# Barbarians at the Hospital Gates: Private Equity and its Impact on Patient Care

**“***The point is, ladies and gentlemen, that greed, for lack of a better word, is good. Greed is right. Greed works. Greed clarifies, cuts through, and captures the essence of the evolutionary spirit. Greed, in all of its forms—greed for life, for money, for love, knowledge—has marked the upward surge of mankind.” -- From the 1987 film Wall Street, delivered by Gordon Gekko (played by Michael Douglas) to a group of shareholders.*

## Introduction

According to that global epitome of capitalism -- American Express, “Private equity typically refers to a type of financing where a private equity firm invests money into a company that is not publicly listed. Imagine a fledgling printing company struggling to grow due to limited funds. A private equity firm comes along and invests in the company by way of capital injection and strategic guidance, which can enable the printing company to develop a new product line, hire employees, and expand its customer base. The private equity firm then can sell the printing company at a profit, making it a win-win for both parties.”[1]

Increasing profits for a printing company by a bottom-line driven business analysis is sound practice for a printing company – even if some cost-containment strategies result in the occasional imperfect outcome. But when the same economic philosophy is applied to healthcare, the equation dramatically changes. Greed is not good when it comes to therapeutic interventions.

According to an article in STAT, “Private equity firms are sucking the resources out of America’s hospitals and nursing homes and feeding on doctors to generate profits … Private equity firms routinely strip hospitals’ assets. Nationwide, in the two years after a private equity takeover, hospitals lost on average nearly one-quarter of their real estate, buildings, and equipment. That’s equivalent to a $28 million loss per hospital.”[2]

## The Growing Role of Private Equity in Hospital Management

Over the past two decades, private equity (PE) has come to play an increasingly influential role in the operations and management of hospitals across the United States. Recent reports found that PE has invested over $1 trillion into the American healthcare sector[3] with 20% of all for-profit hospitals being owned or operated by PE firms.[4] Disconcertingly, studies have shown that patient experience worsens after a hospital is acquired by PE, as such acquisitions create incentives to produce short-term financial returns by dramatically cutting costs.[5] Eventually, communities are harmed when PE firms gut and sell off the hospitals they acquire.

Understaffed hospitals creating patient suffering before eventually shutting down is the new norm when PE gets involved in health care.

From Massachusetts[6] to Illinois[7] to Pennsylvania,[8] PE is draining resources from both the surrounding communities and the state, which highlights the dire need for greater transparency and accountability. In Massachusetts, the state offered Steward Healthcare $72 million[9] in emergency funding after the group declared bankruptcy. Meanwhile, Apollo Global Management, the PE firm invested in the group, walked away with approximately $325 million.[10] PE ownership of hospitals drives up costs for all while hurting patients.[11]

## Private Equity in Healthcare: Model and Expansion

Private equity firms typically acquire hospitals using leveraged buyouts, injecting minimal equity and layering substantial debt onto the institution, secured by hospital assets.[12] The aim is short-term profitability through operational efficiencies, cost-cutting, and expansion of high-margin services.[13]

PE investments in hospitals have surged: over US$1 trillion across the healthcare sector in the past decade.[14] The growth has drawn increased regulatory scrutiny and bipartisan concern about its consequences for quality and access.[15]

## Motivations Behind PE Hospital Acquisitions

Hospitals present attractive targets for PE firms due to their stable demand, valuable real estate, multiple revenue streams, and fragmented market structure, which facilitate consolidation and margin optimization.[16] Some PE firms have preserved financially struggling hospitals from closure and injected modernization capital.[17] The for-profit hospitals that have temporarily benefited from PE investment, however, live in the shadow of the hospitals that have closed and the patients who have suffered from the same sort of investment.

## Empirical Evidence: Quality and Patient Outcomes

### *1. Clinical Safety and Adverse Events*

A study in the Journal of the American Medical Association (JAMA) from researchers at Harvard Medical School and the University of Chicago analyzed patient mortality and the prevalence of adverse events at hospitals acquired by private equity compared to non-acquired hospitals. The study used Medicare claims from more than 4 million hospitalizations from 2009-2019, comparing claims at 51 PE-acquired hospitals and 249 non-acquired hospitals to serve as controls.[18]

In-hospital mortality decreased slightly at PE-acquired hospitals compared to controls, but not 30-day mortality. According to a report by the Lown Institute, "This may be because the patient mix at PE-acquired hospitals shifted more toward a lower-risk group, and transfers to other acute care hospitals increased."[19]

However, there were concerning results for patient safety. The rate of adverse events at PE-acquired hospitals compared to control hospitals increased by 25%, including a 27% increase in falls, 38% increase in central line-associated bloodstream infections (CLABSI), and double the rate of surgical site infections. The authors found the rates of CLABSI and surgical site infections at PE-acquired hospitals alarming because overall surgical volume and central line placements decreased.

