MDOA Written FAV - SB 494 - Material Change Transa

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Position: FAV

Date: February 24, 2026

Bill Number: SB 494

Bill Title: Maryland Health Care Commission – Certificates of Need and Material Change Transactions

Committee: Senate Finance Committee

MDOA Position: Favorable

Madam Chair, Vice-Chair, and Members of the Committee:

The Maryland Department of Aging (MDOA) respectfully submits this written testimony in strong support of Senate Bill 494.

The Maryland Department of Aging strongly supports this legislation because we believe it will help safeguard patient care, promote transparency, and protect the wellbeing of older adults and other vulnerable populations in Maryland's healthcare system.

Across the nation, including in long-term care, hospitals, and other critical care settings, there is growing evidence that rapidly expanding private equity ownership is associated with alarming trends in quality of care and patient outcomes. These findings raise serious concerns about the impact of financial incentives that prioritize short-term profits over long-term care quality and patient safety.

Private equity firms have dramatically increased their investments in healthcare delivery over the past two decades, acquiring nursing homes, hospitals, surgery centers, physician practices, and other care providers. While proponents argue that these investments bring needed capital, a substantial and growing body of research shows that private equity ownership is linked with measurable declines in care quality and worse health outcomes.

A recent systematic review of studies on private equity ownership of U.S. nursing homes found that facilities acquired by private equity firms tend to have higher numbers of regulatory deficiencies, increased resident hospitalizations, and elevated mortality rates compared with similarly situated facilities not owned by private equity. This suggests cost-cutting and short-term profit strategies may compromise essential care processes and outcomes.

Other peer-reviewed research shows that residents in private equity-owned nursing homes are more likely to experience emergency department visits and hospital admissions, and incur higher Medicare costs, outcomes associated with lower quality long-term care.

SB 494 would strengthen oversight, transparency, and protections for Maryland patients and families by targeting the practices that have been linked with declining quality in other states and nationally. As Maryland's population ages, and as demand for skilled nursing care, home care, and hospital services grows, the state must ensure that financial motives never outweigh the fundamental obligation to provide high-quality, safe, and person-centered care. The goals of this legislation align with MDOA's recently released Longevity Ready Maryland Plan.

For these reasons**, the Maryland Department of Aging urges a favorable report on SB 494**. By curbing harmful incentives, promoting transparency, and protecting the quality of care, this bill will help ensure that all Marylanders, especially older adults and medically vulnerable individuals, receive the care they need and deserve.

SB0494 - Maryland Health Care Commission - Certifi
Uploaded by: Cecilia Plante
Position: FAV

TESTIMONY FOR SB0494 – Maryland Health Care Commission – Certificates of Need and Material Change Transactions – FAVORABLE

Bill Sponsor: Senator Beidle
Committee: Finance
Organization Submitting: Maryland Legislative Coalition
Person Submitting: Jessica Gorski, Executive Committee
Position: FAVORABLE

Chair, Vice Chair, and Members of the Committee,

My name is Jessica Gorski, and I am submitting this testimony in strong support of SB0494 on behalf of the Maryland Legislative Coalition. We are a statewide coalition of grassroots organizations representing more than 30,000 Marylanders across every legislative district. Our mission is to promote legislation that strengthens education, healthcare, public safety, environmental protection, and social justice—ensuring that every Marylander has access to the resources and opportunities needed to thrive.

SB0494 directly advances that mission by strengthening transparency, accountability, and public oversight in Maryland's healthcare system.

This bill repeals the current exemption from the certificate of need (CON) requirement for certain mergers and requires healthcare entities to provide notice of material change transactions to the Maryland Health Care Commission (MHCC) and to the public. It also establishes a public interest review process to evaluate these transactions, including clear criteria for determining when a transaction warrants review .

These provisions are timely, necessary, and deeply aligned with Maryland's commitment to equitable, high-quality healthcare.

Healthcare consolidation has accelerated nationwide, often occurring with limited public visibility and little opportunity for community input. While some mergers can improve coordination of care, others have led to higher prices, reduced access, and fewer choices for patients—particularly in rural and underserved communities. Maryland cannot afford a system where major structural changes occur without

transparent review or consideration of their impact on patients, workers, and communities.

SB0494 ensures that Marylanders are not left in the dark.

By requiring notice of material change transactions and establishing a public interest review process, this bill strengthens the state's ability to:

- Evaluate whether proposed mergers or acquisitions will increase costs or reduce access,
- Ensure that healthcare markets remain competitive and patient-centered,
- Protect community hospitals and essential services from destabilizing consolidation,
- Promote transparency and public accountability in decisions that affect millions of Maryland residents.

These safeguards are especially important in a state with a unique all-payer model and a strong commitment to cost containment and quality improvement. Maryland's healthcare system depends on thoughtful oversight and proactive monitoring of market changes. SB0494 provides the tools needed to maintain system stability and protect patients from the negative consequences of unchecked consolidation.

This bill also reflects responsible governance. It does not prohibit mergers; rather, it ensures that they undergo appropriate scrutiny and that the public has access to information about changes that may affect their care. Transparency and accountability are foundational to a fair and effective healthcare system.

SB0494 aligns squarely with the mission of the Maryland Legislative Coalition. It strengthens healthcare oversight, protects consumers, and ensures that decisions with far-reaching consequences are made with transparency, community input, and a clear understanding of the public interest.

We urge the Committee to support this thoughtful, necessary, and community-centered legislation.

Thank you for your time and consideration. **We respectfully urge a FAVORABLE report on SB0494.**

Jessica Gorski
Executive Committee
Maryland Legislative Coalition

SB0494_MHAMD_FAV.pdf
Uploaded by: Dan Martin
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mhamd
MENTAL HEALTH ASSOCIATION OF MARYLAND

1301 York Road, #505
Lutherville, MD 21093
phone 443.901.1550
fax 443.901.0038
www.mhamd.org

Senate Bill 494 Maryland Health Care Commission - Certificates of Need and Material Change Transactions
Finance Committee
February 24, 2026
Position: FAVORABLE

Mental Health Association of Maryland (MHAMD) is a nonprofit education and advocacy organization that brings together consumers, families, clinicians, advocates and concerned citizens for unified action in all aspects of mental health and substance use disorders (collectively referred to as behavioral health). We appreciate the opportunity to provide this testimony in support of Senate Bill 494.

SB 494 establishes a review process to determine whether proposed consolidations of health care facilities are in the public interest.

The increasingly common practice of health care consolidation – particularly through private equity acquisition of physician practices and health care facilities – leads to higher health care costs with little to no corresponding improvement in quality or patient outcomes. These arrangements allow the consolidated organizations to raise prices, pass along increased costs to consumers, lower wages and eliminate jobs. The rapid expansion of these transactions across Maryland raises serious concerns about health care affordability, access, and patient safety.

SB 494 would establish a notice and review process focused on acquisitions that are highly likely to adversely affect public interest. Prior to certain consolidations, organizations will have to provide public notice. Within 30 days of this notice, the Maryland Health Care Commission (MHCC) will make a determination on whether the transaction would likely have a negative impact on health care quality, safety, cost, accessibility, or equity and require public interest review. Within 60 days after starting a review, MHCC will then issue a decision to approve, approve with conditions, or deny a transaction. This helps prevent and/or limit consolidations that would significantly harm patients by raising costs and lowering quality.

SB 494 will help prevent consolidations that do not serve the public interest. For these reasons, MHAMD supports this bill and urges a favorable report.

For more information, please contact Dan Martin at (410) 978-8865

2026 Session - SB 494 Support - Health Care Facili

Uploaded by: Douglas Jacobs

Position: FAV

MARYLAND
Health Care
Commission

Marcia Boyle, Acting Chair
Douglas Jacobs, MD, MPH, Executive Director

2026 SESSION
POSITION PAPER

BILL NUMBER: **SB 494**

COMMITTEE: **Finance**

POSITION: **Support**

TITLE: **Maryland Health Care Commission – Certificates of Need and Material Change Transactions**

BILL ANALYSIS

SB 494 – Maryland Health Care Commission – Certificates of Need and Material Change Transactions requires a person, prior to completing a material change transaction related to a health care entity, to provide certain notice to the Maryland Health Care Commission and to the public within a specified period of time. It establishes a public interest review process, including the criteria for a public interest review, the requirements for approval, approval with conditions, or denial of a transaction, and establishes appeal rights, judicial review, and penalties related material change transactions.

POSITION AND RATIONALE

The Maryland Health Care Commission (MHCC) is in support of *SB 494* as it establishes a process for transparent oversight over multiple types of health care entities that is parallel to the nursing home public interest review process passed into law in *SB 1000/HB 1122 – Health Care Facilities – Nursing Homes – Acquisitions and Licensure*, in the 2024 legislative session. This bill would authorize MHCC as the designated regulatory oversight agency to also review large scale transactions involving non-acute care hospitals, facilities, and provider organizations.

This legislation would protect consumers, support health and safety oversight, and allow transactions to occur with transparency and accountability. It would ensure that health care transactions advance – not undermine – the State's goals for affordability, access, quality, equity, and system stability, in ways that traditional antitrust and licensing frameworks cannot. This includes oversight of the potential rapid price inflation and consolidation that can occur following private equity acquisitions and mergers. It also aligns with Maryland's participation in CMS's AHEAD model focusing on accountability to drive population-level spending and health outcomes. A **well-designed public interest review process**, as established by *SB 494* **allows**

Marylanders to govern the structure of our health care system intentionally – rather than discovering consequences after consolidation has already reshaped it.

This legislation would establish a **streamlined process**, focusing attention on transactions that are highly likely to adversely affect the **health**, **safety**, and **affordability of health care** for Marylanders and establish a streamlined process for transactions that do not present these concerns. The initial Public Notice phase included in the legislation would require entities to provide notice for planned transactions. This notice allows MHCC, the designated regulatory agency, an opportunity to view the notice and assess, within 30 days, whether a public interest review process is needed. The majority of transactions would proceed without further review. If deemed appropriate, MHCC would then conduct a 60-day public interest review, ultimately issuing a decision to approve, approve with conditions, or deny a transaction to ensure that any transactions or terms are structured in ways that preserve health, safety, and affordability. The entire process would last *at most* 90 days.

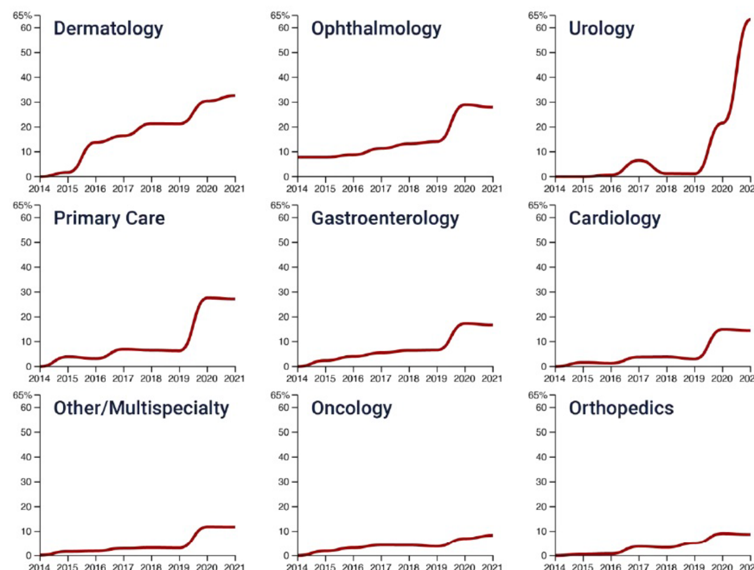
This process enables **early warning** of potentially harmful actions, with leverage to negotiate **enforceable conditions** and establishes **statewide data on ownership** and control. It also supports an evolving decision-making process that can adapt, **meeting the needs of acquiring entities who are seeking to support health care delivery** in Maryland and **protecting the stability and resilience** of our health care delivery system.

<u>Consolidation and private equity ownership is a growing trend in Maryland, and it disproportionately affects some specialties and communities.</u> Consolidation across health care markets is widespread in Maryland, increasing at a higher rate than the national average, as facilities and providers merge. This leads to a more consolidated health care system with fewer independent practices and facility owners and operators.

Across the state, **ownership of physician practices and facilities has shifted**, with **private equity driving much of this trend**. These effects are more pronounced among particular communities and specialties.

Figure 1 illustrates this, showing the share of Maryland physicians across specialty types who are affiliated with private-equity ownership from 2014 through 2021. **Private equity acquisitions are most**

Figure 1: Share of Physicians in PE-Affiliated Practices in Maryland, by Physician Specialty (2014-2021)



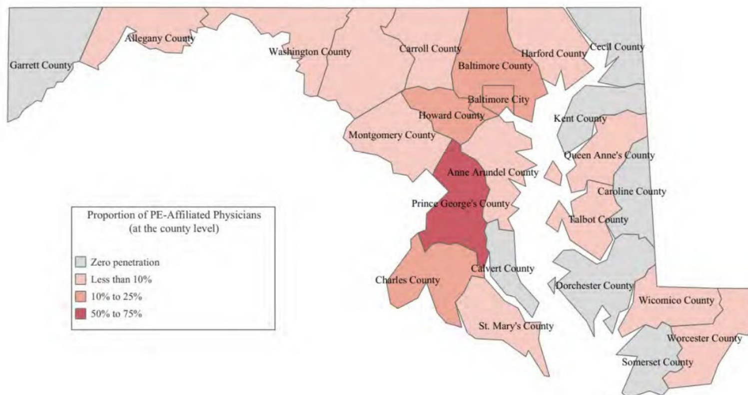
Source: Singh, Y., Murray, R., Reddy, M., Perkins, J., Mehta, N., Whaley, C. & Fuse Brown, E. (2025, January 22). Private equity investments in physician practices in Maryland. Providence, RI: Center For Advancing Health Policy Through Research, Brown University.

pronounced in certain specialties – urology, dermatology, ophthalmology, for example. Of note, **Maryland has significantly higher private equity penetration across physician specialties than the national average** – for example, in urology, private equity penetration was 63.3% in Maryland and only estimated at 8% nationally, and primary care was 27.3% in Maryland but estimated at 2% nationally.[1]

This illustrates the pattern of private equity investment's initial focus on **high-margin, office-based procedural specialties**, and its later expansion into **specialties like primary care and cardiology**. We see growing numbers of private equity physicians affiliated with HMOs (versus lower numbers in PPOs), particularly in Medicare Advantage, with high in-network participation. This means that patients with certain types of coverage are more likely to only have private-equity affiliated physicians available to them when they need care.[2] This growing presence of private equity ownership interests in medical care has several potential **harmful downstream effects** – capturing markets to **drive up prices**, changing staffing models in ways that **diminish quality and safety of care**, and affecting physicians' clinical decision-making to **put profit – not patient health – at the center of care**.[3,4] Concentration in these market means that certain patients are more likely to experience these effects.

