

C A M P A I G N F O R

ACCOUNTABILITY

Overbilled and Overtreated: Private Equity and the Healthcare Affordability Crisis

June 2026

I. EXECUTIVE SUMMARY

Private equity firms are raising the cost of healthcare for patients already struggling to afford the essentials of everyday life and are significant contributors to the American affordability crisis. According to recent polling, just under half of adults say it is difficult to afford healthcare and about one-third of adults say that in the past year they have skipped or postponed getting essential health care because of the cost.¹ Even insured Americans report concerns about the cost of healthcare, and with good reason: The average monthly price of health insurance has increased nearly 26 percent in the past year alone.²

A review of healthcare spending data, litigation, regulatory investigations, investor materials, and media reports shows that private equity has pushed healthcare costs even higher. These records show that private equity owners routinely pressure healthcare providers to overbill and overtreat patients to meet investor-driven targets.

Private equity's presence in the U.S. healthcare industry has grown dramatically over the past two decades. The number of health care businesses purchased by private equity firms increased from 352 in 2010 to 937 in 2020, according to the U.S. Department of Health and Human Services.³ Between 2019 and 2023, 65% of physician practice acquisitions were conducted by private equity firms.⁴

Academic research and government investigations have linked these acquisitions to reduced quality of care and higher costs for payers. A 2023 study found that private equity investment in

¹ Grace Sparks, Lunna Lopes, Alex Montero, Marley Presiado, and Liz Hamel, Americans Challenges with Health Care Costs, *KFF Polling*, Apr. 30, 2026, available at <https://www.kff.org/health-costs/americans-challenges-with-health-care-costs/>.

² Urban Institute, American Affordability Tracker: Data on Americans' Finances and Everyday Costs, Apr. 2, 2026, available at <https://www.urban.org/data-tools/american-affordability-tracker?metric=healthinsurancecost>.

³ U.S. Department of Health and Human Services, HHS Consolidation in Healthcare Markets RFI Response, p. 6, Jan. 15, 2025, available at <https://www.hhs.gov/sites/default/files/hhs-consolidation-health-care-markets-rfi-response-report.pdf>.

⁴ American Hospital Ass'n, Private Equity and Health Care Insurers Acquire More Physicians than Hospitals, June 2023, available at <https://www.aha.org/system/files/media/file/2023/06/Private-Equity-and-Health-Insurers-Acquire-More-Physicians-than-Hospitals-Infographic.pdf>.

healthcare was associated with up to a 32% increase in healthcare costs, and the Federal Trade Commission has brought at least one enforcement action against a private equity firm for anticompetitive behavior that drove up prices.⁵

But relatively little research has examined the direct impact that private equity has on individual patients' finances or the specific mechanisms through which private equity-backed healthcare companies extract more money from the people they treat.

Using new data on hospital costs, we found that private equity-owned hospitals netted \$669 more per patient than comparable hospitals with other ownership structures. These findings cannot be explained by private equity firms finding ways to reduce the cost of care: Private equity acquisition has no statistically significant effect on hospital operating costs per patient. The difference in profit margins between private equity-owned hospitals and others was highest for privately insured patients, with whom hospitals have more latitude to set prices.

Numerous lawsuits brought by whistleblowers and patients reveal that private equity-backed healthcare companies often engage in deceptive practices to achieve these profit margins.

Doctors and nurses have repeatedly alleged that private equity-backed healthcare companies billed patients for services they did not provide. For example, in one case we examined, a whistleblower alleged that management at the private equity-owned hospital network **Steward Health** frequently sent patient billings to an out-of-state team that would recode them to higher service levels to increase revenues.⁶ This practice was allegedly a way for Steward's executives to increase revenue to make up for falling patient volumes.⁷

These deceptive overbilling practices appear common for private equity-backed healthcare companies. A separate whistleblower action brought by three Steward physicians alleged that the company falsified patient health readings to collect higher payments.⁸ At **Select Rehabilitation**, a private equity-backed rehab therapy staffing company, a whistleblower alleged that staff routinely inflated billable therapy minutes under pressure from management

⁵ Grace Niewijk, New Findings Show Private Equity Investments in Healthcare May Not Lower Costs or Improve Quality of Care, *UChicago Medicine*, July 25, 2023, available at <https://www.uchicagomedicine.org/forefront/research-and-discoveries-articles/private-equity-investments-in-healthcare-may-not-lower-costs>; Alexander Borsa, Geronimo Bejarano, Moriah Ellen, and Joseph Dov Bruch, Evaluating Trends in Private Equity Ownership and Impacts on Health Outcomes, Costs, and Quality: Systematic Review, *BMJ*, June 11, 2023, available at <https://www.bmj.com/content/382/bmj-2023-075244>; *In the Matter of Welsh, Carson, Anderson & Stowe XI, LP, et al.*, Complaint (FTC 2024), available at https://www.ftc.gov/system/files/ftc_gov/pdf/2010031USAPWelshCarsonComplaint.pdf.

⁶ *United States ex rel. Stone v. Steward Health Care System, LLC et al.*, Case No. 5:20-cv-00201, Complaint ¶ 43 (E.D. Tex. Dec. 30, 2020), available at <https://www.documentcloud.org/documents/28115669-exh-a-steward-complaint-tex/>.

⁷ *Id.*

⁸ *United States ex rel. Zappala et al. v. Steward Health Care System LLC et al.*, Case No. 1:18-cv-12125, Complaint ¶¶ 128-130 (D. Mass. Oct. 11, 2018), available at <https://www.documentcloud.org/documents/28115674-exh-b-steward-complaint-mass/>.

to meet impossible quotas.⁹ And a class action lawsuit against **Lovelace Health System** alleged that the New Mexico hospital chain deceptively charged patients out-of-network rates, with one patient billed nearly ten times the in-network amount for an emergency room visit.¹⁰

Private equity-owned healthcare companies also boost revenue by subjecting patients to unnecessary medical procedures. At the private equity-owned pain management and surgery company **Surgery Partners**, a whistleblower alleged that management ordered every patient to undergo expensive urine drug tests to generate business for a company-owned lab.¹¹ Patients allegedly complained of receiving bills for \$3,200 to \$4,600 per testing episode, while doctors were prohibited from using a \$20 testing alternative.¹² In another case, the private equity-owned dental practice network **North American Dental Group** was accused of performing unnecessary procedures, including seven root canals on a 3-year-old, under intense pressure to meet profit targets.¹³

Profit maximization is intrinsic to the private equity business model. In statements to investors, private equity-backed healthcare companies euphemistically boast about charging patients more per visit. **Ardent Health**, a national healthcare company owned by private equity firm **Equity Group Investments**, told investors in 2025 that half of its planned revenue growth would come from rate increases rather than patient volume.¹⁴

These companies highlight metrics like "margin expansion," "revenue per case," and "revenue per patient day" to describe inflating the cost of healthcare services. Meanwhile, executive compensation at these companies is often tied to revenue targets, incentivizing managers to squeeze more money out of patients.¹⁵

⁹ *United States ex rel. Carson v. Select Rehabilitation, Inc. et al.*, Case No. 2:15-cv-05708. Complaint ¶¶ 4–5 (E.D. Pa. Oct. 20, 2015), available at <https://www.documentcloud.org/documents/28115668-exh-c-carson-complaint-pa/>.