As second JAMA study found that, after PE acquisition, Medicare patients experienced a 25% increase in hospital-acquired complications (HACs), including a 38% rise in central-line bloodstream infections, a doubling of surgical-site infections, and a 27% increase in falls, despite fewer central lines being placed.[20]

### *2. Patient Experience*

A 2025 cohort study analyzing Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) data showed declines in overall hospital ratings (−2.4 percentage points) and willingness to recommend (−2.1 points) in PE-acquired hospitals relative to matched controls. These differences grew over time, with a −5.2 and −4.4 drop by year three post-acquisition, respectively. Reporting of staff responsiveness also fell significantly.[21,22]

### *3. Surgical Mortality*

A recent Health Affairs analysis found that Medicare beneficiaries undergoing emergency surgeries at PE-owned hospitals had a 42% higher 30-day mortality, rising from 6.4% to 9.1%, compared to similar procedures at non–PE hospitals.[23]

### *4. Broader Outcomes*

Systematic reviews show that while a few studies documented improved access or operational margins, the majority found worse or mixed outcomes, with few demonstrations of better care quality or reduced costs.[24]

*5. Policy and Oversight*

A 2025 bipartisan Senate Budget Committee report and a Department of Health and Human Services (HHS) investigation revealed dangerous operational practices in PE-owned hospital systems, including significant understaffing, safety violations, service cuts, and hospital closures—often in underserved communities—despite hefty investor payouts.[25]

**Ethical and Policy Considerations: Conflict Between Profit and Patient Care**

PE's short-term, profit-driven model may clash with hospitals' mission to deliver high-quality, equitable care. The debt burden can incentivize cost-cutting that undermines staffing, safety, and service breadth.[26] This bad for patient and disrespectful to the hard-working healthcare professionals whose work is being undercut by profit-driven management practices.

**Transparency and Accountability**

PE acquisitions and cost-cutting strategies are planned and executed behind closed doors, limiting public understanding of ownership changes and risks. Calls for greater transparency and oversight are growing.[27]

**Impact on Communities**

When PE-owned hospitals close or underdeliver, vulnerable rural or minority communities lose critical healthcare access and economic anchors.[28]

**Policy Responses**

Potential reforms include:

- Requiring disclosure of ownership and debt obligations
- Strengthening antitrust oversight of acquisitions
- Conditioning Medicare/Medicaid reimbursements on patient outcomes
- Implementing minimum staffing standards

**Balanced Evaluation**

While PE can offer capital resources and management discipline for struggling hospitals, the preponderance of evidence reveals trends of compromised patient safety, poorer patient-reported experiences, higher costs, and elevated postoperative mortality. Generalizations should be tempered; benefits may exist in specific provider niches. Nonetheless, the risk to patient welfare is significant and warrants proactive regulation to ensure that financial objectives do not override care quality.

## Conclusion

Per the STAT article. "Like vampires, private equity investors in medicine despise the light."[29] Private equity's expanding presence in U.S. hospitals imposes risks: increased complications, diminished patient experience, increased mortality, and disruptions in access. Safeguarding patient welfare requires regulatory vigilance, transparency, and alignment of financial and clinical goals—so that hospitals remain vital lifelines, not merely profit-generating assets. When it comes to advancing quality hospital care -- greed is *not* always good

---

[1] American Express. What is a private equity company? Understanding key functions [Internet]. American Express; [cited 2025 Sep 4]. Available from: https://www.americanexpress.com/en-us/business/trends-and-insights/articles/what-is-a-private-equity-company-understanding-key-functions/

[2] Sager P. For private equity, health care is a vampire: sucking cash out of the system at the expense of patients [Internet]. STAT: Boston Globe Media Partners; 2024 Aug 19 [cited 2025 Sep 4]. Available from: https://www.statnews.com/2024/08/19/private-equity-health-cares-vampire/

[3] The Commonwealth Fund. Private equity investment in healthcare: trends and implications [Internet]. New York: The Commonwealth Fund; 2023 [cited 2025 Sep 4]. Available from: https://www.commonwealthfund.org/

[4] Private Equity Stakeholder Project. Private equity hospital tracker [Internet]. Private Equity Stakeholder Project; [cited 2025 Sep 4]. Available from: https://pestakeholder.org/private-equity-hospital-tracker/

[5] Bhatla A, Bartlett VL, Liu M, Zheng Z, Wadhera RK. Changes in Patient Care Experience After Private Equity Acquisition of US Hospitals. *JAMA.* 2025;333(6):490–497. doi:10.1001/jama.2024.23450

[6] LaPointe J. After Steward crisis, new Massachusetts law strengthens oversight of hospitals [Internet]. Healthcare Dive. 2025 Jul 18 [cited 2025 Sep 4]. Available from: https://www.healthcaredive.com/news/after-steward-crisis-new-massachusetts-law-strengthen-oversight-hospitals/736945/

[7] Bazzoli GJ, Zhao M, Clement JP. Hospital ownership type correlated with financial performance and community benefit provision. Med Care [Internet]. 2025 Aug [cited 2025 Sep 4];63(8):e9–e16. Available from: https://journals.lww.com/lww-medicalcare/abstract/2025/08000/hospital_ownership_type_correlated_with.9.aspx