This trend is not monolithic across Maryland, however. A 2025 MHCC report found that **private equity presence is higher in communities with a lower share of white residents** compared to communities with lower private equity penetration, a **higher proportion of individuals enrolled in Medicaid**, and a higher proportion of urban residents, suggesting **private equity investment is more concentrated in more urban and diverse communities**.[5]

Figure 2: Geographic Variation in Private Equity Penetration in Maryland, 2021



Source: Singh, Y., Murray, R., Reddy, M., Perkins, J., Mehta, N., Whaley, C. & Fuse Brown, E. (2025, January 22). *Private Equity Investments in Physician Practices in Maryland.* Providence, RI: Center For Advancing Health Policy Through Research, Brown University.

Each county paints a slightly different picture of large-scale transactions and consolidation.

Figure 2 shows the geographic variation of private equity consolidation across Maryland counties, with **over half of physician practices seen by Prince George's County residents** affiliated with a private equity firm.

<u>**This legislation ensures health, quality, and safety oversight**</u>, not market interference. Some transactions are designed to protect access and serve the public interest – for example, when an existing facility or entity facing financial distress is acquired to ensure ongoing operations and availability of services. However, other transactions may lead to closure of service lines or facilities, limitations in staffing that decrease facility capacity, or reduced participation in

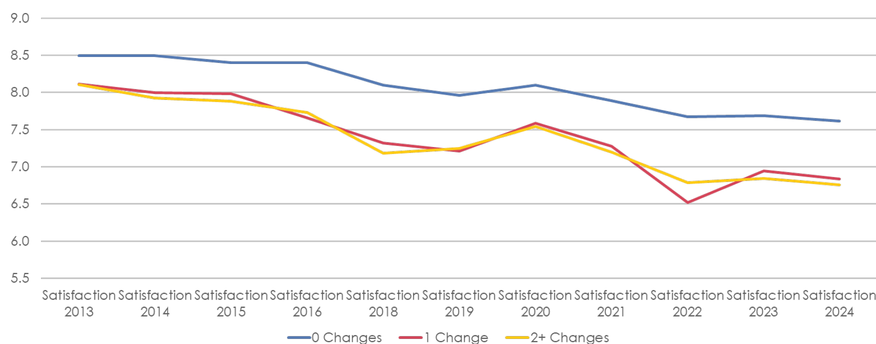
Medicaid or acceptance of uninsured patients.[6] Maryland currently has no oversight process to sort these transactions in most health care settings.

Maryland recently passed legislation to **address this challenge related to nursing homes**. Evidence shows that as nursing homes shifted to private equity ownership, there are increases in mortality, hospital visits, and increased deficiency findings post-acquisition. Private equity ownership is linked to reduced staffing, specifically lower nursing hours, and private-equity owned nursing homes tend to bill Medicare more but do not consistently improve financial margins.[7] In turn, this lowers patient satisfaction rates and jeopardizes patient safety, and quality of care.

For example, Genesis Health Care, with nursing homes in Maryland and other states, faces over 200 malpractice, wrongful death, and injury lawsuits. When it filed for bankruptcy in 2025, it carried more than $2 billion in debt, with $259 million tied up in patients' legal claims. Through the bankruptcy process, information was revealed that private equity owners had extracted value from the company using various tactics – sale and lease-back deals, layered debt – while the company struggled to continue to operate and staffing levels and patient care declined.[8] Bankruptcy itself is associated with declines in quality of care: the National Bureau of Economic Research's recent report shows that bankruptcy filings in nursing homes **immediately increase staff turnover**, replacing skilled workers with less skilled staff, and **increase hospitalizations** by 4% among residents within 90 days of admission.[9]

For nursing homes, **as acquisitions go up, patient satisfaction goes down**. Figure 3 reflects this trend, across Maryland's nursing homes. It shows the declining patient satisfaction levels among nursing homes in the state, from 2013 through 2024. The nursing homes that faced one or more changes in ownership over time have statistically **significantly lower patient satisfaction** rates than those with no changes, who maintained consistent ownership and were not acquired by private equity or other interests.

Figure 3: Nursing Home Acquisitions and Patient Satisfaction (2013 – 2024)



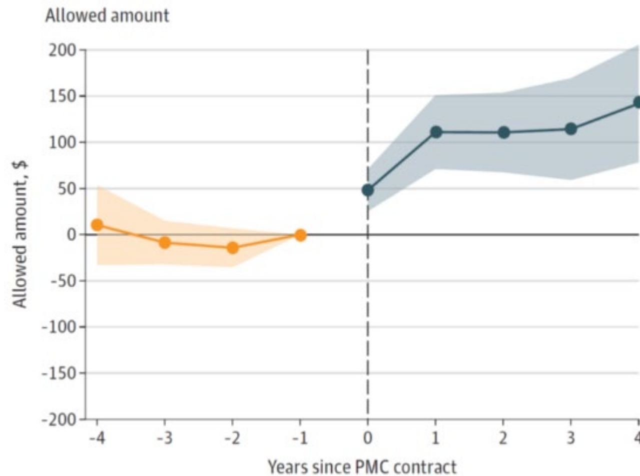
Source: Maryland Health Care Commission, Nursing Home Satisfaction Survey, administered annually.

These trends are reflected more broadly than nursing homes, though: there is strong evidence that changes in governance and ownership across facility types, for example, hospice, specialty practices like urology, and home health agencies, can **impact staffing levels, adherence to clinical protocols, and infrastructure investments**, which may lead to **negative impacts on quality and safety**.[10,11,12 13,14,15,16] Private equity acquisitions can also lead to more centralized

care and consolidation, which can adversely and **disproportionately impact smaller and rural communities**, and increase costs impacting consumer health insurance premiums.[17,18,19,20] If private equity transactions accelerate for other facility types and medical group practices without additional oversight, we can expect to begin to see similar issues that have already transpired in nursing homes.

SB 494 is the right solution for Maryland, at the right time. A 2022 study looked at the changes that occurred in U.S. physician practices specializing in dermatology, gastroenterology, and ophthalmology – **three of the specialties in which Maryland private equity acquisitions are increasing** (see Figure 1, above).[21] Private equity-acquired physician practices were matched with control practices that had similar patients, encounters, risk scores, out of network services billed, and spending. It found that compared to non-acquired practices, **private equity acquired physician practices showed an increase of $71 charged per claim**.

Figure 4: Differences in Physician Allowed Amounts Per Claim Before and After Private Equity Acquisition



Source: La Forgia, A., Bond, A., Braun, R., Yao, L., Kjaer, K., Zhang, M., Casalino, L.. (2022). Association of Physician Management Companies and Private Equity Investment with Commercial Health Care Prices Paid to Anesthesia Practitioners. JAMA Internal Medicine.

Figure 4 shows the changes in allowed amounts per claim associated with private equity acquired physician practices in dermatology, gastroenterology, and ophthalmology, before and after the change of ownership. It illustrates that **after physicians were acquired by private equity, their charges went up significantly**. These costs are passed on to patients in copays and higher premium costs. In tandem with increased claim costs, these practices increased their patient volume by 25% more than un-acquired practices, with both more new patients and a higher number of encounters per patient, and office visits were billed for longer periods of time, costing more and stretching the already-thin health care workforce.

Despite these increases, patients in these practices weren't sicker, or at higher risk to help explain the increased costs, and there are no significant differences in patient outcomes across practices. Put simply, **patients in private equity acquired practices paid more and spent more time at medical visits without any significant improvements in care**.

Private equity investments and acquisitions without appropriate oversight also **risks exacerbating existing challenges in Maryland** – particularly related to **emergency department wait times**. Evidence indicates that private equity ownership of home-based care such as home health and hospice, is associated with patient selection toward lower acuity, longer-stay, and more profitable patients.[22] This type of cherry-picking can leave more complex patients without the right support to manage their conditions – **stuck in the emergency or inpatient rooms of**

hospitals awaiting discharge with no private-equity owned post-acute care providers willing to accept them. While private equity owned home health agencies do show some favorable quality improvements over non-acquired entities, initiating care quickly and improving patient self-care, **they underperform non-acquired entities in longer term outcomes** – for example, timely physician recommended medication actions, preventable readmission rates, and discharge to the community.[23] This means that patients in these acquired home health settings may be **more likely to end up back in the emergency room** or inpatient care, and **less likely to transition into a home or community based setting** where they can successfully manage their health.

In Maryland, where emergency rooms are over capacity and wait times are a growing challenge, **we need more care settings for high acuity patients with Medicaid coverage – not fewer**. Private equity investment in Maryland is more concentrated in areas with higher Medicaid-enrolled residents, and emergency rooms and hospitals statewide are struggling to safely discharge high acuity patients into post-acute care. We simply **cannot afford changes to our health care system that may be more likely to bring patients back into the emergency room** because their care was sub-par.

A public interest review process would **explicitly assess impacts of transactions on geographic access, continuity of care, and service mix and capacity**. This is critically important if large investors acquire smaller community providers where shorter-term financial incentives may not match local health care and community needs. This legislation also allows regulators to **assess past quality ratings**, the ownership history of proposed acquirers, and whether any of the proposed strategies or actions included in acquisition plans **may risk degrading quality of care**. The review and condition process included in this legislation can help ensure that as transactions proceed while minimum staffing levels and quality and safety standards are met, **without interfering in the health care market or halting transactions** that will ultimately help ensure access to care is maintained.

Maryland's experience with nursing homes following private equity investment highlighted the need for legislation – after our communities were already experiencing the negative effects of unmonitored changes in ownership. We are faced with fixing problems after quality, safety, and health care access have already declined. Health care consolidation is strongly associated with higher prices and spending, with little or no associated improvement in health care quality or outcomes.[24,25,26,27,28] **Building the infrastructure for a notice and public interest review process now**, before large-scale purchases, consolidation, or changes in ownership of health care entities (or "material change transactions) reshape local health systems unchecked provides a **pathway for prudent oversight**. It gives Marylanders the tools we need **to ensure the changes to our health care system maintain or improve cost, access, quality, equity, and system stability**, rather than risk their degradation.

SB 494 provides a pathway for Marylanders to have oversight and understanding of the transactions that can reshape our health care system, when it matters. It equips regulators with a mechanism to help ensure that we can identify transactions that may harm the quality, safety, and affordability of care and protect the stability and resilience of our health care system

now, and in the future. For these reasons, the Maryland Health Care Commission requests a favorable report on SB 494.

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Position: FAV

Mission: *To improve public health in Maryland through education and advocacy* ***Vision:*** *Healthy Marylanders living in Healthy Communities*

Testimony In Support of SB 494
Maryland Health Care Commission Certificates of Need and Material Change Transactions
Before the Senate Finance Committee
By: Maryland Public Health Association (MdPHA)
February 24, 2026

Chair Beidle, Vice-Chair Hayes, and Members of the Finance Committee, thank you for the opportunity to submit supportive testimony for Senate Bill 494. We especially thank Chair Beidle for sponsoring this legislation, which expands the Maryland Health Care Commission's (MHCC's) authority to oversee mergers, acquisitions, and ownership changes across healthcare entities, including non-hospital settings and physician group practices. This oversight will be critical to help protect consumers because private equity ownership in the health care sector is correlated with increased costs and mixed to harmful impacts on quality.[1] Meanwhile, private equity penetration is increasing in Maryland. A report by MHCC indicated that from 2014 to 2021 private equity penetration increased from 1.8% in 2014 to 15.5% by 2021, and that specialties with the highest private equity penetration as of 2021 were gastroenterology (16.7%), ophthalmology (25.2%), primary care (27.3%), dermatology (36.2%), and urology (63.3%).[2] Private equity penetration was highest in Prince George's County with approximately half of all physicians seen by county residents affiliated with private equity. Increasing transparency and oversight of mergers and acquisitions of health care facilities and physician groups is essential to ensure that Marylanders have access to quality, affordable health care. We urge a favorable report of Senate Bill 494.

The Maryland Public Health Association (MdPHA) is a nonprofit, statewide organization of public health professionals dedicated to improving the lives of all Marylanders through education, advocacy, and collaboration. We support public policies consistent with our vision of healthy Marylanders living in healthy, equitable, communities. MdPHA is the state affiliate of the American Public Health Association, a nearly 145-year-old professional organization dedicated to improving population health and reducing the health disparities that plague our state and our nation.

Maryland Public Health Association (MdPHA)
PO Box 7045 · 6801 Oak Hall Ln · Columbia, MD 21045-9998
GetInfo@MdPHA.org www.mdpha.org 443.475.0242

[1] Borsa A, Bejarano B, Ellen M, Dov Bruch J. Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: systematic review. *BMJ*. July 2023. https://doi.org/10.1136/bmj-2023-075244.