¹⁰ *Lax et al. v. APP of New Mexico ED, PLLC et al.*, No. D-202-CV-2020-01090, Complaint ¶¶ 51–53 (2d Jud. Dist. Ct., Bernalillo Cnty., N.M. Feb. 11, 2020), attached as Ex. A to Defendant APP of New Mexico ED, PLLC's Notice of Removal, Case No. 1:20-cv-00264 (D.N.M. Mar. 23, 2020), available at <https://www.classaction.org/media/lax-et-al-v-app-of-new-mexico-ed-pllc-et-al.pdf>.

¹¹ *United States ex rel. Cho et al. v. Surgery Partners, Inc. et al.*, Case No. 8:17-cv-00983, Amended Complaint (M.D. Fla. Jan. 15, 2019), available at https://www.falseclaimsact.com/wp-content/uploads/2020/04/US_DIS_FLMD_8_17cv983_AMENDED_COMPLAINT_against_Ashville_Pain_Relief_Ce.pdf.

¹² *Id.* ¶¶ 315, 335.

¹³ David Heath, Dentists Under Pressure To Drill 'Healthy Teeth' for Profit, Former Insiders Allege, *USA Today*, Mar. 19, 2020, available at <https://www.usatoday.com/in-depth/news/investigations/2020/03/19/dental-chain-private-equity-drills-healthy-teeth-profit/4536783002/>.

¹⁴ Ardent Health, Investor Presentation, Jan. 2025, p. 15, available at https://s204.g4cdn.com/127897503/files/doc_presentation/Ardent-Health-JPM-presentation-FINAL-002.pdf.

¹⁵ Community Healthcare Trust, Inc., Investor Presentation, p. 9, Oct. 2024, available at https://filecache.investorroom.com/mr5ir_communityhealthcaretrust/423/2024_Q3_Investor_Presentation_Final.pdf.

To be sure, private equity isn't the only reason that Americans face soaring healthcare costs. But the evidence shows that private equity firms' single-minded pursuit of profits has made an already-broken healthcare system worse for Americans struggling to make ends meet.

II. EMPIRICAL EVIDENCE SHOWS THAT PRIVATE EQUITY ACQUISITION LEADS TO HIGHER HEALTHCARE PRICES

A growing body of academic research indicates that private equity ownership systemically raises healthcare costs. Newly available hospital financial data shows that patients at private equity-owned hospitals pay more even as hospital expenses remain relatively flat.

Multiple studies have shown that private equity takeovers of health care practices have led to higher prices.¹⁶ A 2023 survey of the existing literature on private equity acquisitions found that private equity investments in health care practices were associated with up to 32% increase in costs for patients and payers.¹⁷ A 2020 study found that private equity-owned hospitals earned 27% more income after acquisition than hospitals not owned by private equity, a trend that was partly explained by a 7% increase in charges to patients.¹⁸

New data shows that this pattern persists. The National Academy for State Health Providers (NAHSP) maintains detailed data on how much hospitals across the country spend on and earn from patient care.¹⁹ We combined this dataset, updated in December 2025, with data from the Private Equity Stakeholder Project's hospital tracker in order to conduct an analysis of the effects of private equity acquisitions on the cost of healthcare.²⁰

We found that private equity acquisition had a positive, statistically significant effect on three key measures of the cost of care: Operating profit per adjusted discharge, operating profit margin, and charges as a percent of operating costs. Across every measure, we found that private equity acquisition corresponded with a widening gap between the price paid by patients and the amount that hospitals spent on care.

The analysis found that private equity-controlled hospitals collected \$669 more in profits per patient than their counterparts with different ownership structures. This effect does not appear to be driven by private equity-owned hospitals reducing costs and capturing the savings: We found that private equity acquisition had no statistically significant effect on hospital operating costs per patient.

¹⁶ National Institute for Health Care Management, The Growth of Private Equity in Health Care: Impact and Outlook, May 20, 2023, available at <https://nihcm.org/assets/articles/NIHCM-ExpertVoices-052023.pdf>.

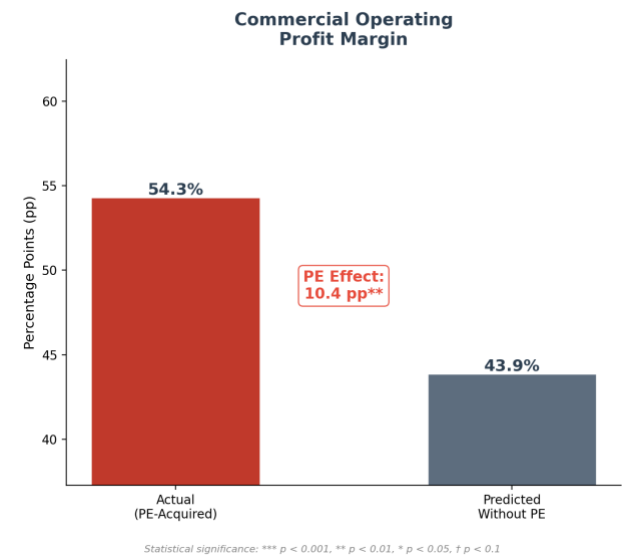
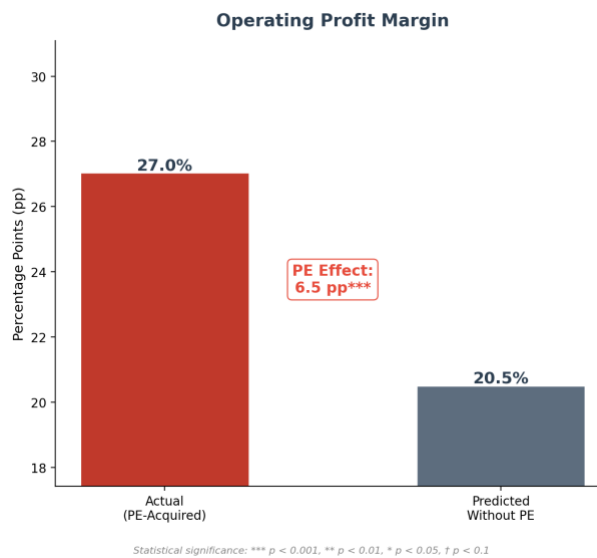
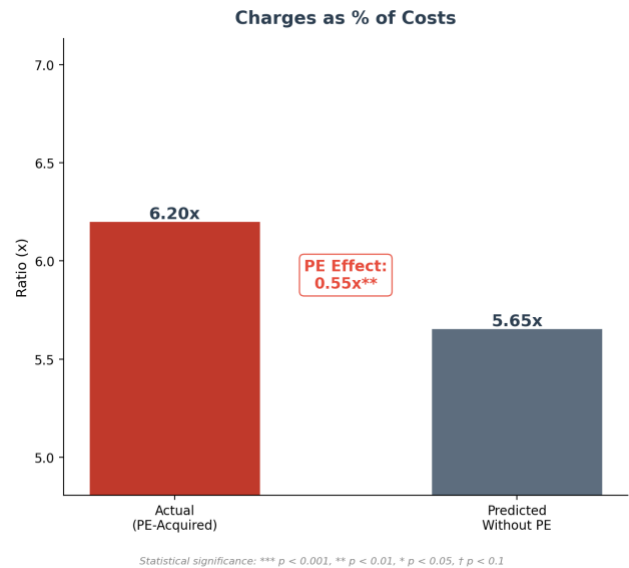
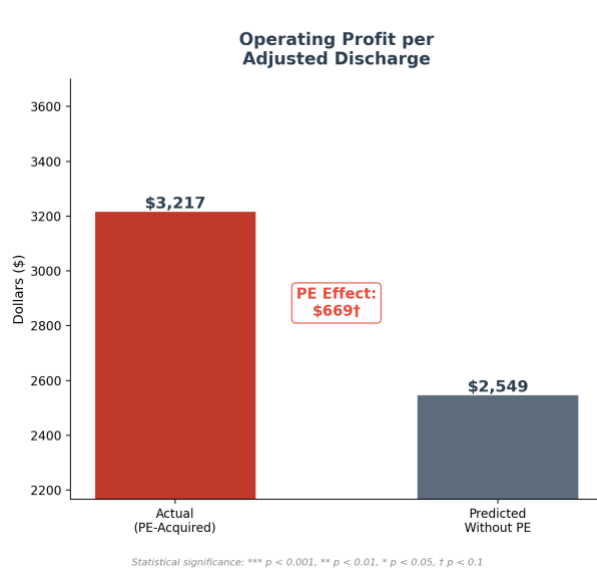
¹⁷ Niewijk, *UChicago Medicine*, July 25, 2023; Borsa et al., *BMJ*, June 11, 2023, *supra* note 5.