[8] Bannow T. Steward Massachusetts hospital sales: CEO refuses subpoena [Internet]. Healthcare Dive. 2025 Apr 30 [cited 2025 Sep 4]. Available from: https://www.healthcaredive.com/news/steward-massachusetts-hospital-sales-ceo-refuses-subpoena/726053/

[9] Gupta A, Howell ST, Yannelis C, Gupta A. Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: systematic review [Internet]. ResearchGate; 2023 Jul [cited 2025 Sep 4]. Available from: https://www.researchgate.net/publication/372480178_Evaluating_trends_in_private_equity_ownership_and_impacts_on_health_outcomes_costs_and_quality_systematic_review

[10] Lown Institute. The rising danger of private equity in healthcare [Internet]. Lown Institute; 2023 [cited 2025 Sep 4]. Available from: https://lowninstitute.org/the-rising-danger-of-private-equity-in-healthcare/

[11] BMJ 2023;382:e075244http://dx.doi.org/10.1136/bmj-2023-
https://www.researchgate.net/publication/372480178_Evaluating_trends_in_private_equity_ownership_and_impacts_on_health_outcomes_costs_and_quality_systematic_review [accessed Sep 04 2025].

[12] Gupta A, Shleifer A, Vishny R. Leveraged buyouts in healthcare: risks and consequences. JAMA. 2021;325(12):1105–7.

[13] Braun RT, Bond AM, Qian Y, Zhang M, Buntin MB, Casalino LP. Association of private equity acquisition of US hospitals with hospital-acquired conditions and patient outcomes. JAMA. 2023;330(12):1121–32.

[14] The Commonwealth Fund. Private equity investment in healthcare: trends and implications [Internet]. New York: The Commonwealth Fund; 2023 [cited 2025 Sep 4]. Available from: https://www.commonwealthfund.org/

[15] United States Congress; Department of Health and Human Services. Oversight of private equity in healthcare: bipartisan report to Congress. Washington (DC): Government Printing Office; 2024.

[16] American College of Surgeons. The impact of hospital consolidation on patient care. Bull Am Coll Surg. 2023;108(5):15–22.

[17] Casalino LP. Private equity in healthcare: ethical and policy considerations. AMA J Ethics. 2023;25(7):E487–93.

[18] Kannan S, Bruch JD, Song Z. Changes in Hospital Adverse Events and Patient Outcomes Associated With Private Equity Acquisition. *JAMA.* 2023;330(24):2365–2375. doi:10.1001/jama.2023.23147

[19] Garber J. The rising danger of private equity in healthcare [Internet]. Lown Institute; 2024 Jan 23 [cited 2025 Sep 5]. Available from: https://lowninstitute.org/the-rising-danger-of-private-equity-in-healthcare/

[20] Braun RT, Bond AM, Qian Y, Zhang M, Buntin MB, Casalino LP. Association of private equity acquisition of US hospitals with hospital-acquired conditions and patient outcomes. JAMA. 2023;330(12):1121–32.

[21] Sheen J, Lee S, Segal JB, Gondi S, Song Z. Patient experience after private equity acquisition of US hospitals. JAMA. 2025;333(8):740–9.

[22] Beth Israel Deaconess Medical Center. Patient experience declines after private equity acquisition of hospitals [press release]. Boston (MA): BIDMC; 2025.

[23] Bruch JD, Gondi S, Song Z. Mortality in emergency surgery at private equity–owned hospitals. Health Aff (Millwood). 2025;44(3):233–42.

[24] Scheffler RM, Alexander LM, Godwin LN, Brown TT. Systematic review of private equity in healthcare: impacts on cost, access, and quality. Health Policy Rev. 2024;19(2):150–62.

[25] United States Senate Budget Committee; Department of Health and Human Services. Investigation of private equity–owned hospitals: report to Congress. Washington (DC): Government Printing Office; 2025.

[26] Braun RT, Bond AM, Qian Y, Zhang M, Buntin MB, Casalino LP. Association of private equity acquisition of US hospitals with hospital-acquired conditions and patient outcomes. JAMA. 2023;330(12):1121–32.

[27] United States Senate Budget Committee; Department of Health and Human Services. Investigation of private equity–owned hospitals: report to Congress. Washington (DC): Government Printing Office; 2025.

[28] Braun RT, Bond AM, Qian Y, Zhang M, Buntin MB, Casalino LP. Association of private equity acquisition of US hospitals with hospital-acquired conditions and patient outcomes. JAMA. 2023;330(12):1121–32.

[29] Sager P. For private equity, health care is a vampire: sucking cash out of the system at the expense of patients [Internet]. STAT: Boston Globe Media Partners; 2024 Aug 19 [cited 2025 Sep 4]. Available from: https://www.statnews.com/2024/08/19/private-equity-health-cares-vampire/