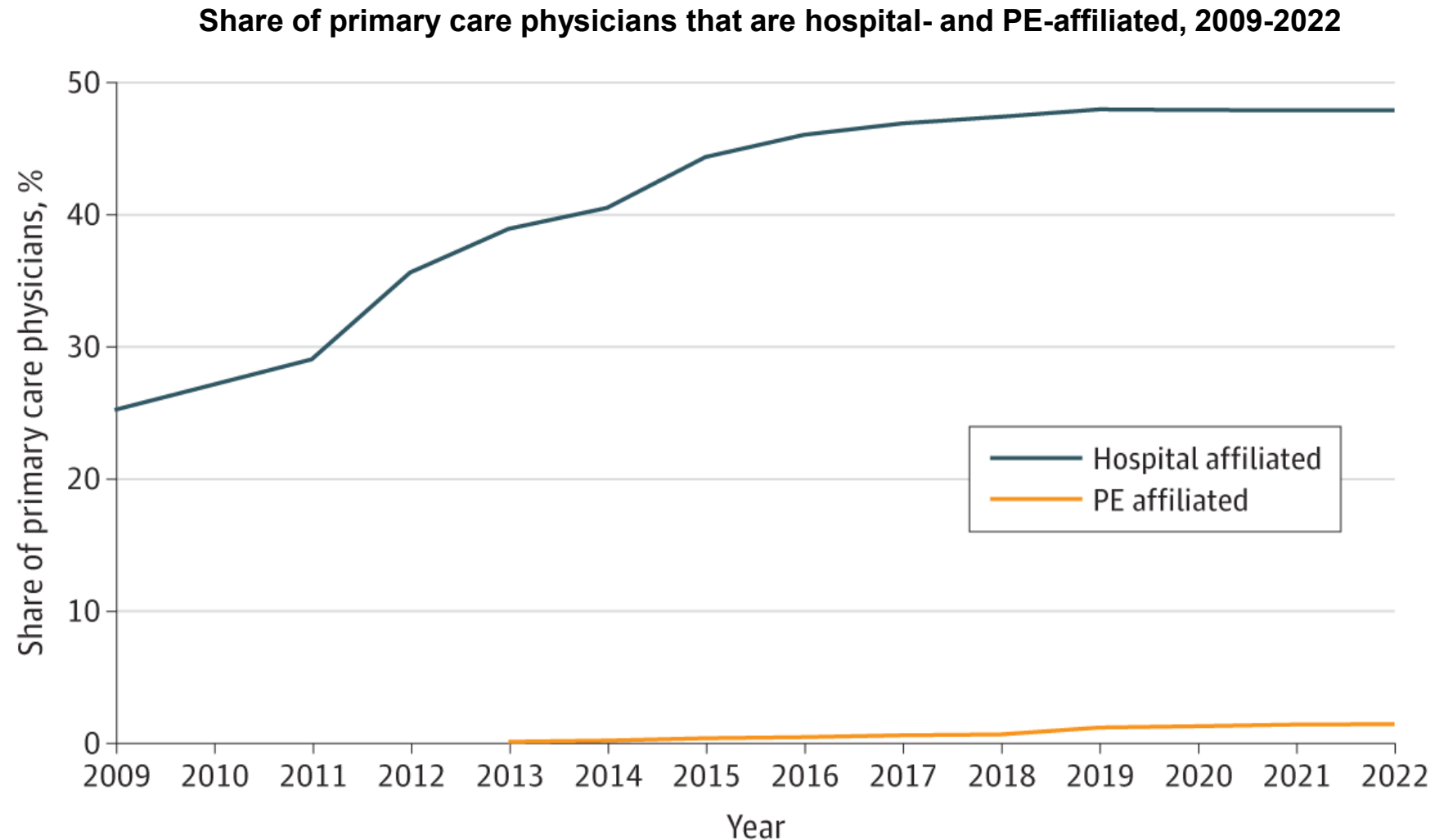
55% resold to other PE funds

2% resold to strategic buyer

8% closed operations

Private Equity Acquisitions in the Broader Context of Hospital-Physician Consolidation