¹⁸ Joseph Bruch, Suhas Gondi and Zirui Song, Changes in Hospital Income, Use and Quality Associated with Private Equity Acquisition, *JAMA Internal Medicine*, Vol. 180 No. 11, Aug 4, 2020, available at <https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2769549>; Maya Brownstein, Private Equity's Appetite for Hospitals May Put Patients At Risk, *Harvard T.H. Chan School of Public Health*, Dec. 16, 2024, available at

<https://hsph.harvard.edu/news/private-equitys-appetite-for-hospitals-may-put-patients-at-risk/>.

¹⁹ National Academy for State Health Policy, Hospital Cost Tool, Dec. 20, 2025, available at <https://tool.nashp.org/>.

²⁰ Private Equity Stakeholder Project, Private Equity Hospital Tracker, Apr. 2025, available at <https://pestakeholder.org/private-equity-hospital-tracker/>.



Overall, private equity hospitals had an operating profit margin that was 6.5% higher than other hospitals in the study. The effect was even stronger for privately insured or self-insured payers, with whom hospitals have more latitude to set prices. Private equity acquisition was associated with a 10.4% increase in commercial operating profit margin. These findings provide further support to the hypothesis that increased profits among private equity hospitals is driven by higher billings, rather than more efficient hospital management or other reduced costs.

This analysis controlled for time trends, hospital size, drug costs, payer mix, and other hospital characteristics. A detailed explanation of the methodology and results is available in the appendix to this report.

III. THE HUMAN COST OF PRIVATE EQUITY'S PROFIT MAXIMIZATION

Private equity firms appear to have engaged in deceptive practices, fraud, and medical malpractice to reap greater profits from patient care.

A review of litigation records reveals that across private equity-owned healthcare companies, patients often pay more for medical care due to fraudulent overbilling or because practitioners ordered unnecessary procedures and tests designed to increase billable revenues.

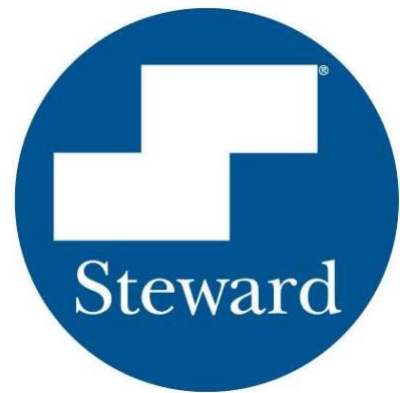
These profit maximizing schemes are often imposed on physicians and medical staff by private equity owners or management teams under pressure to meet revenue and profit targets. As a result, patients pay more money for worse medical care.

Overbilling

Private equity-owned healthcare companies appear to routinely overbill patients to increase revenues and meet productivity quotas. The overcharges come in many forms, including fraudulent billing charges and pushing patients into more expensive medical procedures over cheaper options.

Systemic Overbilling at Steward Health

Private equity-owned Steward Health and its hospital network have been sued on several occasions for overbilling patients. Steward Health was created in 2010 when the private equity firm **Cerberus Capital Management** bought a nonprofit chain of hospitals and converted them into for-profit entities. Steward was the largest private for-profit hospital operator in the United States from 2017 until the company filed for bankruptcy in 2024.



In 2020, William Stone, a former nurse billing auditor at a Steward-owned hospital in Texas, filed a whistleblower lawsuit against the company alleging Steward's management instituted a hospital-wide mandate to falsely edit health billings to charge patients more and raise revenue.²¹ Stone's allegations were filed as a qui tam lawsuit, in which private citizens can sue entities believed to be committing fraud against the government.²²

Steward Health has been accused on multiple occasions of schemes that led to patients paying more for care.

²¹ *Steward Health Care Sys., Complaint* ¶¶ 42–43 (E.D. Tex.).

²² False Claims Act, 31 U.S.C. §§ 3729–3733.

According to the complaint, in 2019, Steward began sending patient records to a team in Massachusetts that would reclassify treatments that patients received into higher service levels that could be charged at a higher rate.²³ For example, a moderate severity Level 3 emergency room visit would be reclassified by the Massachusetts team to the most severe Level 5 emergency room visit that carried a higher charge.²⁴

“The Steward Massachusetts team would edit level coding, cancel the current claim, and generate a new claim,” Stone said.²⁵ These new claims were not supposed to be viewed by the original coder in the hospital, supposedly in an attempt to hide the overbilling scheme from hospital staff.²⁶

Stone alleged that the patient billings were edited to charge patients more in about 20% of cases and were never edited to lower patient charges.²⁷ Stone said he was informed that the Steward team in Massachusetts could “only upcharge” patient billings.²⁸

Stone said he was informed that the Steward team in Massachusetts could “only upcharge” patient billings.

Steward also sought to increase charges in other ways. According to the complaint, Steward informed staff that they should use the time and resources spent by the physician performing critical care to also determine the billable time and resources spent by the hospital, which according to the AAPC, the nation’s largest credentialing organization for medical billing, is supposed to be evaluated and billed independently.²⁹ Stone said this change would erroneously inflate the patient’s billable charges because the time and resources the physician spends treating a patient is typically more intensive than the time and resources spent by the other hospital staff.³⁰

These overbilling practices were allegedly installed to make up for revenue losses at Steward because of dropping critical care volumes. When Stone raised his concerns about the

²³ *Steward Health Care Sys., Complaint* ¶¶ 43, 45 (E.D. Tex.).

²⁴ *Id.* at ¶ 46.

²⁵ *Id.* at ¶ 45.

²⁶ *Id.*

²⁷ *Id.* at ¶¶ 46–47.

²⁸ *Id.* at ¶ 47.

