

Submitter: Susan Abrams

On Behalf Of:

Committee: House Committee On Behavioral Health and Health Care

Measure: HB4130

I strongly support HB4130. Research has shown that the quality of care in hospitals acquired by private equity ends up with worse outcomes for patients. In recent years there have been two key shifts in who's doing the investing. Instead of physicians or small groups of investors using their own funds, investors now also include firms that manage funds for large groups of wealthy individuals or institutions. Fund managers and their investors may have little knowledge of health care, viewing it as just another market opportunity.

The second change relates to how they're investing. Aggressively pursuing quick profits, some private equity firms are taking out loans, using their newly acquired health care facilities as collateral. The loans are used to pay back investors quickly and handsomely, while the health care organizations carry the debt. Another strategy is to sell the health care organization's land, facilities, and other capital assets to other investors. The proceeds from the sales generate returns for fund managers and their investors. Health care organizations then rent those assets back from the new owners. I support HB4130 because it will prevent private equity or other large corporations from increasing their influence in Oregon's health care system. The bill closes what its backers call legal "loopholes" that allow corporations to sidestep Oregon's requirement that doctors own medical practices.