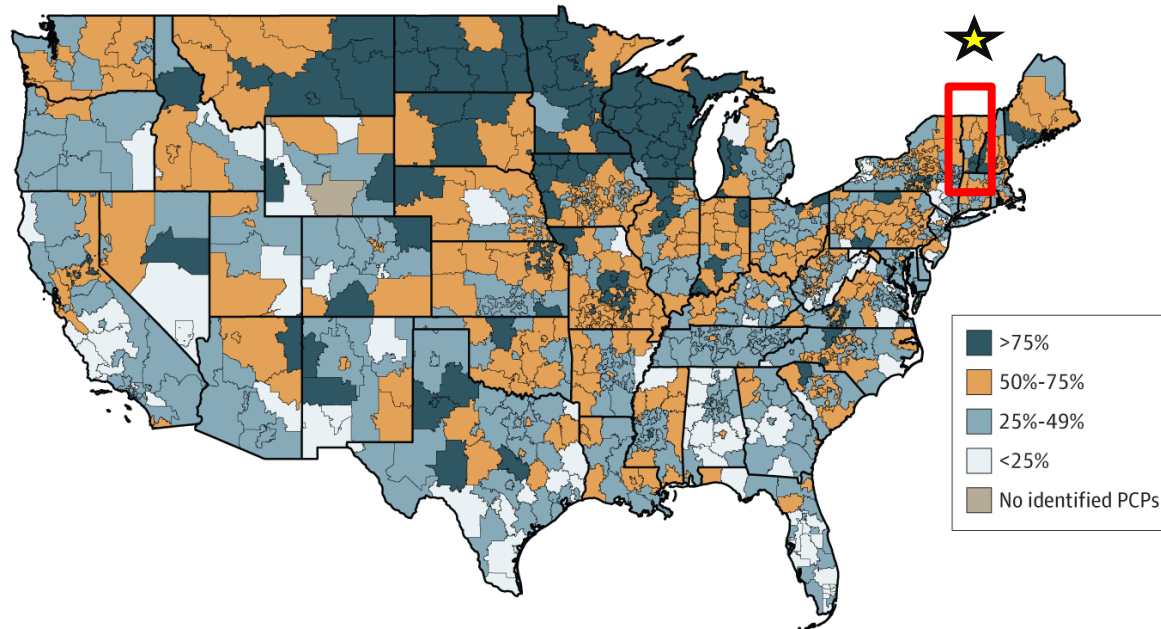
Hospital-physician vertical integration is the dominant trend



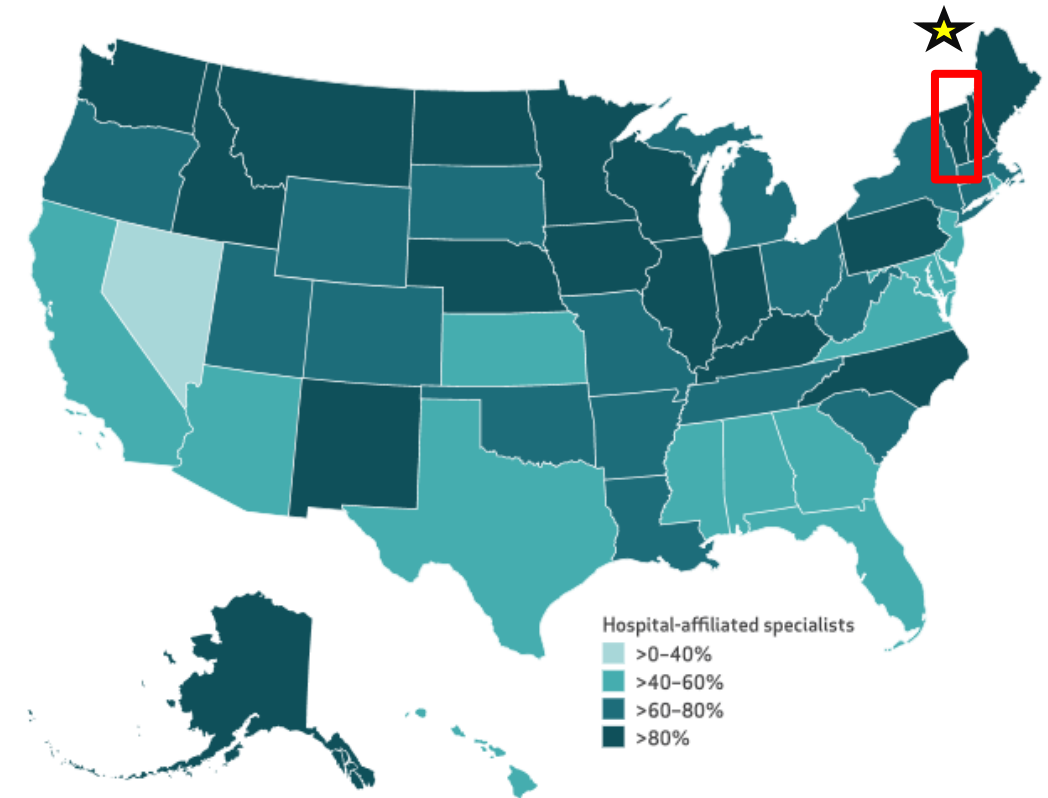
In Vermont, over 50% of primary care and specialist physicians are hospital-affiliated