²⁹ Tammy Vannatter-Berger, [Uphold Your ED/EM Levels With a Plan](https://www.aapc.com/blog/80642-uphold-your-ed-em-levels-with-a-plan/), AAPC, Aug. 2, 2021, available at <https://www.aapc.com/blog/80642-uphold-your-ed-em-levels-with-a-plan/>; John Verhocshek, [Visit the Facility Side of ED Coding](https://www.aapc.com/blog/26190-visit-the-facility-side-of-ed-coding/), Oct. 1, 2013, available at <https://www.aapc.com/blog/26190-visit-the-facility-side-of-ed-coding/>; Melissa McLawhorn, [Differences of E/M Leveling in Physician-based and Hospital-based Clinics](https://www.aapc.com/blog/39786-differences-of-em-leveling-in-hospital-based-clinics/), AAPC, Sept. 29, 2017, available at <https://www.aapc.com/blog/39786-differences-of-em-leveling-in-hospital-based-clinics/>; *Steward Health Care Sys., Complaint* ¶¶ 46–47 (E.D. Tex.).

³⁰ *Steward Health Care Sys., Complaint* ¶¶ 49–50.

overbilling to his superior, he was allegedly told “I agreed with you 100%. This directive is coming from Boston.”³¹

The lawsuit was voluntarily dismissed by Stone in January 2023, for unknown reasons. Steward never responded to the complaint in court and, after declining to intervene, the U.S. consented to the dismissal.³²

The mandate to upcharge patients appears to have been common across Steward’s hospital network. A separate qui tam whistleblower action filed against Steward and several of its hospitals in 2018 alleged Steward systematically prioritized profits over patient care. Three physicians who had worked in Steward-owned hospitals sued, alleging Steward routinely overcharged its patients.³³

The whistleblowers said that Steward tried to trap Medicare patients in its own hospital network, forcing them to pay higher prices and receive worse care.³⁴ Steward allegedly refused to greenlight many of its physicians’ requests to refer patients to out-of-network hospitals, even if the out-of-network option would be cheaper or offer better care for a particular patient.³⁵ For instance, one of the plaintiffs alleged that hospital executives refused to allow his patients to receive surgical procedures out-of-network, even though Steward’s hospital lacked the robotic equipment that the doctor believed was best for the patients’ health.³⁶

In another instance, Steward executives allegedly refused to purchase equipment that would have enabled an invasive medical procedure to be performed in a way that was safer and cheaper for patients.³⁷ Without the equipment, patients were forced to pay for a costly two night stay in the hospital and undergo a blood transfusion.³⁸

According to the complaint, Steward’s hospitals also sought to defraud the Accountable Care Organizations (ACO) program to boost their revenue.³⁹ ACOs are doctors and hospitals that accept Medicare and coordinate patient care.⁴⁰ ACOs are reimbursed for services based on

³¹ *Id.* at ¶¶ 49–50.

³² *Steward Health Care Sys.*, Case No. 5:20-cv-00201, Notice of Consent to Dismissal (E.D. Tex. Jan. 30, 2023), available at <https://www.documentcloud.org/documents/28115667-exh-d-steward-notice-of-consent-to-dismissal/>.

³³ *Steward Health Care Sys.*, Complaint ¶¶ 1, 3 (D. Mass.).

³⁴ *Id.* at ¶ 107.

³⁵ *Id.* at ¶ 108.

³⁶ *Id.* at ¶ 111.

³⁷ *Id.* at ¶ 112.

³⁸ *Id.*

³⁹ *Id.* at ¶¶ 107, 134.

⁴⁰ Centers for Medicare and Medicaid Services Website, Accountable Care and Accountable Care Organizations, available at <https://www.cms.gov/priorities-innovation-key-concepts-accountable-care-accountable-care-organizations>.

benchmarks set by the Centers for Medicare & Medicaid Services and are rewarded for keeping patients healthy and in their network.⁴¹

The whistleblowers alleged that Steward physicians would alter medical screening results, such as blood pressure measurements to keep patients in the healthy range thereby keeping costs down while still submitting invoices for patient visits through the ACO program.⁴² One of the plaintiffs alleged they witnessed numerous instances where health providers falsely changed a patient's blood pressure reading to put them within the healthy range in an attempt to avoid a more severe diagnosis.⁴³ In other cases, Steward physicians allegedly told patients they were healthy even if lab results showed they were at risk of heart attack or stroke, allowing Steward to avoid spending money treating the patients while still getting paid for the visits.⁴⁴

In 2022, Steward reached a \$4.7 million settlement agreement with the U.S. government for False Claims Act violations, but the settlement agreement does not appear to have addressed the whistleblowers' allegations that Steward overcharged patients.⁴⁵

Rehab Company Frequently Inflated Billable Minutes to Meet Quotas

Other private equity-affiliated healthcare companies also have faced allegations of overbilling. A whistleblower filed a 2015 qui tam lawsuit alleging overbilling by **Select Rehabilitation**, which provides staff for physical, occupational, and speech therapy services primarily to clients in skilled nursing facilities. The lawsuit was brought by Patrick Carson, a former Select employee who worked at several of the nursing homes staffed by Select.⁴⁶



Select Rehabilitation allegedly billed for treatment that patients did not receive.

Select has received significant financial backing from private equity firms. In 2005, an investment from private equity firm **Caltius Mezzanine** helped recapitalize the company and in 2017 it received an investment from another private equity firm, **Flexpoint Ford**.⁴⁷

⁴¹ *Id.*

⁴² *Steward Health Care Sys., et al., Complaint* ¶¶ 128–130 (D. Mass.).

⁴³ *Id.* at ¶ 128.

⁴⁴ *Id.* at ¶¶ 127–129.

⁴⁵ U.S. Attorney's Office for the District of Massachusetts Press Release, [Steward Health Care System Agrees to Pay \\$4.7 Million to Resolve Allegations of False Claims Act Violations](https://www.justice.gov/usao-ma/pr/steward-health-care-system-agrees-pay-47-million-resolve-allegations-false-claims-act), June 10, 2022, available at <https://www.justice.gov/usao-ma/pr/steward-health-care-system-agrees-pay-47-million-resolve-allegations-false-claims-act>; See [Settlement Agreement](https://www.justice.gov/d9/press-releases/attachments/2022/06/10/us_v_steward_settlement_agreement_0.pdf), available at https://www.justice.gov/d9/press-releases/attachments/2022/06/10/us_v_steward_settlement_agreement_0.pdf.

⁴⁶ *Carson v. Select Rehabilitation, Complaint* ¶ 24.

⁴⁷ Flexpoint Ford, [Investments: Select Rehabilitation](https://flexpointford.com/investments/#select-rehabilitation), available at <https://flexpointford.com/investments/#select-rehabilitation>; Caltius Structured Capital, [Portfolio: Select Rehabilitation](#), available at

According to Carson’s complaint, Select staff members would often inflate patients’ billable therapy minutes to meet strict quotas set by management. Carson alleged that whenever multiple staff members assisted a single patient at the same time, they would each enter the full treatment time rather than dividing the treatment minutes among the staff members who shared time with the patient. The complaint alleges that these sessions were at a minimum “double-billed and sometimes tripled-billed.”⁴⁸ In one instance, a patient was allegedly billed for a full 50 minutes of therapy even when they were only treated for five minutes.⁴⁹

According to Carson, Select management ordered the overbilling. He recalled that during a 2013 staff meeting, a director told staff therapists to take actions like “extending patient therapy minutes” because they were below the billable minutes quota.⁵⁰ In another instance, Select management allegedly falsely increased the billable minutes for Medicare patients ahead of Easter to ensure that the weekly billable totals wouldn’t drop because of the holiday.⁵¹ Management also allegedly refused to discharge patients on Fridays so they could continue to bill them over the weekend.⁵²

The complaint also alleged that staff members were expected to maintain unrealistic productivity quotas, which incentivized fraudulent billing.⁵³ Carson claimed staff were expected to spend 90% of their day on billable therapy minutes, a quota impossible to meet because staff also had to spend several hours a day on non-billable tasks.⁵⁴

These policies also harmed patients. According to the complaint, an 82-year-old patient who had recently undergone hip surgery could not receive therapy until a separate underlying medical condition was treated.⁵⁵ But Select allegedly insisted that the patient undergo therapy immediately in order to increase its billable minutes. The patient lost his ability to stand and had to be admitted to the hospital as a result of Select’s mismanaged treatment.⁵⁶ In another case, a patient had a seizure after undergoing overzealous treatment from Select.⁵⁷

The lawsuit alleged that Select also treated numerous patients against doctors’ orders to “improperly increase [its] billings.”⁵⁸ In one instance, Select treated a patient despite a doctor’s

<https://www.caltius.com/structured-capital/portfolio/select-rehabilitation/>.

