PE (and VC?) a growing presence—and target of scrutiny

Oct ‘23

VC firm General Catalyst announces new subsidiary, **intent to acquire Summa Health**

March ‘24

FTC, DOJ, HHS issue an **RFI on “corporate greed”** in healthcare, with **call-out to PE**

April ‘24

Senator Gary Peters (D-MI) requests information about **PE’s involvement in EDs**

April ‘24

Senate HELP committee holds **hearing on impact of PE** in healthcare

May ‘24

PE firm attracts scrutiny after **previously-owned system files for bankruptcy**

460

U.S. **hospitals are owned by private equity** firms

22%

For-profit hospitals that re private-equity owned

26%

PE-owned hospitals that **serve rural populations**

Source: Private Equity Stakeholder Project, “PESP Private Equity Hospital Tracker,” May 2024.

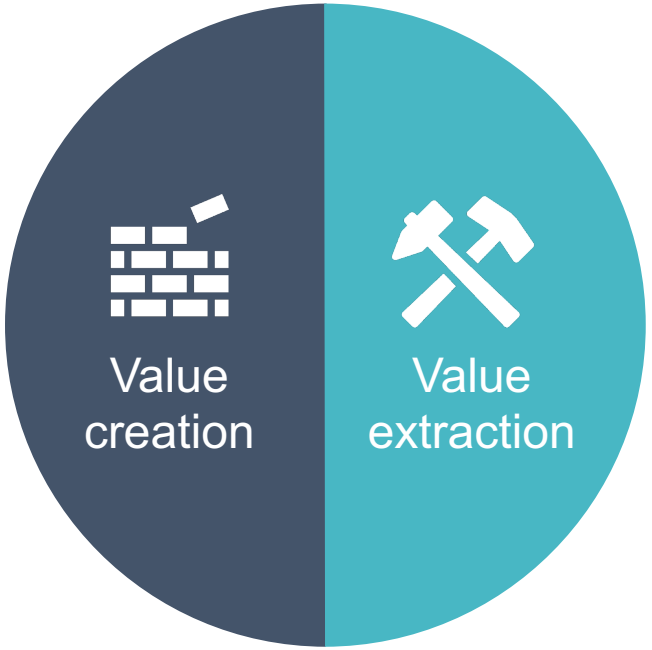
Two sides to the complicated PE ownership coin

Two (not always mutually exclusive) ways for asset buyers to get value from health systems

Accelerating growth through enhanced marketing, etc.

Enhancing capabilities through investment in technology, new services offerings, etc.

Improving efficiency through business expertise, economies of scale, etc.



Buy the health system at a discount

Sell portions of the business with significant return potential/market value

Sunset and scale back portions of the business without significant return potential/market value