Share of PCPs that are hospital-affiliated, 2022

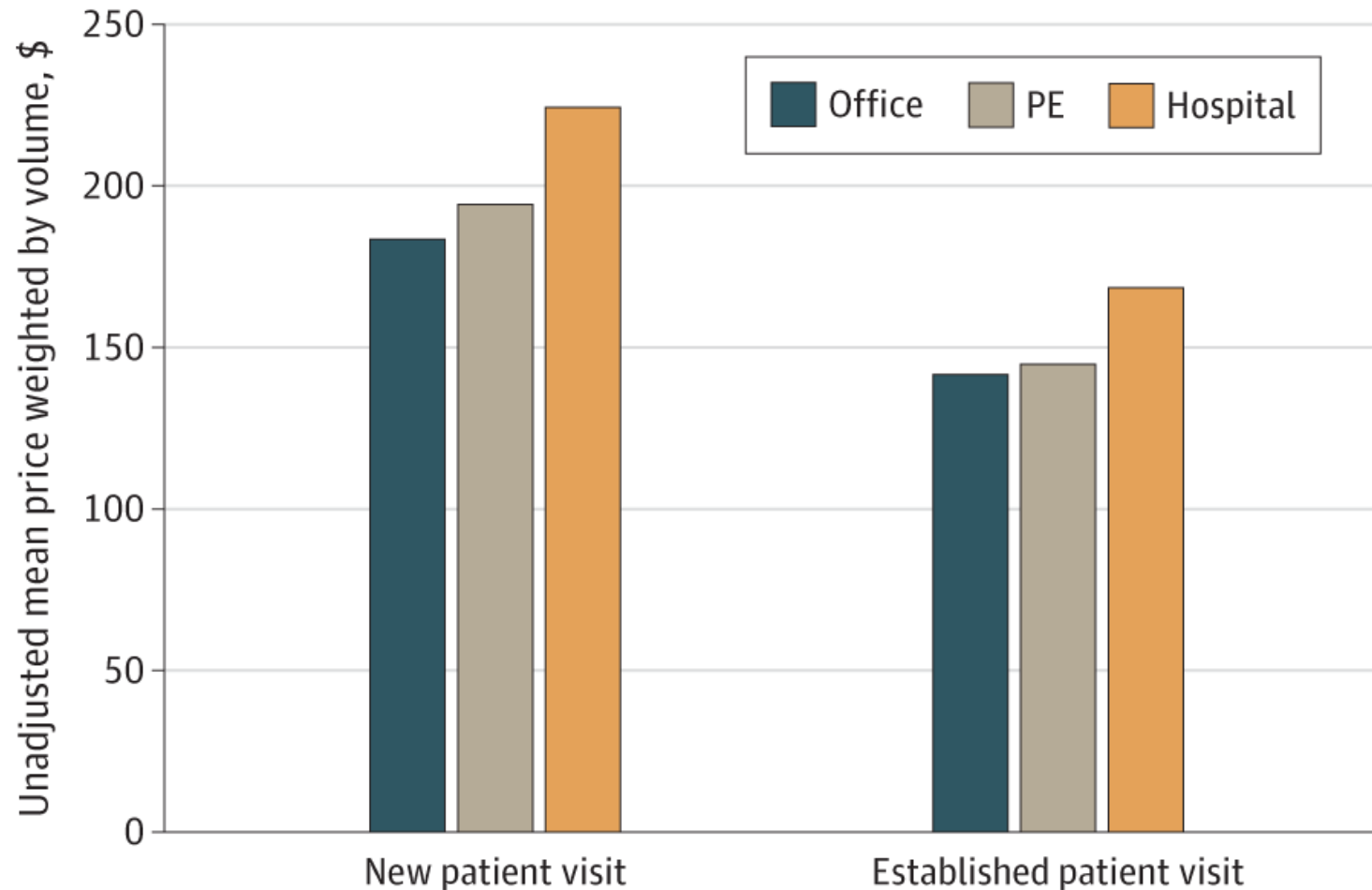
A Share of hospital-affiliated PCPs



Share of specialists that are hospital-affiliated, 2023



Using federal price transparency data, hospital-affiliated physicians have 10% higher prices and PE-affiliated physicians have 8% higher prices relative to independent physicians



Private Equity Investments in Opioid Treatment Programs