⁴⁸ *Id.* at ¶ 71.

⁴⁹ *Id.* at ¶ 83.

⁵⁰ *Id.* at ¶ 76.

⁵¹ *Id.* at ¶ 74.

⁵² *Id.* at ¶ 137.

⁵³ *Id.* at ¶ 80.

⁵⁴ *Id.* at ¶¶ 80–81.

⁵⁵ *Id.* at ¶¶ 120–121.

⁵⁶ *Carson, Complaint* ¶ 121.

⁵⁷ *Id.* at ¶ 125.

⁵⁸ *Id.* at ¶ 126.

order that he first needed to receive an electrocardiogram to ensure he wouldn't have a fatal heart attack.⁵⁹

In 2022, one of Select's skilled nursing facilities paid \$819,000 to the U.S. government to settle the claims that it had provided medically unnecessary rehabilitation to increase its revenue.⁶⁰

Private Equity-owned Autism Centers Overbilled Medicaid

In 2018, the U.S. Department of Justice (DOJ) reached an \$8.8 million settlement with the private equity-owned **South Carolina Early Autism Project (SCEAP)**, South Carolina's largest provider of applied behavioral analysis treatment for autistic children.⁶¹ The settlement originated from a qui tam lawsuit filed by a former SCEAP employee named Olivia Zeigler in 2015.⁶²

According to the DOJ and Zeigler, SCEAP fraudulently coded administrative overhead as therapy time when billing the federal government.⁶³ Medicaid rules prohibit providers from billing for time not spent working directly with patients. According to the DOJ, SCEAP also encouraged therapists to "pad" their Medicaid billings with time they did not spend with patients.⁶⁴

The two SCEAP executives who devised the fraudulent billing scheme, Angela Keith and Ann Eldridge, pleaded guilty to healthcare fraud charges stemming from the scheme. The DOJ found the pair had encouraged employees to bill Medicaid for time not spent with patients and offered gift cards and free vacations as incentives for meeting billing goals.⁶⁵

The DOJ reported that SCEAP's private equity-backed owner encouraged other providers to adopt its fraudulent business model. According to the DOJ, the behavioral health conglomerate **ChanceLight**, which had purchased SCEAP from Eldridge and her partner in 2012, "engaged Eldridge to promote the SCEAP system" to other franchisees.⁶⁶ The company promoted Keith,

⁵⁹ *Id.*

⁶⁰ U.S. Attorney's Office for the Eastern District of Pennsylvania Press Release, Montgomery County Skilled Nursing Facility to Pay More than \$819,000 to Resolve False Claims Act Liability Arising from Billing of Rehabilitation Therapy, Jul. 29, 2022, available at <https://www.justice.gov/usao-edpa/pr/montgomery-county-skilled-nursing-facility-pay-more-819000-resolve-false-claims-act>.

⁶¹ U.S. Attorney's Office for the District of South Carolina Press Release, Early Autism Project, Inc. South Carolina's Largest Provider of Behavioral Therapy for Children with Autism, Pays the United States \$8.8 Million to Settle Allegations of Fraud, Aug. 2, 2018, available at <https://www.justice.gov/usao-sc/pr/early-autism-project-inc-south-carolinas-largest-provider-behavioral-therapy-children>.

⁶² *Id.*

⁶³ *Id.*

⁶⁴ *Id.*

⁶⁵ U.S. Attorney's Office for the District of South Carolina Press Release, Sumter Women Convicted of Healthcare Fraud for Over-Charging Government by Millions of Dollars, Feb. 8, 2019, available at <https://www.justice.gov/usao-sc/pr/sumter-women-convicted-healthcare-fraud-over-charging-government-millions-dollars>.

⁶⁶ *Id.*

who worked at SCEAP prior to the sale, to a corporate vice president role in charge of reporting.⁶⁷

ChanceLight acquired SCEAP in 2013.⁶⁸ ChanceLight was a portfolio company of the private equity firm **Trimaran Capital Partners** from 2004 until 2018, when Trimaran sold Chancelight to the Washington, D.C.-based **Halifax Group**.⁶⁹ The Managing Director of Trimaran Capital Partners, **Michael Maselli**, sat on the board of ChanceLight at the time the fraud occurred.⁷⁰



Allegations of Surprise Billing Against New Mexico Hospital Chain

Patients have complained about inflated bills from other private equity-owned providers.

In February 2020, patients brought a class action lawsuit against **Lovelace Health System**, a New Mexico hospital chain owned by **Ardent Health Partners**, which is backed by the private equity firm **Equity Group Investments**.⁷¹ The lawsuit also named the emergency room staffing company **APP**, which helped staff Lovelace's hospitals, as a defendant.⁷² The lawsuit alleged that Lovelace billed patients at out-of-network rates for care provided by APP employees, even when treatment occurred at an in-network hospital, resulting in unexpectedly higher charges.⁷³ According to the complaint, Lovelace and APP

Lovelace
Health System

Lovelace health system allegedly deceived patients into paying out-of-network rates

⁶⁷ *Id.*

⁶⁸ ChanceLight Press Release, Nation's Leading Provider of Behavior Therapy and Alternative and Special Education Announces New Name, Sept. 10, 2015, available at <https://www.prnewswire.com/news-releases/nations-leading-provider-of-behavior-therapy-and-alternative-and-special-education-announces-new-name-300140702.html> (the U.S. Attorney's Office for the Southern District of South Carolina's press release regarding the pleas of Eldridge and Keith dates the acquisition to 2012).

⁶⁹ Sarah Pringle, ChanceLight, Trimaran Portfolio Company, Weighs Sale, *PE Hub*, Jan. 24, 2018, available at <https://www.pehub.com/chancelight-trimaran-portfolio-company-weighs-sale/>. John McNulty, Halifax Acquires ChanceLight Behavioral Health, Therapy & Education, *Private Equity Professional*, May 16, 2018, available at <https://peprofessional.com/2018/05/halifax-acquires-chancelight/>.

⁷⁰ Michael Maselli, Profile, *LinkedIn*, last accessed May 9, 2026, available at <https://www.linkedin.com/in/michael-maselli-b7811b92/details/experience/>.

⁷¹ *Lax et al.*, Notice of Removal ¶¶ 1.01–1.02, *supra* note 10; Molly Cate, Ardent Closes on \$211 Million Lovelace Deal, *Nashville Post*, Jan. 15, 2020, available at https://www.nashvillepost.com/ardent-closes-on-211-million-lovelace-deal/article_f0771baf-7f24-5bab-b27c-1ad3a88a18cb.html; Ardent Health Partners, LLC, SEC Form S-1, filed Dec. 4, 2018, available at <https://www.sec.gov/Archives/edgar/data/1756655/000119312518342132/d658879ds1.htm>.