[2] Singh Y, Murray R, Reddy M, et al. *Private Equity Investments in Physican Practices in Maryland*. Maryland Health Care Commission; 2025. https://mhcc.maryland.gov/mhcc/pages/plr/plr/documents/2025/plr_pe_investment_physician_practies_in_md.pdf. Accessed February 20, 2026.

Senate MNA Favorable SB 494.pdf
Uploaded by: Jamie DeMarco
Position: FAV

Committee: Senate Finance

Bill Number: SB 494

Date: February 24th, 2026

Position: Favorable

Dear Chair Beidle, Vice-Chair Hayes, and members of the Finance,

The Maryland Nurses Association urges a **Favorable Report on SB494.** When private equity firms purchase medical facilities, the nurses who work in those facilities suffer. For many of our members, private equity purchasing a hospital can mean the loss of their livelihood, and those who remain face worsened working conditions. Evidence shows that private equity acquisitions are associated with staffing reductions in health care facilities.[1] This means fewer registered nurses per shift, greater reliance on lower-cost staff, higher patient-to-nurse ratios, and increased burnout and turnover.[2]

After purchasing a facility, private equity will cut costs and sell off assets to generate a one time influx of cash at the expense of the long-term viability of the facility. This can mean firing nurses, and it can also mean selling the land underneath a hospital. The money from that sale is a good return on investment for the private equity firm, but it puts a chronic strain on the finances of the hospital to forever be paying rent on a property they used to own.

A growing body of evidence shows that health care consolidation, particularly through private equity acquisition, leads to higher health care costs, increased utilization of services, and little to no improvement in quality or patient outcomes. Acquiring entities gain market power, and this market power allows organizations to raise prices passed on to consumers, lower wages, and eliminate jobs. In Maryland, private equity investment has expanded rapidly across specialties and geographies.

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[1] Braun RT, Jung H, Casalino LP, Myslinski Z, Unruh MA. (2021). Association of Private Equity Investment in US Nursing Homes With the Quality and Cost of Care for Long-Stay Residents. JAMA Health Forum.

[2] Kannan S, Bruch JD, Zubizarreta JR, Stevens J, Song Z.(2025). Hospital Staffing and Patient Outcomes After Private Equity Acquisition. Annals of Internal Medicine.

In Prince George's County, more than half of physicians seen by residents are affiliated with private equity entities. That level of consolidation raises serious concerns about access, equity, and workforce stability.

SB 494 / HB 944 strengthens oversight of material change transactions in Maryland's health care System, providing necessary guardrails to protect patients and the workforce from harmful consolidation practices.

The Solution: Smart, Targeted Oversight
SB 494 / HB 944 creates a streamlined, time-limited process to review "material change transactions" involving health care entities with significant assets or revenue.

The bill would:

1) Require public notice before qualifying transactions
2) Require MHCC to identify high-risk transactions within 30 days of notice, and
3) Require MHCC to conduct a public interest review that takes no longer than 60 days for high-risk transactions, with authority to approve, approve with conditions, or deny a transaction.

This is not an anti-investment bill. It is a transparency and accountability bill. It focuses on transactions likely to negatively affect quality, safety, cost, accessibility, and equity.

The Maryland Health Care Commission already has statutory authority to review nursing home acquisitions and has demonstrated technical expertise in this space. Expanding this oversight builds on existing infrastructure rather than creating a new bureaucracy.

What This Means for nurses, this bill means:
o Transparency before major ownership changes;
o A chance to assess staffing and safety risks before harm occurs;
o Protection against destabilizing transactions; and
o A stronger voice for communities and health care workers.

Maryland has long been a national leader in health system innovation. But innovation must not come at the expense of patient safety or workforce stability. Nurses know that quality care depends on adequate staffing, stable leadership, and patient-centered priorities.

SB 494 / HB 944 gives the State the tools to ensure that material change transactions serve the public interest, not just investor returns. The Maryland Nurses Association urges a favorable report on SB494.

Respectfully,

Jamie DeMarco

Registered Lobbyist,
Maryland Nurses Association
jamie@demarcoadvocacy.com
https://www.marylandrn.org/

2026 Session - Position Statement SB 494_Support_J

Uploaded by: Mark Jensen
Position: FAV

Position Statement

From: Mark T. Jensen, Esq.

Bill Number: SB 494

Committee: Finance

Position: Support

Title: Maryland Health Care Commission – Certificates of Need and Material Change Transactions

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My name is Mark T. Jensen. I am a former Maryland Hospital Association board chair with over twenty years of experience in hospital governance and risk management focused on improving patient safety, advancing clinical quality, and strengthening the stability of care delivery systems. I respectfully submit this written testimony in **support of SB 494** because it establishes something our health care system urgently needs: **transparency and meaningful oversight when ownership and governance of health care entities change hands**.

Over the last decade, health care delivery has undergone a quiet but profound structural shift. Increasingly, private equity firms and other financial investors are acquiring physician practices, home health agencies, hospice providers, and specialty service lines. These acquisitions are often framed as operational partnerships or capital infusions—but from the perspective of someone responsible for clinical outcomes, staffing adequacy, and system reliability, changes in ownership are never purely financial events. They are operational events that can **reshape staffing models, clinical decision-making, access to care,** and ultimately **patient safety**.[1,2]

SB 494 would require notice to the Maryland Health Care Commission prior to the completion of a material change transaction and would authorize a streamlined public interest review process lasting no more than 90 days when warranted. This approach is consistent with the framework the General Assembly adopted for nursing homes in 2024 and is designed not to block transactions, but to e**nsure that transactions are structured in ways that preserve access, quality, affordability, and continuity of care for Marylanders**.

From an operational standpoint, this type of review is critical. When governance structures shift—particularly when for-profit investor ownership models are introduced—there are often **downstream effects that directly impact clinical care**. These include:

- Reductions in staffing levels or changes in staff skill mix;

- Modifications to clinical protocols or utilization management practices;
- Changes in service mix, including the closure of less profitable lines of care; and
- Reduced participation in Medicaid or limitations on the acceptance of uninsured patients.[3,4]

Each of these decisions may be financially rational in the short term, but they carry **implications for care quality and patient safety** that **are not visible to regulators** under our current framework. We have already seen in Maryland how ownership changes in nursing homes were associated with **reductions in staffing** and **declines in patient satisfaction** over time. Evidence links private equity ownership in nursing homes to increased mortality, more frequent hospitalizations, and higher deficiency findings following acquisition.[5,6] These findings reflect **real-world changes in how care is delivered** when financial imperatives are introduced into governance structures without appropriate safeguards.

While we now regulate nursing homes, **private equity penetration in Maryland has grown rapidly** and is **disproportionately concentrated in certain specialties and communities**. In some areas of the State, a significant share of physicians are now affiliated with private equity–owned practices, meaning that patients with particular insurance products—especially Medicare Advantage—may have **limited options** outside investor-owned entities.[7] This has implications not only for **pricing power and premiums**, but also for **workforce deployment, clinical autonomy,** and **long-term system resilience**.

SB 494 creates an early-warning mechanism that allows the State to:

- Assess whether a proposed transaction may reduce geographic access to care;
- Evaluate the acquiring entity's ownership history and quality performance;
- Understand potential impacts on workforce levels and service capacity; and
- Negotiate enforceable conditions to maintain minimum staffing or service lines when necessary.

Health care facilities and provider organizations are not interchangeable market actors – they are components of critical infrastructure. When governance changes prioritize short-term financial returns over long-term community needs, the **effects are felt in staffing ratios, discharge planning, medication management, and preventable readmissions**.[8,9] Those effects ultimately surface in emergency departments, inpatient units, and home health caseloads across the State.

SB 494 does not seek to prevent investment in Maryland's health care system. Rather, **it ensures that when investment occurs, it does so transparently and with appropriate accountability to patients, providers, and communities**. Establishing a notice and public

interest review process now – before consolidation further reshapes our care delivery landscape – will allow Maryland to protect quality and safety proactively, rather than responding after access has declined or workforce shortages have worsened.

For these reasons, I respectfully urge a favorable report on SB 494.

Thank you for your consideration.

Sincerely,

Mark T. Jensen

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[1] Zhang Z, Li K, Wang S, Fashaw-Walters S, Hou Y. *Change of Ownership and Quality of Home Health Agency Care.* JAMA Health Forum. 2024;5(9):e243767. doi:10.1001/jamahealthforum.2024.3767.
[2] Borsa A, Bejarano G, Ellen M, Bruch JD. *Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: systematic review.* BMJ Open. 2023;13:e068247. doi:10.1136/bmjopen-2022-068247.
[3] Kannan S, et al. *Hospital Staffing and Patient Outcomes After Private Equity Acquisition.* Annals of Internal Medicine. 2025.
[4] Jiao YA. *The Impact of Private Equity Hospital Acquisitions on Maternal Health for Medicaid Patients.* Health Services Research. 2026.
[5] Gupta A, Howell ST, Yannelis C, Gupta A. *Does Private Equity Investment in Healthcare Benefit Patients? Evidence from Nursing Homes.* National Bureau of Economic Research Working Paper No. 28474. 2021.
[6] Braun RT, et al. *Association of Private Equity Investment in US Nursing Homes With the Quality and Cost of Care for Long-Stay Residents.* JAMA Health Forum. 2021.
[7] Singh Y, Murray R, Reddy M, Perkins J, Mehta N, Whaley C, Fuse Brown E. *Private Equity Investments in Physician Practices in Maryland.* Prepared for the Maryland Health Care Commission. 2025.
[8] Zhang Z, Li K, Wang S, Fashaw-Walters S, Hou Y. *Change of Ownership and Quality of Home Health Agency Care.* JAMA Health Forum. 2024. doi:10.1001/jamahealthforum.2024.3767
[9] Borsa A, Bejarano G, Ellen M, Bruch JD. *Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: a systematic review.* BMJ. 2023;382:e075079.

SB494_MarkJensen_FAV
Uploaded by: Mark T. Jensen, Esq.
Position: FAV

Position Statement

From: Mark T. Jensen, Esq.

Bill Number: SB 494

Committee: Finance

Position: Support

Title: Maryland Health Care Commission – Certificates of Need and Material Change Transactions

---

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Over the last decade, health care delivery has undergone a quiet but profound structural shift. Increasingly, private equity firms and other financial investors are acquiring physician practices, home health agencies, hospice providers, and specialty service lines. These acquisitions are often framed as operational partnerships or capital infusions—but from the perspective of someone responsible for clinical outcomes, staffing adequacy, and system reliability, changes in ownership are never purely financial events. They are operational events that can **reshape staffing models, clinical decision-making, access to care,** and ultimately **patient safety**.[1,2]

SB 494 would require notice to the Maryland Health Care Commission prior to the completion of a material change transaction and would authorize a streamlined public interest review process lasting no more than 90 days when warranted. This approach is consistent with the framework the General Assembly adopted for nursing homes in 2024 and is designed not to block transactions, but to e**nsure that transactions are structured in ways that preserve access, quality, affordability, and continuity of care for Marylanders**.

From an operational standpoint, this type of review is critical. When governance structures shift—particularly when for-profit investor ownership models are introduced—there are often **downstream effects that directly impact clinical care**. These include:

- Reductions in staffing levels or changes in staff skill mix;

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SB 494 does not seek to prevent investment in Maryland's health care system. Rather, **it ensures that when investment occurs, it does so transparently and with appropriate accountability to patients, providers, and communities**. Establishing a notice and public

interest review process now – before consolidation further reshapes our care delivery landscape – will allow Maryland to protect quality and safety proactively, rather than responding after access has declined or workforce shortages have worsened.

For these reasons, I respectfully urge a favorable report on SB 494.

Thank you for your consideration.

Sincerely,

Mark T. Jensen

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[1] Zhang Z, Li K, Wang S, Fashaw-Walters S, Hou Y. *Change of Ownership and Quality of Home Health Agency Care.* JAMA Health Forum. 2024;5(9):e243767. doi:10.1001/jamahealthforum.2024.3767.
[2] Borsa A, Bejarano G, Ellen M, Bruch JD. *Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: systematic review.* BMJ Open. 2023;13:e068247. doi:10.1136/bmjopen-2022-068247.
[3] Kannan S, et al. *Hospital Staffing and Patient Outcomes After Private Equity Acquisition.* Annals of Internal Medicine. 2025.
[4] Jiao YA. *The Impact of Private Equity Hospital Acquisitions on Maternal Health for Medicaid Patients.* Health Services Research. 2026.
[5] Gupta A, Howell ST, Yannelis C, Gupta A. *Does Private Equity Investment in Healthcare Benefit Patients? Evidence from Nursing Homes.* National Bureau of Economic Research Working Paper No. 28474. 2021.
[6] Braun RT, et al. *Association of Private Equity Investment in US Nursing Homes With the Quality and Cost of Care for Long-Stay Residents.* JAMA Health Forum. 2021.
[7] Singh Y, Murray R, Reddy M, Perkins J, Mehta N, Whaley C, Fuse Brown E. *Private Equity Investments in Physician Practices in Maryland.* Prepared for the Maryland Health Care Commission. 2025.
[8] Zhang Z, Li K, Wang S, Fashaw-Walters S, Hou Y. *Change of Ownership and Quality of Home Health Agency Care.* JAMA Health Forum. 2024. doi:10.1001/jamahealthforum.2024.3767
[9] Borsa A, Bejarano G, Ellen M, Bruch JD. *Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: a systematic review.* BMJ. 2023;382:e075079.