PE investments in opioid treatment programs are under growing scrutiny



The methadone clinic monopoly: Opioid treatment chains backed by private equity are fighting calls for reform

 By [Lev Facher](#) March 19, 2024

United States Senate

WASHINGTON, DC 20510

December 10, 2024

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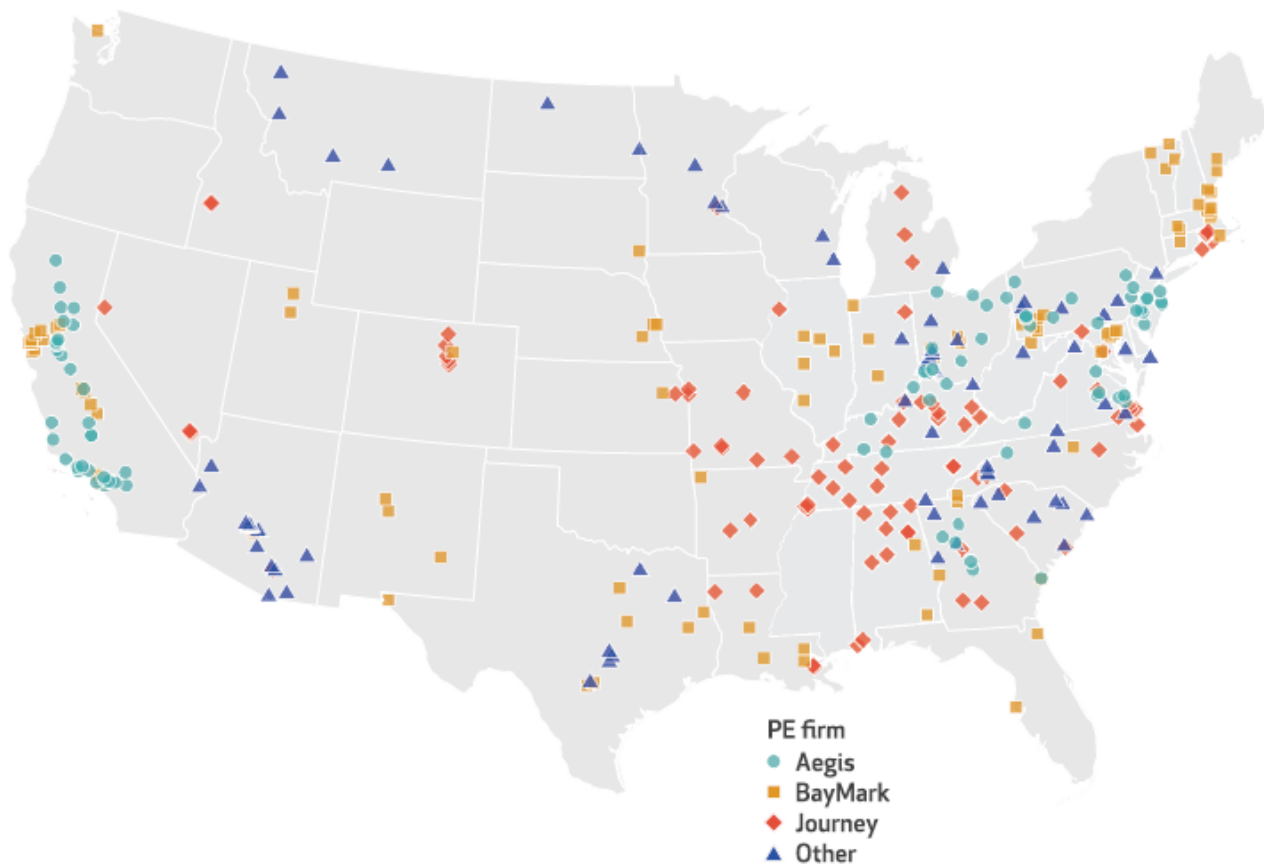
To Whom It May Concern:

We write to request information about your private equity firm's investment in opioid treatment programs (OTPs). In particular, we are seeking information on the role that private equity firms are playing in access to, and availability of, medication for opioid use disorder (MOUD), especially methadone. We have previously written directly to OTPs in which private equity firms, including yours, have ownership interests. But the lack of meaningful responses to our inquiries and overall lack of transparency about the role private equity plays in the provision of behavioral health care constrains us to seek answers from you directly.

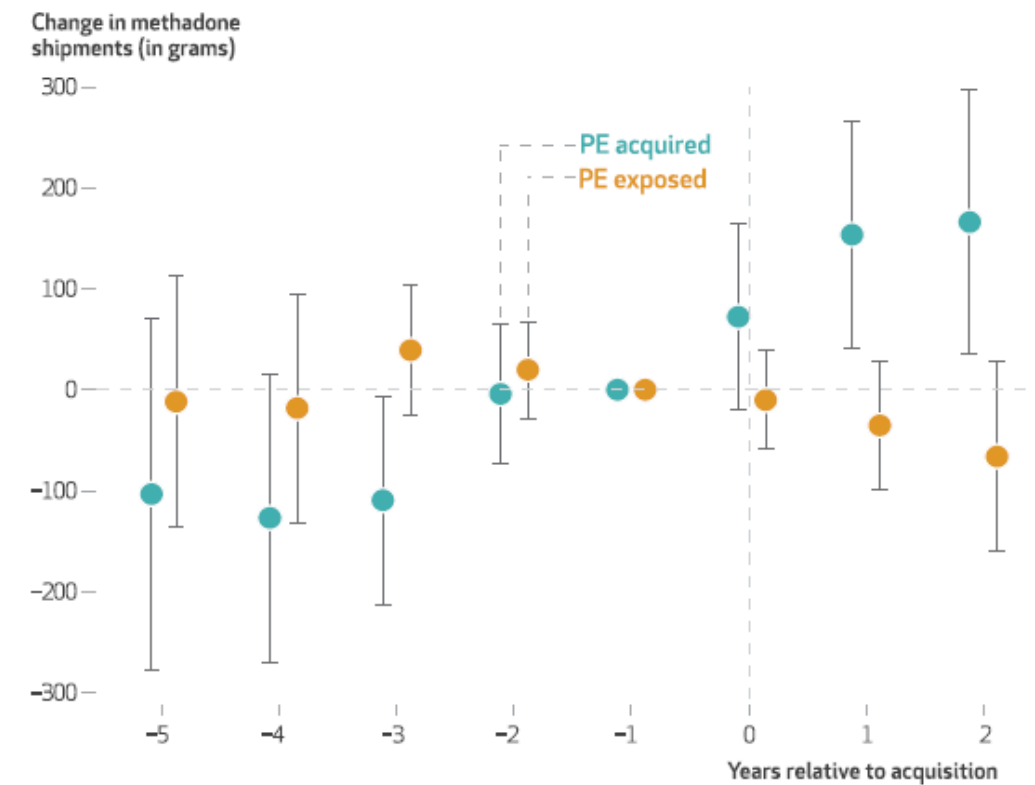
-- Letters from U.S. Senators to PE firms with OTP investments

In Vermont, PE firms operate 57 percent of opioid treatment programs. National data show that PE acquisitions do not expand methadone access.