⁷² *Lax et al.*, Notice of Removal, ¶ 1.02 (citing Compl. ¶ 13).

⁷³ *Id.* ¶ 1.06 (citing Compl. ¶¶ 34, 51, 68, 85).

both benefited from this overbilling scheme by sharing the profits from emergency room billing.⁷⁴

According to the complaint, Lovelace did not disclose to its patients whether they were being treated by Lovelace or APP employees, nor did it disclose that they may need to pay more when treated by APP employees.⁷⁵ When patients later received the bill for their hospital visit, they were asked to pay significantly more than the insured amount because they were unknowingly treated by an APP employee.⁷⁶

Patients who chose Lovelace specifically because it was in their insurance network were the most likely to be harmed by the scheme, since they had every reason to expect their visit would be covered at in-network rates.

According to the complaint, one of the named plaintiffs was unknowingly treated by an APP employee at a Lovelace hospital for heart attack symptoms. After her ER visit, she was billed \$1,047 for the visit, nearly ten times more than the in-network amount of \$115.⁷⁷ When she declined to pay beyond her in-network costs, APP allegedly sent her account to a collection agency.⁷⁸

The lawsuit is currently in progress and is scheduled to go to trial in September 2027.⁷⁹

Overtreatment

Private equity-owned healthcare companies have also sought to boost revenue by increasing the volume of care patients receive. Rather than just charging more for existing services, some companies have subjected patients to unnecessary medical procedures and tests, generating billable events that serve the company's revenue targets rather than the patient's health.

For instance, a 2025 lawsuit against healthcare provider **Lifepoint Health**, owned by private equity company **Apollo Global Management**, alleged that physicians at one its hospitals routinely ordered that patients undergo unnecessary medical testing to increase billings submitted to Medicare and Medicaid.⁸⁰ This unnecessary testing had adverse effects on patients' finances and health. The complaint says that patients would have to spend extra days

⁷⁴ *Id.* ¶¶ 1.03, 3.12 (citing Compl. ¶¶ 13–14).

⁷⁵ *Id.* ¶ 1.04 (citing Compl. ¶¶ 19–20).

⁷⁶ *Id.* at 4.

⁷⁷ *Id.* at 6.

⁷⁸ *Id.*

⁷⁹ Docket for *Brian Lax, et al., v. App of New Mexico Ed PLLC, et al.*, Case No. D-202-CV-202001090, (N.M. Second Judicial District, available at <https://caselookup.nmcourts.gov/caselookup/>).

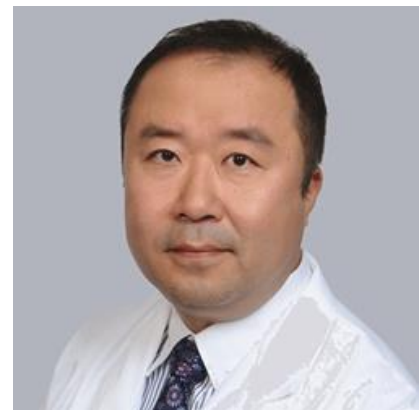
⁸⁰ *United States et al. v. Logan General Hospital, LLC et al.*, Case No. 2:25-cv-00013, *Complaint* ¶¶ 29–30 (S.D. W.Va. Jan. 10, 2025) available at <https://www.documentcloud.org/documents/28115666-exh-e-logan-complaint-sd-wva/>.

at the hospital for the testing, which led to higher billable charges. It also put patients at a greater risk of heart attack and stroke and allegedly led to at least one patient's death.⁸¹ After the United States declined to intervene, the plaintiff voluntarily dismissed the case.⁸²

Patients Undergo Excessive Urine Tests to Boost Revenues

In 2020, the U.S. Department of Justice announced a \$41 million settlement with pain management and surgery company **Surgery Partners** for defrauding Medicare, Medicaid, and other federal health care programs by ordering excessive urine drug tests.⁸³ Surgery Partners was owned by investment firm **H.I.G. Capital** until it sold its stake to **Bain Capital** in 2017.⁸⁴

Sheldon Cho, a doctor who had worked at clinics run by Surgery Partners, filed a qui tam whistleblower lawsuit against the company in 2017.⁸⁵ According to the amended complaint, filed in 2019, Surgery Partners' executives and management required physicians and staff members to order expensive and unnecessary urine drug tests from patients in order to increase its own revenue. The excessive urine tests generated business for **Logan Labs**, a urine analysis lab wholly owned by Surgery Partners.⁸⁶



Doctor Sheldon Cho accused Surgery Partners of ordering patients to undergo unnecessary testing to raise its revenue.

According to Cho, Surgery Partners systemically targeted patients for urine tests by flagging patients whose insurance would accept urine testing and then ordering urine drug testing for those patients. Cho said management even posted a notice in its clinics reminding doctors which patients' urine tests should be routed to Logan Labs, listing PPO and Medicare insurance holders as targets.⁸⁷

Surgery Partners management allegedly pressured physicians and staff members to order the tests. According to Cho, management monitored physicians' lab orders and threatened him on several occasions for not ordering his patients to take urine tests.⁸⁸

⁸¹ *Id.* at ¶¶ 30–31.

⁸² *Logan General Hospital, Relator's Motion for Voluntary Dismissal* (S.D. W. Va. Sept. 15, 2025) available at <https://www.documentcloud.org/documents/28115673-exh-f-logan-dismissal-sd-wva/>.

⁸³ U.S. Attorney's Office for the Eastern District of Pennsylvania, *Florida-Based Laboratory, Pain Clinic, and Two Former Executives Agree to Pay \$41 Million to Resolve Allegations of Unnecessary Drug Testing*, Apr. 15, 2020, available at <https://www.justice.gov/usao-edpa/pr/florida-based-laboratory-pain-clinic-and-two-former-executives-agree-pay-41-million>.

⁸⁴ H.I.G. Capital Press Release, *H.I.G. Capital Announces the Sale of its Equity Stake in Surgery Partners*, May 15, 2017, available at <https://hig.com/news/h-i-g-capital-announces-the-sale-of-its-equity-stake-in-surgery-partners/>.

⁸⁵ *Cho et al.*, *Complaint* ¶ 1, *supra* note 11.

⁸⁶ *Id.* at ¶ 3.

⁸⁷ *Id.* at ¶¶ 360–361.

⁸⁸ *Id.* at ¶ 374.