SB 494 - FAV.pdf
Uploaded by: Megan Peters
Position: FAV

Maryland Senior Citizens Action Network

MSCAN

AARP Maryland

Baltimore Jewish Council

Catholic Charities of Baltimore

Central Maryland Ecumenical Council

Church of the Brethren

Episcopal Diocese of Maryland

Housing Opportunities Commission of Montgomery County

Lutheran Office on Public Policy in Maryland

Maryland Association of Area Agencies on Aging

Maryland Catholic Conference

Mental Health Association of Maryland

Mid-Atlantic LifeSpan

National Association of Social Workers, Maryland Chapter

Presbytery of Baltimore

The Coordinating Center

MSCAN Co-Chairs:
Carol Lienhard
Megan Peters
410-921-9005

The Maryland Senior Citizens Action Network (MSCAN) is a statewide coalition of advocacy groups, service providers, faith-based and mission-driven organizations that support policies that meet the housing, health, and quality of care needs of Maryland's low and moderate-income seniors.

MSCAN supports SB 494, legislation that strengthens Maryland's ability to monitor and respond to rapidly increasing health care acquisitions across hospitals, physician practices, specialty providers, and long-term care settings. As these transactions grow in scale and complexity, they raise serious concerns about affordability, access, quality, and patient safety.

Maryland has an oversight framework for nursing home acquisitions through the Maryland Health Care Commission (MHCC). But nursing homes were only the first wave of private equity expansion in health care. The same troubling patterns - reduced staffing, increased mortality, higher hospitalization and emergency department use, and financial extraction that undermines care - are now emerging in additional care settings.

A growing body of evidence shows that health care consolidation, particularly through private equity acquisitions of provider organizations and facilities, leads to higher health care costs, reduced staffing, and lower quality. We cannot risk these trends reaching the rest of our health care system.

SB 494 provides a measured, reasonable, and necessary response. The bill is not intended to halt or impede all transactions. Rather, it creates a process to identify and address the subset of deals most likely to threaten the public interest. SB 494 extends MHCC's existing expertise to other health care facilities and medical group practices. It does so by requiring health care entities to provide notice of material change transactions and authorizing MHCC to conduct a public interest review when transactions may affect cost, access, equity, staffing, or the types of services delivered.

Too many Marylanders, especially seniors, have experienced the consequences of poorly overseen acquisitions: sudden changes in providers, reduced staffing, narrowing service options, and higher costs. SB 494 ensures that as the health care marketplace continues to evolve, Marylanders have the protections they need. For these reasons, MSCAN respectfully urges a favorable report on SB 494.

SB 494 - Testimony MHCC.pdf

Uploaded by: Pamela Beidle

Position: FAV

Pamela G. Beidle
Legislative District 32
Anne Arundel County

Chair, Finance Committee
Executive Nominations Committee

Joint Committee on Gaming Oversight
Joint Committee on Management of Public Funds
Spending Affordability Committee

THE SENATE OF MARYLAND
Annapolis, Maryland 21401

Miller Senate Office Building
11 Bladen Street, Suite 3 East
Annapolis, Maryland 21401
410-841-3593
800-492-7122 *Ext.* 3593
Pamela.Beidle@senate.maryland.gov

February 24, 2026

SB 494
Maryland Health Care Commission
Certificates of Need and Material Change Transactions

Good afternoon Vice Chair Hayes and Members of the Finance Committee;

Thank you for the opportunity to present SB 494, Maryland Health Care Commission (MHCC), Certificates of Need and Material Change Transactions. This legislation is about protecting Maryland patients, workers, and communities from the harmful effects of unchecked health care consolidation.

Across the country and here in Maryland, consolidation of facilities — especially through private equity — has been shown to raise costs, increase unnecessary utilization, and strain clinical decision-making, without improving quality. While transactions to merge and acquire healthcare facilities can theoretically allow for a facility to receive the capital it needs to improve its delivery of services, there is growing evidence that these transactions can have the opposite effect. In many cases, these transactions restructure health care organizations, focusing on extracting money so they can be sold for profit. That's not better care, and it's not for the good of our communities**.**

It frequently means reduced staffing, services being contracted out with little attention to quality and safety, no oversight, and costs that balloon because there is no competition. This results in higher doctor and insurance bills. The challenge is when we visit a facility how can we tell whether a transaction, deal, merger, or buyout, will improve care or make it worse?

The Maryland Health Care Commission found some interesting information. In Anne Arundel County, for example, less than half of the medical groups are independently owned – they are mostly owned by corporations and integrated networks. That's not necessarily bad, but the number is continuing to grow. They found some types of corporate owners regularly increase charges and prices for patients and for certain types of services. Also, for both Anne Arundel and Prince George's County, for example, over 75% of dermatologists, and around 50% of ophthalmologists are private equity owned.

Why is this important? When we get spot checked for skin cancer, or we need cataract surgery, we are more likely to get upsold on high profit procedures we don't need, visits may get shorter, more follow-up visits required, leading to more copays, or we might have longer waits and less attentive care. We may end up paying a lot more but getting a lot less.

Medical groups, outpatient surgery centers and independent physicians are seeing the same trends across all of Maryland: the number of independent providers is going down and the influence that corporations have over our health care practices are going up.

We have already recognized this challenge – and the danger – for nursing homes. Genesis health care, for example, with nursing homes in Maryland and other states, was sued repeatedly for negligence and safety issues. The company ultimately filed for bankruptcy and it became apparent that private equity owners had extracted value from the company with sale and lease-back deals and layered debt, while the company struggled to keep operating.

Maryland currently has oversight over these nursing home transactions allowing us to protect Marylanders against these financial moves that undermine long-term care delivery in nursing homes.

This legislation parallels the nursing home regulatory authority for other health care settings. We need the same oversight – to protect our communities, to safeguard our health care, and to make sure that these consolidations, mergers, and other transactions don't drive up costs and drive down the quality, safety, and access. We need to make sure that these financial transactions help, not hurt, our health system and our communities. Right now, however like most states, Maryland doesn't have a consistent, statewide process to evaluate major health care transactions. They often happen outside of public view, even when they reshape our local health care markets.

Some states have started to tackle this challenge. California, New York, Connecticut, Iowa, Wisconsin, Washington, Massachusetts, and a handful of others have introduced, and in some cases, passed, legislation for a public interest review process. The National Academy for State Health Policy has given us some good models.

SB 494 molds those ideas into the solution Maryland needs. It creates a targeted**,** streamlined oversight process for large health care transactions — what we define as 'material change transactions'. This type of change would be things like mergers, acquisitions, joint ventures, management services organizations, or contracts that transfer control of a health care entity with at least $10 million in assets or revenue.

Our goal with this bill is not to block transactions. It is to identify and address the subset of this type of transaction that pose real public health risks.

The Maryland Health Care Commission already has statutory experience overseeing nursing home acquisitions, including approving, conditioning, or denying deals when necessary, they are well suited to take over this critical oversight.

SB 494 builds on existing expertise and infrastructure — no new agency and no unnecessary bureaucracy. The process is simple and predictable. It has two phases that, in total, lasting less than 90 days. It includes a **Preliminary Review period,** a 30-day window to screen out low-risk deals so they can move through swiftly and then only for those potentially problematic transactions**,** a **Public Interest Review** lasting 60 days.

This public interest review focuses on those factors that matter most to the health and safety of Marylanders — affordability, quality, equity, staffing, access, and the types of services delivered. This lets MHCC review and then approve, condition, or deny a transaction – only when necessary – to ensure health and safety of Marylanders is preserved.

This review would apply to health care transactions that currently do not have oversight, including other facilities and provider organizations.

The goal is to have the right review, at the right time, to ensure our health care system is designed intentionally and with Marylanders at the center.

This process does not stop investment. It ensures the investment is aligned with the public interest, and with the review already in place for similar nursing home transactions. It ensures that good actors benefit from a clear, predictable, and fair process and that bad actors might be deterred from transactions that raise prices, reduce access, or compromise patient safety.

SB 494 ensures that when major health care deals reshape our system, Marylanders — not just investors — benefit. I respectfully request a favorable report on SB 494.

Testimony in support of SB0494 - Health Care Quali

Uploaded by: Richard KAP Kaplowitz

Position: FAV

SB0494_RichardKaplowitz_FAV
02/24/2026
Richard Keith Kaplowitz
Frederick, MD 21703

TESTIMONY ON SB#/0494- POSITION: FAVORABLE

Office of Health Care Quality Stakeholder Advisory Council - Establishment – Procedures

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 SB#/0494, **Office of Health Care Quality Stakeholder Advisory Council – Establishment**

This bill will add new protection to the public and to Maryland when health provider organizations attempt to consolidate and create merged companies. It will require that the state is notified of the attempt and requires public notice. A new process of reviewing the action will be established and subject the transaction to a public interest review to see if it benefits consumers or just companies at the expense of the public.

This vital bill can correct how health care is governed in Maryland by repealing the exemption from the certificate of need requirement for certain mergers; requiring certain health care entities to provide certain notice of a material change transaction to the Maryland Health Care Commission and the public; establishing a public interest review process for material change transactions, including criteria for determining whether a material change transaction is subject to a public interest review; etc.

Greed by providers will no longer be the factor leading to these mergers if they harm the consumer and the state.

I respectfully urge this committee to return a favorable report on SB#/0494.

SB 494 - Maryland Health Care Commission - Certifi
Uploaded by: Sara Westrick
Position: FAV

One Park Place | Suite 475 | Annapolis, MD 21401-3475
1-866-542-8163 | Fax: 410-837-0269
aarp.org/md | md@aarp.org | twitter: @aarpmd
facebook.com/aarpmd

**SB 494 - Maryland Health Care Commission –
Certificates of Need and Material Change Transactions
Senate Finance Committee
February 24, 2026
FAVORABLE**

Good afternoon, Chair Beidle, Vice Chair Hayes, and members of the Senate Finance Committee. Thank you for the opportunity to testify in support of Senate Bill 494. We appreciate Chair Beidle's leadership in sponsoring this important legislation.

My name is Sara Westrick, Advocacy Director for AARP Maryland, representing approximately 850,000 members. AARP brings the lived experiences and priorities of older Marylanders to the policymaking process, ensuring that decisions reflect the needs of adults age 50 and over.

Background

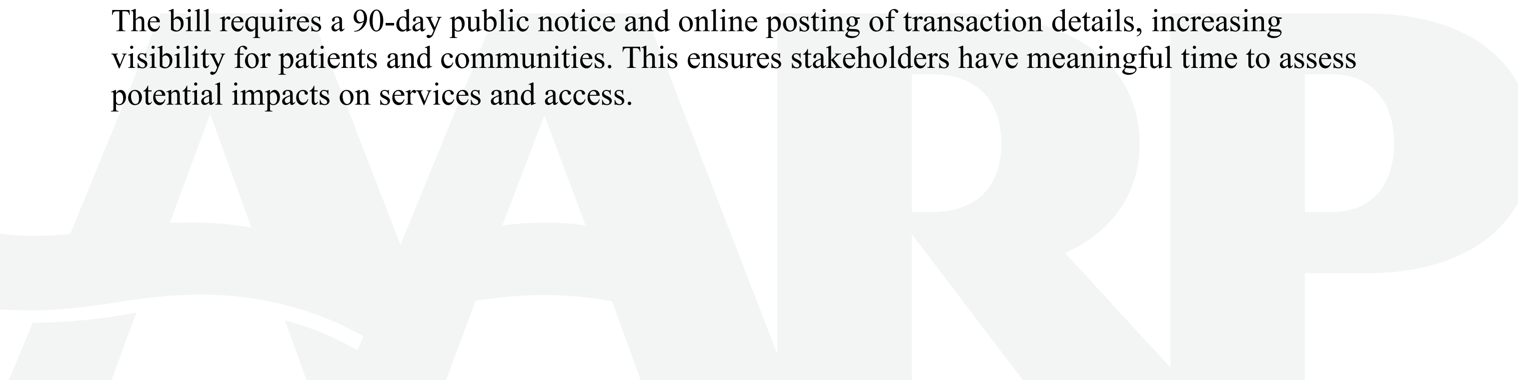
Maryland has seen rapid growth in acquisitions of health care entities across specialties and regions, raising concerns about affordability, access, and patient safety. Nursing homes were among the first targets of private equity investment and have demonstrated troubling consequences. Bankruptcy proceedings revealed that private equity owners extracted value through sale-leaseback arrangements and layered debt, while the company struggled with staff shortages and declining care quality.

Maryland now has oversight of major nursing home transactions through the Maryland Health Care Commission (MHCC), but similar concerns are emerging across other sectors, with declines in quality, staffing, and safety mirroring the patterns seen in nursing homes. Already, more than 50 percent of the physicians' practices serving Prince George's County residents are owned by private equity firms.

Why AARP Maryland Supports SB 494

A growing body of evidence shows that consolidation and private equity acquisitions lead to higher costs, reduced staffing, and lower quality. SB 494 addresses these risks before they spread to the rest of Maryland's health care system by strengthening transparency for major health care transactions.

The bill requires a 90-day public notice and online posting of transaction details, increasing visibility for patients and communities. This ensures stakeholders have meaningful time to assess potential impacts on services and access.



The bill also directs the MHCC to evaluate whether a transaction increases market power or reduces competition. This will help prevent the kind of consolidation we have seen in Maryland that often drives up prices and reduces patient choice.

The MHCC public interest review must consider cost, quality, continuity of care, staffing, access, and equity. This helps to ensure that transactions support Maryland's health care goals.

The timelines are clear and predictable: 30 days to determine whether a review is needed, followed by 60 days for a final decision once the information is complete. The bill also permits MHCC to contract with external experts to strengthen analysis and reduce pressure on state resources, without spending state resources. The process also allows expedited review when needed, giving it flexibility while preserving accountability and a commitment to protecting the continuity of care.

