



# MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

7 School Street • Annapolis, Maryland 21401-2096

Balto. (410) 269-1940 • Fax (410) 280-2956

*President*

Donna S. Edwards

*Secretary-Treasurer*

Gerald W. Jackson

## **HB 702 - Health Care Facilities - Nursing Homes - Acquisitions and Licensure House Health and Government Operations Committee March 9, 2023**

### **SUPPORT**

**Donna S. Edwards  
President**

**Maryland State and DC AFL-CIO**

Madame Chair and members of the Committee, thank you for the opportunity to submit testimony in support of HB 702. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 300,000 union members, I offer the following comments.

Patients deserve high quality healthcare without having to worry about whether or not their provider has plans to slash staffing and cut services before selling their company to the highest bidder. Private equity firms have gained notoriety over the last few years for their high profile takeovers of large retailers like Toys R' Us. These investors are infamous for acquiring companies through taking on large amounts of debt and then laying off staff in order to pay themselves.<sup>1</sup>

Unfortunately, our country's healthcare industry is now a target, with the Private Equity Stakeholder Project (PESP) finding over 125 buyouts and 503 add-on acquisitions occurring in 2022.<sup>2</sup> This should raise alarm bells as PESP reports, "The common private equity strategy of pursuing outsized returns over relatively short periods of time can lead to cost-cutting efforts that negatively impact patients and workers. Further, private equity firms are more likely to use debt to fund their investments, leading to unwieldy debt service obligations that can divert money away from patient care and fair compensation for employees."

Patients, families, and workers deserve transparency in this essential industry. HB 702 provides this by requiring the Office of Healthcare Quality to consider who is actually purchasing nursing home providers and their record of quality care before approving mergers or acquisitions. This is a commonsense measure that protects our state from investors that want to turn our health care infrastructure into a quick buck. We urge a favorable report on HB 702.

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<sup>1</sup> Jon Skolnik, "The Grim Secrets of Private Equity." The New Republic. September 22, 2022.

<sup>2</sup> Mary Bugbee, Eileen O'Grady, and Michael Fenece, "Recent Trends in Private Equity Healthcare Acquisitions." Private Equity Stakeholder Project. February 2023.