After numerous physicians complained about the urine testing policy, Cho said Surgery Partners amended the policy under the guise of reform but continued ordering excessive urine drug tests.⁸⁹ The new policy said high-risk patients would undergo urine drug tests 12 times a year and low-risk patients would be recommended up to six tests per year.⁹⁰ In 2017, Surgery Partners' policy changed again, now requiring both new patients and those patients requiring a medication change to take a urine drug test before they could obtain any prescriptions from Surgery Partners.⁹¹

According to Cho, the results of these tests were often inaccurate.⁹² Cho claimed he repeatedly brought up issues with the quality of Logan Labs' results, eventually telling the lab director "I believe that either you don't know what you are doing, or all of your machines are broken."⁹³

The Logan Labs' urine drug tests were also expensive for patients. Cho claimed he received complaints from patients who had received bills for urine testing ranging from \$3,200 to \$4,600 for each test.⁹⁴ He also alleged that Logan Labs increased its fees from \$2,400 to \$4,600 "without reason" and would unbundle patients' charges, leading to inflated bills.⁹⁵ Surgery Partners allegedly prohibited its doctors from using cheaper and quicker testing options. Cho alleged that doctors were prohibited from using a \$20 urine screening test that could be administered while a patient was at the clinic.⁹⁶

This scheme also forced patients to return to Surgery Partners clinics more often because they had to visit the clinic to submit the urine tests and then return once Surgery Partners received test results from Logan Labs.⁹⁷

In 2020, the U.S. government reached a \$41 million settlement with Surgery Partners to resolve the lawsuit.⁹⁸ The settlement was essentially erased, however, when, as part of a coronavirus relief package passed by Congress, the federal government granted the company a \$45 million bailout several days before the terms were announced.⁹⁹

Predatory and Unnecessary Dental Work Scheme

⁸⁹ *Id.* at ¶ 334.

⁹⁰ *Id.* at ¶¶ 335–336.

⁹¹ *Id.* at ¶ 344.

⁹² *Id.* ¶ 328.

⁹³ *Id.*

⁹⁴ *Id.* at ¶ 315.

⁹⁵ *Id.* at ¶¶ 320, 401.

⁹⁶ *Id.* at ¶¶ 340, 352.

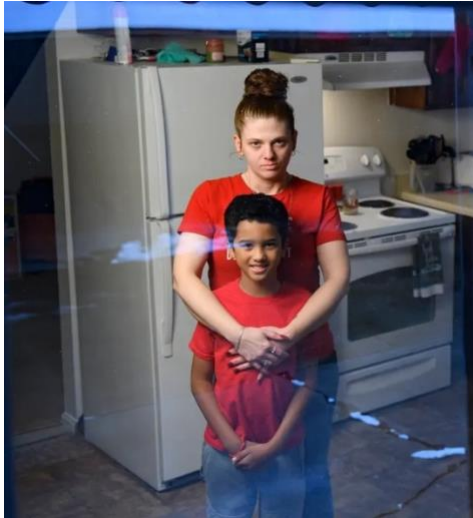
⁹⁷ *Id.* at ¶ 314.

⁹⁸ U.S.A.O. E.D. Pa. Press Release, Apr. 15, 2020.

⁹⁹ Alana Abramson, [This Health Care Company Settled With the Feds Over Fraudulent Billing Claims – Then Got a \\$45 Million Federal Bailout Anyway](https://web.archive.org/web/20250428200558/https://time.com/5859704/fraud-settlement-bailout/), *Time*, June 27, 2020, available at <https://web.archive.org/web/20250428200558/https://time.com/5859704/fraud-settlement-bailout/>.

Patients and staff have levied accusations of overtreatment against **North American Dental Group** (NADG), a network of dental companies owned by private equity. NADG allegedly pressured dentists to subject patients to unnecessary dental work to drive up its profits.

NADG has had a series of private equity backers that have driven its profit-focused strategy. In



As a 3-year-old, Gregory received seven unnecessary root canals from a NADG dentist.

2012, while operating as an Ohio-based company running a small number of dental practices, NADG received an investment from private equity firm **ABRY Partners**.¹⁰⁰ Abry's investment helped NADG double in size and expand across Ohio, Pennsylvania, Michigan and Indiana.¹⁰¹ In 2015, ABRY helped rebrand the dental company and worked with a private equity partner to put more money into the company and "grow the organization a second time," with the goal of later selling it.¹⁰² In 2019, NADG was acquired by **Jacobs Holding**, a Swiss private equity firm.¹⁰³

Former employees reported that during this time, dentists and their staff were under intense pressure to increase profits for their private equity owners and dig out from a significant debt burden. In 2020, soon after ABRY sold NADG, *USA Today* published a lengthy investigation detailing how the company, which by then

owned more than 200 dental offices in the eastern U.S., pressured dentists to provide unnecessary work to drive up profits.¹⁰⁴

Patients "complained they were diagnosed with a mouthful of cavities only to later discover nothing was wrong with their teeth," according to the *USA Today* report. One dental assistant told the reporters, "I have watched them drilling perfectly healthy teeth multiple times a day every day." In one extreme case, a dentist working for NADG gave a 3-year-old boy seven root

¹⁰⁰ John McNulty, *Riverside Buys Into ABRY's Dental Platform*, *Private Equity Professional*, Aug. 11, 2015, available at <https://peprofessional.com/2015/08/riverside-buys-in-to-abrys-dental-platform/>; North American Dental Group, Our History Webpage, last accessed May 2, 2026, available at https://nadentalgroup.com/sites/g/files/xejaxa846/files/2023-01/About_NADG_History.pdf.

¹⁰¹ Heath, *USA Today*, Mar. 19, 2020, *supra* note 13; McNulty, *Private Equity Professional*, Aug. 11, 2015.

¹⁰² ABRY Partners Press Release, *ABRY Completes Recapitalization of North American Dental Group, LLC*, Aug. 10, 2015, available at <https://www.globenewswire.com/news-release/2015/08/10/759309/35253/en/ABRY-Completes-Recapitalization-of-North-American-Dental-Group-LLC.html>.

U.S. v. Abry Partners et al., Case No. 2:20-cv-560, *Complaint* ¶¶ 90–92 (W.D. Pa. Apr. 17, 2020) available at <https://www.documentcloud.org/documents/28115670-exh-g-abry-complaint-wd-pa/>.

¹⁰³ North American Dental Group Press Release, *Jacobs Holding To Acquire North American Dental Group*, Aug. 19, 2019, available at <https://www.prnewswire.com/news-releases/jacobs-holding-to-acquire-north-american-dental-group-300903831.html>.

¹⁰⁴ Heath, *USA Today*, Mar. 19, 2020.

canals, leading to extensive complications and massive medical bills. A dentist who later reviewed the records said the “massive overtreatment” the boy received amounted to “child abuse.”¹⁰⁵

A dentist who later reviewed the records said the “massive overtreatment” the boy received amounted to “child abuse.”

A 2020 qui tam whistleblower lawsuit brought by **Ryan Noonan**, a former operations executive for the practice group, reported that pressure to make money for the chain’s private equity owners drove the scheme.¹⁰⁶ Noonan alleged that after ABRY recapitalized its investment in NADG in 2015, it planned to rapidly grow and sell the company. The “primary objective” for ABRY and its co-investors became “increasing NADG’s revenue,” he said.¹⁰⁷ But, according to the complaint, the company struggled in 2017 and 2018 and remained burdened by debt from its rapid expansion.¹⁰⁸ The company’s owners “set out to rapidly increase NADG’s revenues by all available means.”¹⁰⁹

According to the complaint, NADG solved its revenue troubles by creating an “Optimization Team,” which came up with a scheme to have credentialed dentists sign off on work performed by uncredentialed staff, allowing NADG to charge patients more.¹¹⁰ Some dentists in the practice started logging 48 patient visits a day, a number of visits that Noonan said was not possible. The Cleveland-area offices where this plan was put into practice “soared into profitability,” Noonan said.¹¹¹

Noonan also detailed hundreds of false claims worth tens of thousands of dollars submitted to Medicaid over just a few months in 2019.¹¹² In 2023, the federal government reached a settlement with NADG on the Medicaid fraud charges.¹¹³

By the time NADG had settled the case stemming from Noonan’s lawsuit, it had already been hit by another whistleblower lawsuit brought by an independent Ohio dentist, John N. Kramer, who noticed patients coming into his office for second opinions after NADG had recommended

¹⁰⁵ *Id.*

¹⁰⁶ *ABRY Partners, Complaint* ¶¶ 97–102.