SB 494 establishes a targeted, streamlined oversight process for large health care transactions involving control of an entity with $10 million or more in assets or annual revenue. The goal is not to block deals, but to identify and address transactions that pose genuine risks to public health.

Conclusion

Too many Marylanders have stories of how health care acquisitions have harmed them or loved ones. SB 494 ensures the right oversight framework is in place to protect patients moving forward. For these reasons, AARP Maryland respectfully urges a favorable report on SB 494.

If you have any questions, please contact Sara Westrick at swestrick@aarp.org or 410-310-0374.

SB 494 - FIN - MHCC - LOS .pdf

Uploaded by: State of Maryland (MD)

Position: FAV

MARYLAND
Health Care
Commission

Marcia Boyle, Acting Chair
Douglas Jacobs, MD, MPH, Executive Director

2026 SESSION
POSITION PAPER

BILL NUMBER: **SB 494**

COMMITTEE: **Finance**

POSITION: **Support**

TITLE: **Maryland Health Care Commission – Certificates of Need and Material Change Transactions**

BILL ANALYSIS

SB 494 – Maryland Health Care Commission – Certificates of Need and Material Change Transactions requires a person, prior to completing a material change transaction related to a health care entity, to provide certain notice to the Maryland Health Care Commission and to the public within a specified period of time. It establishes a public interest review process, including the criteria for a public interest review, the requirements for approval, approval with conditions, or denial of a transaction, and establishes appeal rights, judicial review, and penalties related material change transactions.

POSITION AND RATIONALE

The Maryland Health Care Commission (MHCC) is in support of *SB 494* as it establishes a process for transparent oversight over multiple types of health care entities that is parallel to the nursing home public interest review process passed into law in *SB 1000/HB 1122 – Health Care Facilities – Nursing Homes – Acquisitions and Licensure*, in the 2024 legislative session. This bill would authorize MHCC as the designated regulatory oversight agency to also review large scale transactions involving non-acute care hospitals, facilities, and provider organizations.

This legislation would protect consumers, support health and safety oversight, and allow transactions to occur with transparency and accountability. It would ensure that health care transactions advance – not undermine – the State's goals for affordability, access, quality, equity, and system stability, in ways that traditional antitrust and licensing frameworks cannot. This includes oversight of the potential rapid price inflation and consolidation that can occur following private equity acquisitions and mergers. It also aligns with Maryland's participation in CMS's AHEAD model focusing on accountability to drive population-level spending and health outcomes. A **well-designed public interest review process**, as established by *SB 494* **allows**

Marylanders to govern the structure of our health care system intentionally – rather than discovering consequences after consolidation has already reshaped it.

This legislation would establish a **streamlined process**, focusing attention on transactions that are highly likely to adversely affect the **health**, **safety**, and **affordability of health care** for Marylanders and establish a streamlined process for transactions that do not present these concerns. The initial Public Notice phase included in the legislation would require entities to provide notice for planned transactions. This notice allows MHCC, the designated regulatory agency, an opportunity to view the notice and assess, within 30 days, whether a public interest review process is needed. The majority of transactions would proceed without further review. If deemed appropriate, MHCC would then conduct a 60-day public interest review, ultimately issuing a decision to approve, approve with conditions, or deny a transaction to ensure that any transactions or terms are structured in ways that preserve health, safety, and affordability. The entire process would last *at most* 90 days.

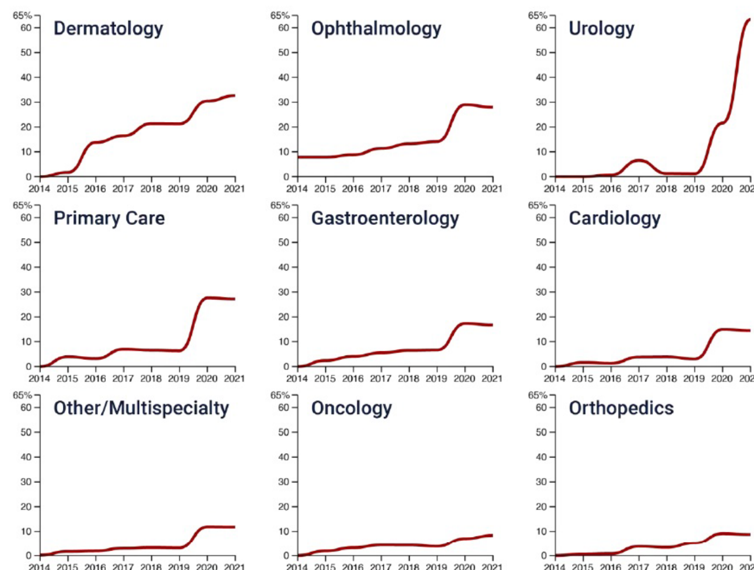
This process enables **early warning** of potentially harmful actions, with leverage to negotiate **enforceable conditions** and establishes **statewide data on ownership** and control. It also supports an evolving decision-making process that can adapt, **meeting the needs of acquiring entities who are seeking to support health care delivery** in Maryland and **protecting the stability and resilience** of our health care delivery system.

<u>Consolidation and private equity ownership is a growing trend in Maryland, and it disproportionately affects some specialties and communities.</u> Consolidation across health care markets is widespread in Maryland, increasing at a higher rate than the national average, as facilities and providers merge. This leads to a more consolidated health care system with fewer independent practices and facility owners and operators.

Across the state, **ownership of physician practices and facilities has shifted**, with **private equity driving much of this trend**. These effects are more pronounced among particular communities and specialties.

Figure 1 illustrates this, showing the share of Maryland physicians across specialty types who are affiliated with private-equity ownership from 2014 through 2021. **Private equity acquisitions are most**

Figure 1: Share of Physicians in PE-Affiliated Practices in Maryland, by Physician Specialty (2014-2021)



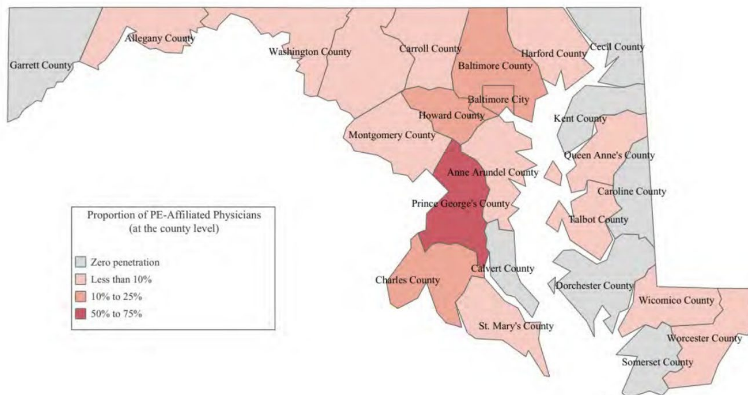
Source: Singh, Y., Murray, R., Reddy, M., Perkins, J., Mehta, N., Whaley, C. & Fuse Brown, E. (2025, January 22). Private equity investments in physician practices in Maryland. Providence, RI: Center For Advancing Health Policy Through Research, Brown University.

pronounced in certain specialties – urology, dermatology, ophthalmology, for example. Of note, **Maryland has significantly higher private equity penetration across physician specialties than the national average** – for example, in urology, private equity penetration was 63.3% in Maryland and only estimated at 8% nationally, and primary care was 27.3% in Maryland but estimated at 2% nationally.[1]

This illustrates the pattern of private equity investment's initial focus on **high-margin, office-based procedural specialties**, and its later expansion into **specialties like primary care and cardiology**. We see growing numbers of private equity physicians affiliated with HMOs (versus lower numbers in PPOs), particularly in Medicare Advantage, with high in-network participation. This means that patients with certain types of coverage are more likely to only have private-equity affiliated physicians available to them when they need care.[2] This growing presence of private equity ownership interests in medical care has several potential **harmful downstream effects** – capturing markets to **drive up prices**, changing staffing models in ways that **diminish quality and safety of care**, and affecting physicians' clinical decision-making to **put profit – not patient health – at the center of care**.[3,4] Concentration in these market means that certain patients are more likely to experience these effects.

This trend is not monolithic across Maryland, however. A 2025 MHCC report found that **private equity presence is higher in communities with a lower share of white residents** compared to communities with lower private equity penetration, a **higher proportion of individuals enrolled in Medicaid**, and a higher proportion of urban residents, suggesting **private equity investment is more concentrated in more urban and diverse communities**.[5]

Figure 2: Geographic Variation in Private Equity Penetration in Maryland, 2021



Source: Singh, Y., Murray, R., Reddy, M., Perkins, J., Mehta, N., Whaley, C. & Fuse Brown, E. (2025, January 22). *Private Equity Investments in Physician Practices in Maryland.* Providence, RI: Center For Advancing Health Policy Through Research, Brown University.

Each county paints a slightly different picture of large-scale transactions and consolidation.

Figure 2 shows the geographic variation of private equity consolidation across Maryland counties, with **over half of physician practices seen by Prince George's County residents** affiliated with a private equity firm.

<u>This legislation ensures health, quality, and safety oversight</u>, not market interference. Some transactions are designed to protect access and serve the public interest – for example, when an existing facility or entity facing financial distress is acquired to ensure ongoing operations and availability of services. However, other transactions may lead to closure of service lines or facilities, limitations in staffing that decrease facility capacity, or reduced participation in

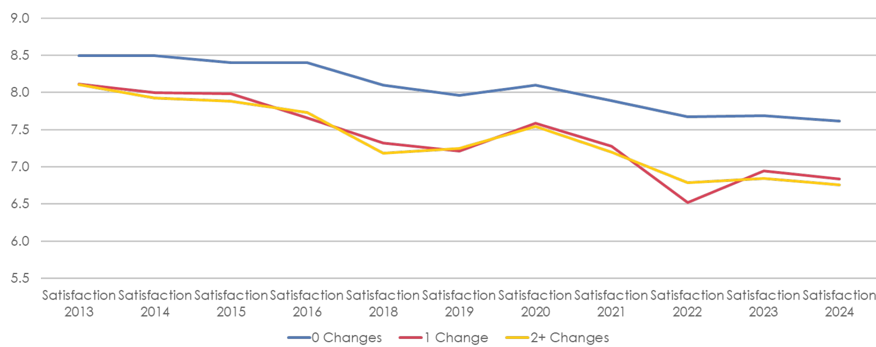
Medicaid or acceptance of uninsured patients.[6] Maryland currently has no oversight process to sort these transactions in most health care settings.

Maryland recently passed legislation to **address this challenge related to nursing homes**. Evidence shows that as nursing homes shifted to private equity ownership, there are increases in mortality, hospital visits, and increased deficiency findings post-acquisition. Private equity ownership is linked to reduced staffing, specifically lower nursing hours, and private-equity owned nursing homes tend to bill Medicare more but do not consistently improve financial margins.[7] In turn, this lowers patient satisfaction rates and jeopardizes patient safety, and quality of care.

For example, Genesis Health Care, with nursing homes in Maryland and other states, faces over 200 malpractice, wrongful death, and injury lawsuits. When it filed for bankruptcy in 2025, it carried more than $2 billion in debt, with $259 million tied up in patients' legal claims. Through the bankruptcy process, information was revealed that private equity owners had extracted value from the company using various tactics – sale and lease-back deals, layered debt – while the company struggled to continue to operate and staffing levels and patient care declined.[8] Bankruptcy itself is associated with declines in quality of care: the National Bureau of Economic Research's recent report shows that bankruptcy filings in nursing homes **immediately increase staff turnover**, replacing skilled workers with less skilled staff, and **increase hospitalizations** by 4% among residents within 90 days of admission.[9]

For nursing homes, **as acquisitions go up, patient satisfaction goes down**. Figure 3 reflects this trend, across Maryland's nursing homes. It shows the declining patient satisfaction levels among nursing homes in the state, from 2013 through 2024. The nursing homes that faced one or more changes in ownership over time have statistically **significantly lower patient satisfaction** rates than those with no changes, who maintained consistent ownership and were not acquired by private equity or other interests.

Figure 3: Nursing Home Acquisitions and Patient Satisfaction (2013 – 2024)



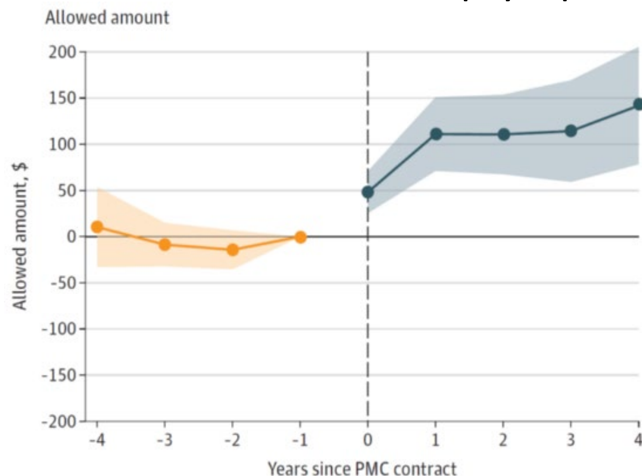
Source: Maryland Health Care Commission, Nursing Home Satisfaction Survey, administered annually.

These trends are reflected more broadly than nursing homes, though: there is strong evidence that changes in governance and ownership across facility types, for example, hospice, specialty practices like urology, and home health agencies, can **impact staffing levels, adherence to clinical protocols, and infrastructure investments**, which may lead to **negative impacts on quality and safety**.[10,11,1213,14,15,16] Private equity acquisitions can also lead to more centralized

care and consolidation, which can adversely and **disproportionately impact smaller and rural communities**, and increase costs impacting consumer health insurance premiums.[17,18,19,20] If private equity transactions accelerate for other facility types and medical group practices without additional oversight, we can expect to begin to see similar issues that have already transpired in nursing homes.