Number of PE-affiliated OTPs, 2022

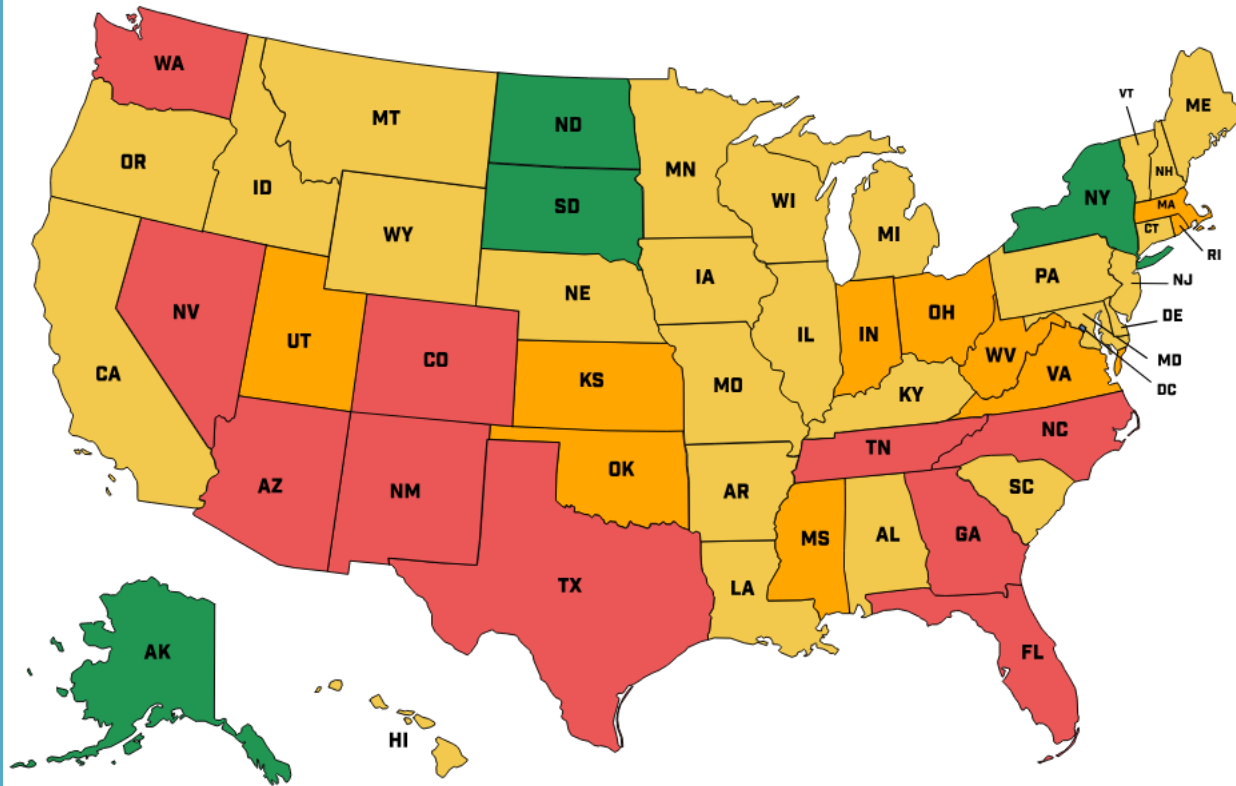


Differential change in methadone supply, PE-acquired and PE-exposed OTPs relative to matched controls



