

HB0599_CrossOver_Bill_RichardKaplowitz_FAV

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TESTIMONY ON CROSSOVER BILL HB#0599- POSITION: FAVORABLE
Health - Licensure of Hospitals - Ownership Requirements

TO: Chair Beidle, Vice Chair Hayes, and members of the Finance Committee

FROM: Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of crossover bill HB#0599, **Health - Licensure of Hospitals - Ownership Requirements**

The Harvard T.H. Chan School of Public Health has reported on *How for-profit medicine is harming health care*¹

For-profit dynamics have always existed in American medicine, as well as conflicts of interest. ... The nursing home and pharmaceutical industries have always been largely for profit. Pecuniary malevolence in U.S. medical care reached a different stage in the 1970s and 1980s, with the rise of what Arnold Relman, late editor of the *New England Journal of Medicine*, called the rise of the “[medical industrial complex](#),” when we saw the aggressive entry into medicine of for-profit entities with shareholders. From then on, the problem has been this: If the bottom-line obligation of for-profit companies is highest return to its shareholders, and the essential obligation of medicine is patient-centered care, you have two masters. This conflict has never been reconciled—because it’s irreconcilable.

Georgetown University Denny Center for Democratic Capitalism discussed *Medicine in the Age of Private Equity: The Ethics of Profit in Patient Care*²

Private equity (PE) has become a dominant force in healthcare, but its debt-driven, short-term profit model stands in direct conflict with the ethical imperatives of medicine. PE firms promise efficiency, modernization, and fresh capital, yet evidence shows that PE ownership often undermines patient safety, raises costs, and destabilizes communities. Unless policymakers enforce transparency and accountability, healthcare risks being transformed from public good into little more than a financial product.

This bill, in reaction to multiple studies and reports, moves Maryland healthcare in hospitals to a non-profit status for those institutions. It accomplishes that by requiring that hospitals, to qualify for a license on or after October 1, 2026, qualify as a nonprofit organization under federal law and be registered as a nonprofit organization with the State; requiring hospitals that receive licensure on or after October 1, 2026, to maintain status as a nonprofit organization as a condition of licensure; and providing that, on or after October 1, 2026, the ownership of a licensed hospital may be transferred only to a nonprofit organization.

I respectfully urge this committee to return a favorable report on crossover bill HB#0599.

¹ <https://hsph.harvard.edu/news/how-for-profit-medicine-is-harming-health-care/>

² <https://www.law.georgetown.edu/denny-center/blog/medicine-private-equity/>