<u>SB 494 is the right solution for Maryland, at the right time.</u> A 2022 study looked at the changes that occurred in U.S. physician practices specializing in dermatology, gastroenterology, and ophthalmology – **three of the specialties in which Maryland private equity acquisitions are increasing** (see Figure 1, above).[21] Private equity-acquired physician practices were matched with control practices that had similar patients, encounters, risk scores, out of network services billed, and spending. It found that compared to non-acquired practices, **private equity acquired physician practices showed an increase of $71 charged per claim**.

Figure 4: Differences in Physician Allowed Amounts Per Claim Before and After Private Equity Acquisition



Source: La Forgia, A., Bond, A., Braun, R., Yao, L., Kjaer, K., Zhang, M., Casalino, L.. (2022). Association of Physician Management Companies and Private Equity Investment with Commercial Health Care Prices Paid to Anesthesia Practitioners. JAMA Internal Medicine.

Figure 4 shows the changes in allowed amounts per claim associated with private equity acquired physician practices in dermatology, gastroenterology, and ophthalmology, before and after the change of ownership. It illustrates that **after physicians were acquired by private equity, their charges went up significantly**. These costs are passed on to patients in copays and higher premium costs. In tandem with increased claim costs, these practices increased their patient volume by 25% more than un-acquired practices, with both more new patients and a higher number of encounters per patient, and office visits were billed for longer periods of time, costing more and stretching the already-thin health care workforce.

Despite these increases, patients in these practices weren't sicker, or at higher risk to help explain the increased costs, and there are no significant differences in patient outcomes across practices. Put simply, **patients in private equity acquired practices paid more and spent more time at medical visits without any significant improvements in care**.

Private equity investments and acquisitions without appropriate oversight also **risks exacerbating existing challenges in Maryland** – particularly related to **emergency department wait times**. Evidence indicates that private equity ownership of home-based care such as home health and hospice, is associated with patient selection toward lower acuity, longer-stay, and more profitable patients.[22] This type of cherry-picking can leave more complex patients without the right support to manage their conditions – **stuck in the emergency or inpatient rooms of**

hospitals awaiting discharge with no private-equity owned post-acute care providers willing to accept them. While private equity owned home health agencies do show some favorable quality improvements over non-acquired entities, initiating care quickly and improving patient self-care, **they underperform non-acquired entities in longer term outcomes** – for example, timely physician recommended medication actions, preventable readmission rates, and discharge to the community.[23] This means that patients in these acquired home health settings may be **more likely to end up back in the emergency room** or inpatient care, and **less likely to transition into a home or community based setting** where they can successfully manage their health.

In Maryland, where emergency rooms are over capacity and wait times are a growing challenge, **we need more care settings for high acuity patients with Medicaid coverage – not fewer**. Private equity investment in Maryland is more concentrated in areas with higher Medicaid-enrolled residents, and emergency rooms and hospitals statewide are struggling to safely discharge high acuity patients into post-acute care. We simply **cannot afford changes to our health care system that may be more likely to bring patients back into the emergency room** because their care was sub-par.

A public interest review process would **explicitly assess impacts of transactions on geographic access, continuity of care, and service mix and capacity**. This is critically important if large investors acquire smaller community providers where shorter-term financial incentives may not match local health care and community needs. This legislation also allows regulators to **assess past quality ratings**, the ownership history of proposed acquirers, and whether any of the proposed strategies or actions included in acquisition plans **may risk degrading quality of care**. The review and condition process included in this legislation can help ensure that as transactions proceed while minimum staffing levels and quality and safety standards are met, **without interfering in the health care market or halting transactions** that will ultimately help ensure access to care is maintained.

Maryland’s experience with nursing homes following private equity investment highlighted the need for legislation – after our communities were already experiencing the negative effects of unmonitored changes in ownership. We are faced with fixing problems after quality, safety, and health care access have already declined. Health care consolidation is strongly associated with higher prices and spending, with little or no associated improvement in health care quality or outcomes.[24,25,26,27,28] **Building the infrastructure for a notice and public interest review process now**, before large-scale purchases, consolidation, or changes in ownership of health care entities (or “material change transactions) reshape local health systems unchecked provides a **pathway for prudent oversight**. It gives Marylanders the tools we need **to ensure the changes to our health care system maintain or improve cost, access, quality, equity, and system stability**, rather than risk their degradation.

SB 494 provides a pathway for Marylanders to have oversight and understanding of the transactions that can reshape our health care system, when it matters. It equips regulators with a mechanism to help ensure that we can identify transactions that may harm the quality, safety, and affordability of care and protect the stability and resilience of our health care system

now, and in the future. For these reasons, the Maryland Health Care Commission requests a favorable report on SB 494.

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Position: FAV

Testimony In Support of SB 494: MHCC - Certificates of Need and Material Change Transactions
Before the Senate Finance Committee
By: Stephanie Klapper, Deputy Director, Maryland Citizens' Health Initiative
February 24, 2026

Chair Beidle, Vice-Chair Hayes, and Members of the Finance Committee, thank you for the opportunity to submit supportive testimony for SB 494. Our mission is quality, affordable health care for all Marylanders. I am submitting this testimony on behalf of our individual organization, Maryland Citizens' Health Initiative, Inc.

This legislation would expand the Maryland Health Care Commission's (MHCC) oversight on health care entity mergers, acquisitions, and changes in ownership beyond skilled nursing facilities to other non-hospital settings and physician group practices, and allow MHCC to institute important consumer protections as conditions.

This oversight will be critical to help protect consumers as private equity ownership in the health care sector is generally associated with increased costs and mixed to harmful impacts on quality.[1] Meanwhile, private equity investments in physician practices are increasing in Maryland, with over 50% of all physicians in Prince George's County and over 60% of urologists across the state affiliated with private equity as of 2021.[2] Containing costs while maintaining quality will be increasingly important as Maryland moves forward with the AHEAD model and works to meet all-payer total cost of care growth targets that will be set in collaboration with CMS. Increasing transparency and oversight of mergers and acquisitions of health care facilities and physician groups will help ensure that Marylanders have access to quality, affordable health care.

Thank you for your leadership on health care in Maryland. We urge a favorable report for SB 494.

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2600 St. Paul Street Baltimore, MD 21218
www.healthcareforall.com
Phone (410)235-9000   Fax (410)235-9000

2600 St. Paul Street Baltimore, MD 21218
www.healthcareforall.com
Phone (410)235-9000   Fax (410)235-9000

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Uploaded by: Allison Taylor
Position: FWA

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc
4000 Garden City Drive
Hyattsville, MD 20785

February 24, 2026

The Honorable Pamela Beidle
Senate Finance Committee
3 East, Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

RE: SB 494 – Support with Amendments

Dear Chair Beidle and Members of the Committee:

On behalf of Kaiser Permanente, I am writing to express our significant concerns regarding Senate Bill 494 as currently drafted. While we appreciate the General Assembly's commitment to ensuring health care remains accessible and equitable, the expansive scope and new regulatory hurdles introduced by this bill threaten to disrupt the integrated care delivery models that Marylanders rely on for efficient, high-quality care.

Kaiser Permanente's integrated model allows us to quickly adapt to patient needs by aligning our facilities and provider groups. We believe SB 494, by repealing long-standing Certificate of Need (CON) exemptions and introducing a broad "public interest review" for transactions as low as $10 million, creates an overly burdensome environment that could stifle the very innovations meant to improve health outcomes.

Primary Areas of Concern

- **Broad Definition of "Material Change Transactions":** The current definition captures routine operational activities, such as certain real estate transactions, that do not inherently impact market competition or patient access.
- **Removal of CON Exemptions:** Repealing the exemption for mergers and consolidations ignores the clinical efficiencies gained when integrated systems streamline their footprint.
- **Review Timelines and Uncertainty:** The 90-day advance notice combined with the potential for an additional 60-day review period creates significant administrative delays and financial uncertainty for essential infrastructure improvements.
- **Cost Prohibitions:** Requiring parties to the transaction to bear the costs of "independent experts" hired by the Commission adds an unpredictable and potentially prohibitive financial burden on health care entities.

In light of the significant concerns raised by Kaiser Permanente and other healthcare stakeholders, it is clear that SB 494 requires further refinement to avoid unintended consequences for Maryland's healthcare infrastructure.

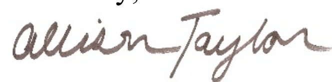
We respectfully recommend that the Committee hold SB 494 and instead direct the Maryland Health Care Commission (MHCC), to work with stakeholders over the 2026 interim. This would

allow for a comprehensive analysis of the bill's impact and the development of consensus-based legislation for the 2027 Session.

Kaiser Permanente remains committed to working with you to find a balanced approach that protects the public interest without compromising the stability of our state's health care delivery systems.

Thank you for the opportunity to comment. Please feel free to contact me at Allison.W.Taylor@kp.org or (919) 818-3285 with questions.

Sincerely,



Allison Taylor
Head of Government Relations
Kaiser Permanente Mid-Atlantic Region

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Position: FWA

Senate Finance Committee
February 24, 2026
Senate Bill 494 – *Maryland Health Care Commission – Certificates of Need and Material Change Transactions*

POSITION: SUPPORT with AMENDMENT

The Mid-Atlantic Association of Community Health Centers (MACHC), representing the state's sixteen federally qualified health centers (FQHCs), submits this letter of **support with amendment** for Senate Bill 494. FQHCs provide comprehensive primary care and preventive services to more than 374,00 patients regardless of insurance status or ability to pay. Health centers serve a disproportionate share of underinsured patients with complex needs, with the majority (86 percent) living at or below 200 percent of the Federal Poverty Level and two thirds (67 percent) on Medicaid or uninsured. FQHCs provide a range of integrated services, including primary care, behavioral health, dental care, and chronic disease management, as well as enabling services such as care coordination and enrollment assistance.

MACHC supports the intent behind this legislation to promote transparency, accountability, and protection of the public interest in health care transactions. Increased oversight of mergers, acquisitions, and other material change transactions is an important tool to ensure that access to quality health care is preserved, competition remains fair, and patients and communities are protected from the unintended consequences of consolidation.

FQHCs share the Committee's interest in maintaining a health care system that prioritizes patient access, continuity of services, and responsiveness to local needs. The material change transaction notice and review process established under SB 494 would enhance visibility into structural changes that could affect care availability, pricing, and service delivery. These objectives align with the mission of FQHCs, which are specifically designed to ensure access to comprehensive primary care in underserved communities.

However, MACHC respectfully requests that Senate Bill 494 be amended to include a clear statutory exemption for health centers. FQHCs operate under a uniquely comprehensive federal regulatory framework that governs establishment, expansion, service locations, and governance structure. FQHC sites must be located in federally designated Health Professional Shortage Areas (HPSAs) or demonstrate service to medically underserved populations, ensuring that placement decisions are driven by objective measures of community need rather than market opportunity.

In addition, FQHCs are governed by patient-majority boards of directors, with at least 51 percent of board members required to be active patients of the health center. This governance structure ensures that organizational decisions reflect the priorities and needs of the communities served. No other segment of the health care system is subject to this level of direct patient governance.

Applying the material change transaction review framework established under SB 494 to FQHCs would create duplicative regulatory requirements without providing additional patient protections. Further state review could unintentionally conflict with the Health Resources and Services Administration's (HRSA's) exclusive federal authority over scope-of-project changes and site approvals. HRSA requires FQHCs to obtain prior approval for all changes in scope, including new or relocated sites, and expects implementation to be consistent with federal review timelines and conditions. Adding state-level approval processes could delay site openings and expose health centers to federal noncompliance or funding consequences.

To address this concern, MACHC respectfully recommends adding the following exemption language to §19–120.3:

> *"This section does not apply to a federally qualified health center, as defined under Health-General §24-1301 and recognized in COMAR 10.09.08.05 as unique entities, or any service delivery site operating within the federally approved scope of project of such a center."*

This amendment would ensure appropriate oversight of health care consolidation while recognizing the distinct role, governance structure, and federal oversight framework unique to the Health Center Program.

MACHC and FQHCs remain committed to working collaboratively with the Maryland Health Care Commission, the General Assembly, and other stakeholders to ensure that Maryland's health care system remains accessible, competitive, and responsive to community needs. The association appreciates the Committee's consideration of this legislation and respectfully requests that the proposed amendment be adopted to ensure that FQHCs can continue to provide high-quality, efficient, and effective care.

2026 MCHS SB 494 Senate Side.pdf

Uploaded by: Robyn Elliott

Position: FWA

Maryland Community Health System

Committee: **Senate Finance Committee**

Bill: **Senate Bill 494 - Maryland Health Care Commission – Certificates of Need and Material Change**

Transactions

Hearing Date: **February 24, 2026**

Position: **Support with Amendment**

The Maryland Community Health System supports *Senate Bill 494 - Maryland Health Care Commission – Certificates of Need and Material Change – Transactions*. The bill provides a regulatory framework for healthcare mergers, acquisitions, and other material changes valued at over $10 million.

MCHS is a network of federally qualified health centers providing somatic, behavioral health, and dental care to underserved communities across Maryland. We support the legislation because material transactions in healthcare can have a significant impact on access to care for consumers. A growing body of research demonstrates that significant private equity investments in healthcare can increase costs, lower staffing levels, and negatively impact patient outcomes.[i] We think it appropriate that Maryland create a regulatory framework to ensure appropriate disclosure and review of material transactions.

We believe that the main focus of this legislation is related to private equity investment, and the legislation is not intended to apply to federally qualified health centers. Therefore, we request an amendment that exempts federally qualified health centers as follows:

On page 10 after line 10, insert "A FEDERALLY QUALIFIED HEALTH CENTER".

Thank you for consideration of our testimony. If we can provide any additional information, please contact Robyn Elliott at relliott@policypartners.net or (443) 926-3443.