Putting it Together: Private Equity Risks in Vermont

Private Equity Risks in Housing, Health Care, Jobs and Pensions

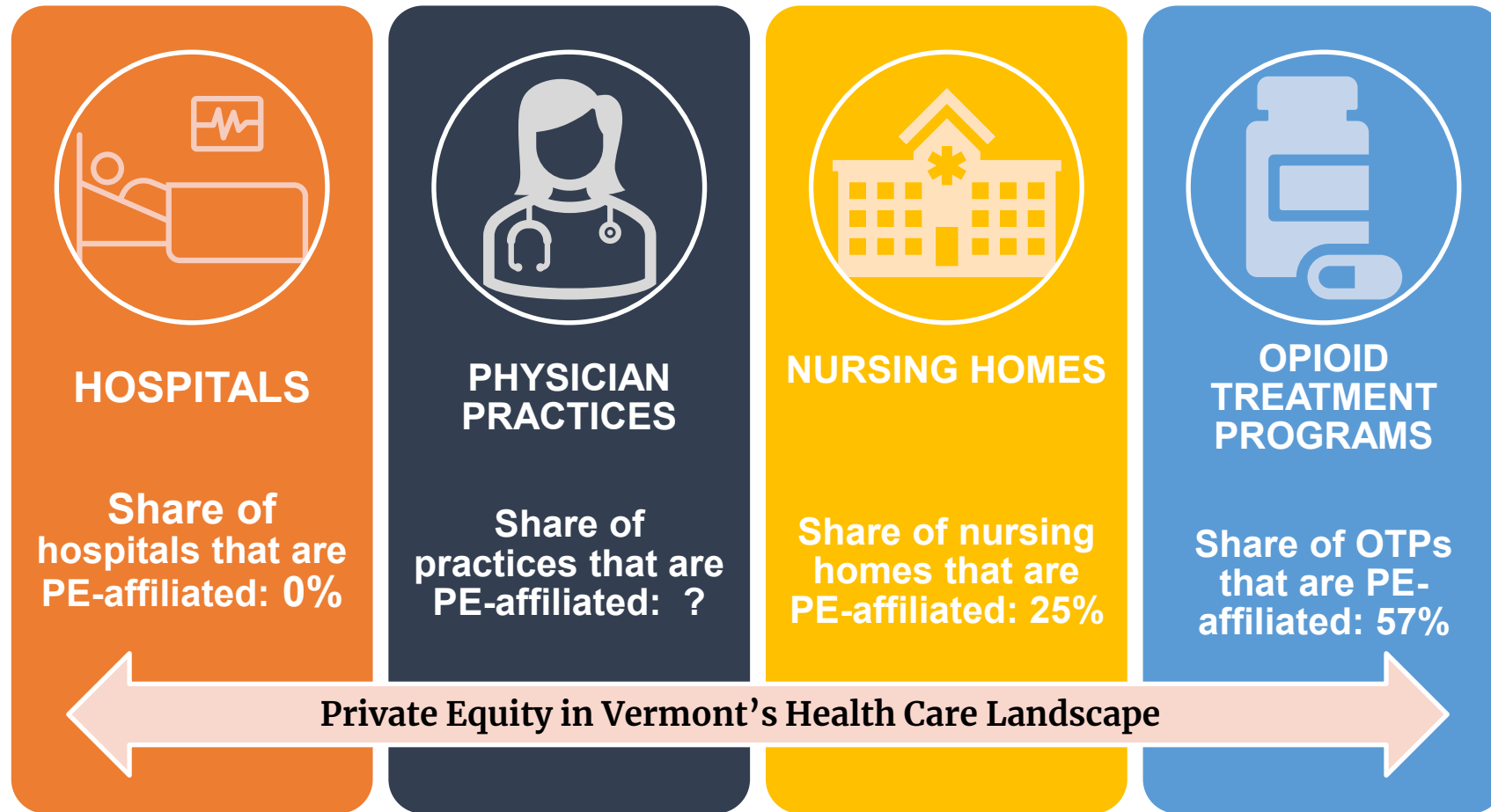


Vermont



PRIVATE EQUITY RISK SCORE **46/100**

Private Equity's Footprint in Vermont's Health Care Landscape



Summary

- PE investments in health care reflect a broader trend of health care corporatization
- Growing evidence of PE acquisitions of physician practices
 - Higher prices across specialties
 - Change to service provision
 - Higher physician turnover
 - Reliance on advanced practice providers
- PE strategy is sector specific; heterogeneity in impact across payers, patients, and workers
- State-specific studies are sparse, reinforcing a need for state-specific evidence to inform policymakers about the extent and impact of PE penetration in the market
- Key regulatory challenge: balance need for capital investment with protections for patients and health care workers



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