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[i] https://www.healthaffairs.org/content/forefront/private-equity-health-care-state-based-policy-perspective

SB 494 - MHCC Corporate Transactions - Oppose.pdf

Uploaded by: Andrew Nicklas

Position: UNF

Maryland
Hospital Association

Senate Bill 494 - Maryland Health Care Commission - Certificates of Need and Material Change Transactions

Position: *Oppose*
February 24, 2026
Senate Finance Committee

MHA Position

On behalf of the Maryland Hospital Association's (MHA) member hospitals and health systems, we appreciate the opportunity to comment in respectful opposition to Senate Bill 494.

MHA appreciates the intent of this SB494 and Maryland hospitals are committed to ensuring the health care system continues to provide access to high quality, affordable care. We share the concerns surrounding increased private equity investment in health care facilities and the potential negative impacts this can have on access to care and increasing health care costs.

However, we are concerned that SB 494, as drafted, does not directly target those issues. The bill does not define private equity or focus on quality or patient outcomes, yet it would apply broadly to a wide range of routine health care transactions that pose no connection to the concerns the legislation seeks to address. Although acute care hospitals are excluded from the bill, many of our members are part of a larger health care system, under which all corporate transactions identified in the bill would be subject to MHCC review. The proposed review process is substantial and could require extensive documentation and approval for numerous low-risk transactions. This would impose significant administrative burdens, for both hospitals and the MHCC, without advancing the bill's stated goals. The scope of the public interest review, combined with the MHCC's broad discretion, could also delay time-sensitive transactions at a moment when health systems must remain agile in response to financial uncertainty under the AHEAD model.

MHA respectfully urges the Committee not to advance SB 494 in its current form. We welcome the opportunity to work collaboratively with the Committee, MHCC, and stakeholders to develop a more targeted and effective approach that protects patients while supporting an innovative and financially stable health care system.

For more information, please contact:
Andrew Nicklas, Senior Vice President, Government Affairs & Policy and General Counsel
Anicklas@mhaonline.org

SB 494_MDCC_Maryland Health Care Commission-Certif

Uploaded by: Hannah Allen
Position: UNF

Senate Bill 494

Date: February 24, 2026
Committee: Finance
Position: Unfavorable

Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees, and families.

House Bill 981 (HB 981) would expand the oversight authority of the Maryland Health Care Commission by establishing new notification and review requirements for certain "material change transactions" involving health care entities, including mergers, acquisitions, and other changes in ownership or control. The bill also modifies existing Certificate of Need exemptions and authorizes the Commission to assess whether covered transactions are consistent with the public interest.

We appreciate the intent of the bill to increase transparency around certain health care transactions and recognize the concerns that have been raised nationally regarding consolidation in the health care market. However, as drafted, SB 494 would create a new and expansive regulatory review process that extends beyond private equity activity and could apply broadly to a wide range of business transactions. We are concerned this additional layer of oversight may introduce uncertainty, delay, and cost for health care providers and other entities operating in Maryland, particularly as they navigate an already complex regulatory environment.

Uncertainty around the scope and duration of review may discourage timely transactions that are necessary to maintain access to care, modernize facilities, or respond to changing market conditions. We urge caution against adopting a framework that could inadvertently discourage investment or impede routine and beneficial transactions that support access to care and economic stability in our state.

For these reasons, the Chamber respectfully requests an **unfavorable report** on **SB 494**.

60 West Street, Suite 100, Annapolis, MD 21401 | 410.269.0642 | mdchamber.org

SB 494_MPCAC- Lowentritt_UNF_FIN_224 - Testimony O

Uploaded by: Joe Bryce
Position: UNF

MPCAC

MARYLAND PATIENT CARE AND ACCESS COALITION

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Chesapeake Urology Associates

February 20, 2026

VIA ELECTRONIC DELIVERY
Senator Beidle
Chair, Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401

RE: Opposing SB 494 to Protect Independent Medical Practices

On behalf of the Maryland Patient Care and Access Coalition ("MPCAC"), we respectfully ask that the Senate Finance Committee ("Committee") oppose SB 494 because of our concerns about its potential impact on independent medical practices. We share the Committee's concerns about provider consolidation but believe that SB 494, as currently written, would have the unintended consequence of accelerating the very consolidation it seeks to address—and would do so at the expense of the independent physician practices that serve as a vital competitive counterbalance to Maryland's highly consolidated hospital and insurance markets. We ask that the Committee allow stakeholders, including independent physician practices, to work with legislators and other interested parties outside of session to refine this bill in a manner that addresses legitimate concerns about consolidation while protecting the viability of independent medicine as a critical access point for health care services for Maryland patients.

The bill's focus on physician practices and ambulatory surgery centers is of particular relevance to MPCAC, given the leading role MPCAC has played as the voice of independent medicine in the State over the last 20 years. MPCAC's mission is to promote and protect the high-quality, cost-efficient care furnished to patients in Maryland in the independent medical practice setting. Since 2004, MPCAC has represented independent medical practices who care for hundreds of thousands of patients each year in the fields of gastroenterology, medical oncology, orthopedic surgery, radiation oncology, urology, and other specialties. MPCAC's members recognize that to remain independent, we must continue to grow our practices and capabilities. We believe that health policy in the State needs to be shaped in such a way that ensures a robust community of independent medical practices delivering care alongside health systems, academic medical centers, and vertically-integrated payor/provider models ("pay-viders"), which is why it is so important that any legislation that shifts the competitive balance of Maryland's health care market, as SB 494 would, is done responsibly and with great care.

This letter sets forth our concerns with SB 494 and is organized into two sections. First, we provide an overview of the current landscape of Maryland's health care market, its high levels of hospital and insurer consolidation, the economic pressures facing independent physician practices, and the critical role these practices play in providing cost-effective, high-quality care to Marylanders. Second, we explain why we believe the transaction review process proposed in SB 494 would inadvertently harm independent practices by creating regulatory burdens and approval risks that only Maryland's dominant hospitals and insurers can afford to bear, thereby accelerating—rather than curbing—the very consolidation the bill seeks to address. Because we are concerned with both the current state of the market and the material change transaction review process, we believe the best path forward is to take the time out of session to include MPCAC and other stakeholders in the process of formulating policy solutions that promote competition and access to health care services—something that has not happened to date with respect to this bill.

The Current Landscape of Maryland's Health Care Market

Independent physician practices represent a shrinking but critical component of Maryland's health care delivery system. They provide high-quality, patient-centered care at a lower cost than hospital-based providers, making them indispensable to Maryland's efforts to control health care expenditures. Declining reimbursement,[1] physician workforce shortages,[2] and ever-climbing costs and compliance requirements have created an environment in which independent physician practices must either find a way to grow their way to success and remain independent or concede to acquisition by a health system or insurance company. These harsh economic realities have pushed many of these practices into employment by hospitals and pay-viders, a particularly concerning trend for Maryland where these care settings are already highly consolidated.

Hospital market concentration in Maryland far exceeds the national average. According to the Hilltop Institute's report to the Maryland Health Care Commission ("MHCC") this past December (the "Hilltop Report"), since 2020, the State has not had a hospital that isn't affiliated with a health system.[3] Furthermore, of the 18 health systems in the State, just four academic health systems account for the majority of our hospitals: Johns Hopkins Health System, LifeBridge (affiliated with George Washington University), Medstar (affiliated with Georgetown University), and The University of Maryland Medical System.[4] Such high levels of concentration mean that

[1] Since 2001, Medicare reimbursement rates for health care services furnished on an inpatient basis at hospitals, in hospital outpatient centers, and in skilled nursing facilities have increased by approximately 70 percent. Reimbursement for physicians has increased at a fraction of that rate – just 10 percent – which is actually down 30 percent when adjusted for inflation. *Medicare physician payment is not keeping up with inflation*, American Medical Association (Apr. 2023), available at https://www.ama-assn.org/system/files/medicare-updates-inflation-chart-cumulative.pdf.

[2] Maryland is projected to be short more than 1,000 doctors by 2030, and 35.8% of physicians in Maryland are currently within retirement age. *Maryland Physician Shortage Facts*, Cicero Institute (February 15, 2024), available at https://ciceroinstitute.org/research/maryland-physician-shortage-facts/.

[3] Mouslim, M. & Henderson M., *Insurer and provider concentration in Maryland*, The Hilltop Institute, UMBC (December 5, 2025), at ii (the "Hilltop Report").

[4] The Hilltop Report, at 37.

Marylanders have limited options when seeking hospital-based care, and independent practices must compete against entities with massive economies of scale and substantial market power. Consolidation by hospitals has also resulted in a considerable increase in the cost of care. Moreover, literature cited in the Hilltop Report claims vertical integration into the hospital setting increases the cost of care from 14% to 47%.[5] With this data in mind, it is critical that legislation designed to address consolidation not inadvertently drive physicians who care for patients in independent medical practices into the hospital setting.

Maryland's health insurance market is even more consolidated than the hospital market. Just two insurers—CareFirst and Kaiser—control more than 82% of the insurance markets.[6] Both of these major insurers have vertically integrated providers into their corporate structures, which further consolidates market power and reduces competition. At the same time, insurers have been able to use their dominant market shares to keep commercial provider reimbursement in Maryland among the lowest in the country, ranking the third lowest among all 50 states with only Alabama and Delaware having lower reimbursement rates as a percentage of Medicare reimbursement for professional services.[7] This disparity is not a small difference; it means that for every dollar a physician in the average state receives for a particular service, a Maryland physician receives approximately 85 cents.[8] Over time, this differential compounds, reducing the ability of independent practices to invest in new technology, recruit talented physicians, expand into underserved communities, and simply maintain their operations.

With the current state of the market reflecting dangerously high levels of consolidation, it is right to consider legislative solutions that would strengthen competition, improve access and decrease the overall cost of care. However, Maryland's problem is not that the market is rapidly consolidating such that there needs to be greater oversight but, rather, that the market has already consolidated to the point where it is difficult for all but the largest health care entities to meaningfully compete. We are concerned that the proposed material change transaction notice, review and approval process in SB 494 will further entrench the dominant positions of Maryland's hospitals and insurers by creating an onerous review process that only these dominant players can afford the risk of undertaking.

The Proposed Transaction Review Process Will Deter the Growth of Independent Practices

The material change transaction notice, review and approval process proposed by SB 494 would impose significant burdens on independent medical practices seeking to grow and remain competitive by sweeping into its scope nearly all transactions with physician practices and establishing a "pay-to-play" system in which only the entities with the most dominant market shares can survive. The bill's low revenue thresholds, lengthy notice and review periods, and broad

[5] The Hilltop Report, at 52.
[6] The Hilltop Report, at ii.
[7] The Hilltop Report, at 19-20.
[8] The national average for commercial professional reimbursement is 122% of Medicare, whereas the average in Maryland is 104% of Medicare.

(and virtually unchecked) MHCC Executive Director approval authority would create costs and risks that only the State's largest and most well-resourced entities—namely, hospital systems and major insurers—could realistically absorb. Rather than promoting competition, this framework threatens to deter the very transactions that would enable independent practices to achieve the scale necessary to survive in Maryland's already highly consolidated market.

SB 494 proposes to respond to consolidation by establishing a transaction notice, review and approval process for transactions involving health care entities, broadly defined to capture nearly all health care facilities and physician practices, in which the entity, or a new entity, has combined revenues of $10 million.[9] We are aware of only three other states with such a low threshold, and its effect would ultimately require that nearly all but the smallest transactions would trigger the notice requirement.[10]

Once the threshold for a material change transaction is met, the parties would be required to submit notice to MHCC 90 days before completing their transaction. The 90-day period begins when MHCC deems the notice "complete," a decision entirely subject to MHCC's discretion.[11] Within 30-days of providing complete notice, the Executive Director of MHCC could allow the parties to proceed after the 90-day waiting period is up or choose to subject the transaction to a comprehensive and costly "public interest" review process.[12] The standards for what the Executive Director shall consider when determining whether a transaction should be subjected to public interest review are highly ambiguous. A mere determination that the transaction is likely to have a negative impact on health care services is sufficient to warrant heightened scrutiny.[13]

If subjected to public interest review, the parties to the transaction must then wait an additional 60 days while the Executive Director completes this second-level review.[14] In conducting a public interest review, the Executive Director would be permitted to solicit public comments, the opinions of experts and consultants at the parties expense, and feedback from the employees of the entities.[15] This threatens to not only drive up the cost of transactions by requiring the parties to pay for consultants that they had no role in selecting or hiring, but it would also cloud the factual basis of the review by considering feedback from members of the public who are uninformed about the purpose for or outcome of the transaction, and worse, from competitors that would benefit if the transaction was prevented from proceeding.

At the end of the 60-day review process, the Executive Director is given the authority to approve the transaction, approve the transaction with conditions, or deny the parties from proceeding with the transaction. We are aware of only two other states, Oregon and Minnesota,

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[9] SB 494 Section 19-120-3(A)(5)(I).
[10] Illinois, Indiana, and Minnesota.
[11] SB 494 Section 19-120-3(D)(1), (2).
[12] Section 19-120-3(F).
[13] Section 19-120-3(G).
[14] Section 19-120-3(H)(2).
[15] Section 19-120-3(H)(3).

where such approval power is contemplated for transactions involving physician practices and Minnesota's approval power is only applicable to transactions with a value of more than $80 million. MPCAC is most concerned about this step in the process, because after the parties have gone through the process and expense of entering into the transactions, preparing the transaction notice, and enduring the public interest review process, they then face the possibility of their transaction being rejected by MHCC. Effectively, the bill provides MHCC's Executive Director with complete control over Maryland's health care market. The costs and risks associated with this process would mean that most transactions, except those between large enough enterprises that can afford the risk, would likely be abandoned if initially subjected to public interest review. We are deeply concerned about vesting this level of discretionary authority in one individual without adequate guardrails.

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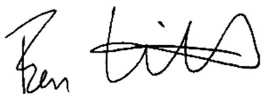
We are concerned that the proposed material change transaction review process would further entrench Maryland's consolidated health care markets, rather than foster a more competitive environment. That is why we believe that this Committee should work with MHCC and stakeholders, including independent practices, to develop legislation that promotes competition and safeguards access to high quality, cost-efficient care for Maryland patients.

We thank you for your consideration, and we would welcome the opportunity to continue this dialogue. Please reach out to MPCAC's lobbyist, Joe Bryce (jbryce@maniscanning.com), if we can be of any assistance as you refine this important legislation.

Sincerely,



Ben Lowentritt, M.D.
MPCAC President & Chairman of the Board

cc: All Senate Finance Committee Members

SB0494_UNF_MedChi_MHCC - CON & Material Change Tra
Uploaded by: Steve Wise
Position: UNF

The Maryland State Medical Society
1211 Cathedral Street
Baltimore, MD 21201-5516
410.539.0872
Fax: 410.547.0915
1.800.492.1056
www.medchi.org

Senate Finance Committee
February 24, 2026
Senate Bill 494 – *Maryland Health Care Commission – Certificates of Need and Material Change Transactions*
POSITION: OPPOSE

The Maryland State Medical Society (MedChi), the largest physician organization in Maryland, **opposes** Senate Bill 494.

Senate Bill 494 would subject certain health care entities that are making a "material change" to a notice, review, and approval process before the Maryland Health Care Commission (MHCC). The covered entities include: 1) health care facilities, 2) ambulatory surgical facilities; and 3) provider organizations, such as physician practices. A "material change transaction" captures multiple types of events occurring during a single transaction or in a series of related transactions within a consecutive 5-year period. The entity involved must also have total assets, annual revenues, or anticipated annual revenues of at least $10 million.

Covered events include mergers, acquisitions, affiliations, changes of control, formation of partnerships, joint ventures and the like, sales, and real estate sales or lease agreements involving a material amount of assets of a health care entity. If these criteria are met, the covered entity must provide notice to the MHCC, which will decide whether a public interest review is warranted. If it is, the Executive Director of the MHCC must ultimately approve, approve with conditions, or deny the proposed transaction, given broad authority to the Executive Director and not the Commission as the regulatory entity.

Notably, the MHCC initially was brought into this issue with the passage of non-compete legislation governing health occupations passed by the General Assembly in 2024, which included study language on the role of "private equity" in health care—language added at the request of the State's hospitals. MedChi agrees that private equity may pose concerns with respect to ownership of medical practices and other health care entities, where profits can become paramount over patient safety. But this is also true with acquisitions of physician practices by hospitals and even more so by health insurers, which given the lack of health insurance competition in the State, have already driven Maryland to the very bottom of payment rates to providers. Accordingly, any regulatory process that seeks to protect patients from the concerns of market concentration, outside ownership and the like, must clearly include "material transactions" involving hospitals and insurers. As drafted, this is unclear. Senate Bill 494 must be clarified to cover these entities as well.

Again, while MedChi understands the impetus for this legislation and the need for review of certain transactions, given the impact they may have on the availability and cost to Maryland patients. However, this bill marks a major regulatory transformation, and legislation should not be adopted that has only had limited review and consideration. We urge the General Assembly to take its time in adopting this type of regulation, while recognizing that such a process may be in order. For these reasons, we ask the Committee to oppose Senate Bill 494, not because the goal of the legislation is improper, but because the concept it proposes should be the result of careful study and consideration, which has not yet occurred.

For more information call:
J. Steven Wise
Danna L. Kauffman
Andrew G. Vetter
Christine K. Krone
410-244-7000

SB 494 - LOC - UMMS.pdf
Uploaded by: Will Tilburg
Position: UNF

UNIVERSITY of MARYLAND
MEDICAL SYSTEM

To: Chair Pamela Beidle and Senate Finance Committee members

From: Will Tilburg
Vice President, Government and Regulatory Affairs, UMMS

Date: February 24, 2026

Re: Senate Bill 494 – Maryland Health Care Commission – Certificates of Need and Material Change Transactions – Letter of Concern

The University of Maryland Medical System ("UMMS") respectfully submits this letter of concern for Senate Bill 494 – Maryland Health Care Commission – Certificates of Need and Material Change Transactions. Senate Bill 494 ("SB 494") proposes to require any transaction or series of transactions involving a health care facility with total assets that exceed $10 million to undergo review and approval by the Maryland Health Care Commission ("MHCC").

UMMS appreciates the intent of SB 494 and understands the significant concerns that prompted this legislation: the increasing national scrutiny of private equity investment in health care facilities and growing body of evidence indicating that at least some private equity acquisitions may be associated with higher costs and/or worsening quality of care or patient outcomes. Efforts to ensure that Maryland's health care system remains focused on quality, access, and affordability are important and commendable.

At the same time, UMMS believes that SB 494, as currently drafted, will not address the stated concerns of private equity investment in healthcare facilities. While the impetus for the legislation appears to center on private equity ownership and its potential impact on quality and cost, the bill does not define or focus on private equity, patient outcomes, or quality of care. As written, its provisions would apply to a wide array of transactions that do not implicate the concerns the bill seeks to address. In addition, the legislation grants the MHCC seemingly limitless authority to determine whether a transaction should be subject to a public interest review and the scope of the public interest review itself. It is our understanding that the legislation was drafted without any stakeholder or public input, and we believe the bill significantly would benefit from collaboration with impacted entities, including providers and hospitals and health systems

UMMS is concerned about several foundational aspects of the bill, including the following:

1. Overly Broad Definitions
The bill definitions are exceedingly broad and in practice may lead to the review of virtually all health care transactions in the State. For instance, the definition of "health care facility" exempts acute general hospitals; however, it does not exempt affiliated entities of hospitals. UMMS

operates 11 acute care hospitals that appear to be excluded from the bill's scope, yet more than 150 medical facilities and practice groups affiliated with UMMS – entities that share the same ownership as the exempted acute care hospitals – would be subject to the bill and the public interest review process established by MHCC. This distinction creates inconsistencies and would subject routine medical system business transactions to heightened review without advancing the bill's underlying objective. Likewise, the definition of "material change" is so expansive that few healthcare transactions in the State would not qualify under it. As the annual revenue of UMMS and all of its member hospitals exceeds $10 million, seemingly any transaction involving the medical system would be subject to review under the bill. As a result, transactions that are operational in nature and unrelated to private equity acquisition or concerns about quality or cost would nonetheless trigger review, and likely, delays.

2. Public Interest Review Process

The proposed public interest review is expansive and burdensome. As introduced, the legislation requires extensive documentation, review, and regulatory approval of a large volume of transactions, many of which pose no risk to patient outcomes or cost containment. This approach risks creating a chilling effect on mergers, acquisitions, and other strategic transactions in Maryland. This concern is particularly acute as Maryland enters a period of significant uncertainty and Maryland hospitals face the loss of hundreds of millions of federal Medicare dollars under AHEAD, the State's new total cost of care model. In this period of financial and operational uncertainty, hospitals and health systems must retain the flexibility to restructure, affiliate, and innovate in order to meet evolving payment models, maintain access, and ensure financial sustainability. A regulatory framework that significantly delays or complicates transactions could inadvertently weaken the very institutions providing the high-quality care that the bill seeks to protect.

3. Administrative Burden and Delays

The expansive scope of the bill, and a dramatic increase in reportable transactions, may also inadvertently strain commission resources and cause significant operational delays. Such delays could impede time-sensitive transactions, disrupt care delivery planning, and negatively impact the overall health care industry in Maryland.

For these reasons, UMMS urges the Committee not to rush to pass SB 494. Instead, UMMS encourages the Committee to work with MHCC and interested stakeholders during the interim to craft legislation that is more narrowly tailored to address the specific concern of private equity investment in Maryland's health care sector. We stand ready to work collaboratively to craft a thoughtful and balanced approach that protects patients while preserving Maryland's ability to maintain a strong, innovative, and financially stable health care system.

Thank you for your leadership and for your consideration of these comments.

For more information, please contact:
Will Tilburg
Vice President, Government and Regulatory Affairs
University of Maryland Medical System
William.Tilburg@umm.edu

SB0494_LOI_LifeSpan, MNCHA_MHCC - CON & Material C

Uploaded by: Danna Kauffman

Position: INFO

Senate Finance Committee
February 24, 2026
Senate Bill 494 – *Maryland Health Care Commission – Certificates of Need and Material Change Transactions*

LETTER OF INFORMATION

On behalf of the LifeSpan Network and the Maryland-National Capital Homecare Association, we respectfully submit a letter of information on Senate Bill 494. Senate Bill 494 would expand the scope of the Maryland Health Care Commission's authority to approve, deny, or approve with conditions a material change transaction.

While we understand that the bill includes provisions stating that it does not apply to the acquisition of a nursing home or to those that would require a certificate of need, the bill's broad definition of "material change transaction" makes it difficult to determine if any transactions would be subject to review. We believe that, given the broad nature of this new authority, additional discussions are necessary. We encourage the Maryland Health Care Commission to convene a stakeholder group over the interim to fully discuss this proposal, which has typically been the process undertaken on similar issues.

For these reasons, we urge an unfavorable report on Senate Bill 494 and request that a stakeholder group be formed over the interim.

For more information call:
Danna L. Kauffman
Andrew G. Vetter
Christine K. Krone
410-244-7000

SB494 MHCC CON SIC- OAG Final.pdf
Uploaded by: Irnise Williams
Position: INFO

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL

Anthony G. Brown
Attorney General

February 20, 2026

To: The Honorable Pamela Beidle, Chair
Finance Committee

From: Irnise F. Williams, Deputy Director, Health Education and Advocacy Unit
Schonette Walker, Division Chief, Antitrust Division

Re: Senate Bill 0494 - Public Health - Maryland Health Care Commission - Certificates of Need and Material Change Transactions –
SUPPORT IN CONCEPT

The Office of the Attorney General supports SB494 in concept, as it introduces important measures to enhance transparency and regulatory oversight of significant healthcare transactions in Maryland and the impact of those transactions on the quality of healthcare.

SB494 removes certain existing exemptions from the Certificate of Need (CON) review and strengthens the Maryland Health Care Commission's (MHCC) authority to review material change transactions such as mergers, acquisitions, or other significant structural changes, allowing the MHCC to exercise greater oversight and advance patient quality of care.

This bill requires (1) entities to notify the MHCC and the public at least 90 days before completing a material change transaction; (2) the MHCC to publicly post details about the transaction; (3) the MHCC Executive Director to review transactions based on criteria such as cost, quality, access, equity, staffing, competition, and market power, including whether any party holds 30% or more market share in a line of service in the relevant geographic area; and (4) for the MHCC Executive Director to approve, approve with conditions, or deny transactions.

In September 2025, the U.S. Government Accountability Office published, *Health Care Consolidation: Published Estimates of the Extent and Effects of Physician Consolidation*, highlighting the increase in physician practices being acquired by hospital systems, insurance companies, private equity firms, and other entities. In 2024, 47% of physicians were consolidated compared to 30% in 2012, a trend that continues to accelerate. This consolidation drives higher

prices and overall healthcare spending without improving quality or efficiency, threatening affordability for consumers and limiting patient choice. As physician practices continue to consolidate, robust state-level oversight is essential to safeguard access, affordability, and competition in Maryland's health care market.

Currently, the FTC and DOJ only review certain mergers and acquisitions of physician practices that fall under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and are valued at $133.9 million or greater. In March, 2024, the FTC, HHS, and DOJ gathered stakeholder input and published a report examining how corporate ownership trends in healthcare contribute to consolidation and its consequences. The report found that certain market transactions not only increase consolidation but also compromise patient health, quality of care, and affordability, while negatively impacting worker safety, satisfaction, and wages. The Biden administration was working through the FTC to help lower costs, increase care quality for consumers and promote competition across the health care market by directly addressing anticompetitive acquisitions and practices, but that has not continued into this current administration leaving, states to take action on their own.

Similar concerns were evaluated in MHCC's 2025 Study on Insurer and Provider Market Concentration, conducted by the Hilltop Institute for MHCC, which concluded that "the state faces high insurer concentration and shifting ownership patterns that may pose long-term risks to competition and affordability."

Though Maryland reviews nonprofit hospital, HMO, and nursing home acquisitions, other acquisitions are not subject to prior notice and pre-transaction review. This bill would provide prior notice and review for broader healthcare transactions. It would establish a process that not only offers transparency and collects critical data, but also provides the tools needed for state officials and legislators to preserve competition, protect consumer access and affordability, maintain quality of care, and prevent anti-competitive behavior.

We fully support these goals, but recommend continuing dialogue on implementation details, including:

- Concern that the MHCC Executive Director is vested with full decision making when determining whether a public interest review will be conducted;
- The MHCC Executive Director can approve, approve with conditions, or deny a material change transaction without required input. The Executive Director is authorized to seek consultation from other governmental entities but is not required to do so.
- Requiring that notice of the material change transaction be provided to the Attorney General, particularly because of potential antitrust and consumer protection implications (page 12, lines 9-14).

Because defining the relevant market is paramount to understanding the impact transactions have on stakeholders, guidance for determining relevant geographic markets should be included in the regulations that define the public interest consideration.

The Nursing Home Acquisition Act requires the Executive Director to consult with the Secretary or the Secretary's designee when making the ultimate approval decision and allows the Executive

Director to refer the request to the Commission for a final decision. We support a parallel structure for this bill.

Thank you for considering this information as you review this important consumer protection bill.