¹⁰⁷ *Id.* at ¶ 93.

¹⁰⁸ Heath, *USA Today*, Mar. 19, 2020; *ABRY Partners, Complaint* ¶¶ 94–95.

¹⁰⁹ *ABRY Partners, Complaint* ¶ 96.

¹¹⁰ *Id.* at ¶¶ 124–126.

¹¹¹ *Id.* at ¶ 130.

¹¹² *Id.* at ¶¶ 135–141.

¹¹³ *Abry Partners et al*, Case No. 2:20-CV-560, U.S. Notice of Election to Intervene In Part, For Purposes of Settlement, And To Decline To Intervene In Part at 2 (W.D. Pa. Sept. 7, 2023) available at <https://www.documentcloud.org/documents/28115672-exh-h-abry-notice-of-intervention-wd-pa/>.

unnecessary procedures.¹¹⁴ Kramer alleged that NADG performed this work “with little to no regard for medical necessity or concern for patients, and for the purpose of maximizing reimbursement from the federally funded Ohio Medicaid program.”¹¹⁵

Federal prosecutors declined to intervene in that case, and NADG ultimately opted to settle the case for an undisclosed amount.¹¹⁶

Anticompetitive practices

Private equity companies also drive up healthcare costs through market consolidation. In 2025, the FTC settled an antitrust case against private equity firm **Welsh, Carson, Anderson, and Stowe** for engaging in anticompetitive behavior to benefit its portfolio company **U.S. Anesthesia Partners** (USAP), a provider of anesthesia services.¹¹⁷ According to the FTC’s complaint, Welsh Carson sought to buy up all of the anesthesia practices in Texas in order to increase their leverage to significantly raise prices.¹¹⁸ With each acquisition, Welsh Carson raised the acquired practice’s prices to USAP’s higher prices. According to an insurance executive, Welsh Carson’s strategy amounted to taking “the highest rate of all ... and then peanut butter spread that across the entire state of Texas.”¹¹⁹

¹¹⁴ Heath, *USA Today*, Mar. 19, 2020.

¹¹⁵ *United States v. Robert A. Doyle Jr., et al.*, Case No. 1:18-cv-373, Third Amended Complaint ¶ 5 (S.D. Ohio July 23, 2024), available at <https://embed.documentcloud.org/documents/6811029-ThirdAmendedComplaint/>.

¹¹⁶ *Doyle et al*, Opinion and Order at 7 (S.D. Ohio July 23, 2024), available at <https://storage.courtlistener.com/recap/gov.uscourts.ohsd.213863/gov.uscourts.ohsd.213863.102.0.pdf>.

¹¹⁷ Federal Trade Commission Press Release, FTC Secures Settlement with Private Equity Firm in Antitrust Roll-Up Scheme Case, Jan. 17, 2025, available at <https://www.ftc.gov/news-events/news/press-releases/2025/01/ftc-secures-settlement-private-equity-firm-antitrust-roll-scheme-case>.

¹¹⁸ *In the Matter of Welsh, et al.*, Complaint ¶ 1, *supra* note 5.

¹¹⁹ *Id.* at ¶ 4.

IV. PRIVATE EQUITY FIRMS EXPLICITLY PRIORITIZE PROFITS OVER PATIENTS

Overbilling and overtreating patients appears to be part of a deliberate strategy by private equity firms to maximize profit margins at the companies they own.

Private equity firms seek to obscure this strategy in public-facing materials, but a review of investor presentations, financial disclosures, and regulatory filings found that private equity-backed healthcare companies routinely use language and metrics that identify increasing the cost of care and extracting more revenue from each patient as explicit goals.

Private equity owners often tie executive compensation to revenue goals.¹²⁰ For instance, **Ardent Health**, a national healthcare company owned by private equity firm **Equity Group Investments**, said in 2024 it was “important to tie our executives’ compensation directly to the strategic priorities and values our organization believes are most critical,” among which it listed financial performance metrics including “profit margin improvement.”¹²¹

Private equity-owned healthcare companies frequently refer to increasing healthcare costs as “margin expansion,” which refers to increasing profit margins. Ardent Health told investors in a 2025 presentation that it was “targeting 100-200 [basis points] of core margin expansion over 3-4 years.”¹²²

Ardent Health told investors in 2025 that half of its planned revenue growth would come from charging more per patient

Ardent makes clear that it intends to increase profits by charging patients more. In 2025, it told investors that revenue growth was expected to be “split roughly evenly between volume and rate.”¹²³ In other words, half of their planned revenue growth was expected to come from charging more per patient. The company has also repeatedly touted growth in “net patient service revenue per adjusted admission” – a measurement of the net payment the company receives per patient.¹²⁴ In 2024, Ardent announced 9.5% year-over-year growth in that metric.¹²⁵

Other private equity-backed healthcare companies use similar language. In the first quarter of 2025, **Surgery Partners**, a surgical center operator backed by **Bain Capital**, told investors that it

¹²⁰ Community Healthcare Trust, Inc., Investor Presentation, p. 9, Oct. 2024, *supra* note 15.

¹²¹ Ardent Health Partners, Inc., SEC Schedule 14A, p. 24, Apr. 8, 2025, available at <https://www.sec.gov/Archives/edgar/data/1756655/000162828025017085/ardt-20250408.htm>.

¹²² Ardent Health, Investor Presentation, Jan. 2025, p. 15, *supra* note 14.

¹²³ *Id.* at 15.

¹²⁴ Ardent Health Press Release, Ardent Health Reports Fourth Quarter 2024 Results, available at <https://ardenthealth.com/our-stories/ardent-health-reports-fourth-quarter-2024-results>.

¹²⁵ *Id.*

projected “continued margin expansion.”¹²⁶ The company has also highlighted how it has continuously extracted more revenue from patients when reporting on its growing “revenue per case.”¹²⁷ In March 2026, Surgery Partners announced a 2.1% increase in revenue per case for the year.¹²⁸

Acadia Healthcare, a public behavioral health provider founded by **Waud Capital Partners**, has also boasted about growing the revenue it receives from each patient. In 2025, the company said its “revenue per patient day” – a measure of the daily income generated from each patient – had grown by 4.3% from the previous year and was projected to continue growing.¹²⁹

Private equity has significant power to raise prices for patients in their healthcare networks. Shortly after it was acquired by private equity firm **Apollo Global** in 2018, healthcare company **Lifepoint Health** admitted that its patient billing practices are largely discretionary. The company disclosed using “a number of analytical tools, benchmarks and market conditions” to determine how much it charges patients without insurance.¹³⁰ These vague metrics essentially put patients at the mercy of the private equity company’s billing decisions, making it impossible to determine what is considered a fair charge for medical services.



Apollo-owned Lifepoint Health seeks to maximize patient billing

¹²⁶ Surgery Partners Release, Surgery Partners, Inc. Announces First Quarter 2025 Results, Reaffirms Full Year 2025 Guidance, Nov. 10, 2025, available at

<https://www.sec.gov/Archives/edgar/data/1638833/000163883325000089/exhibit991q12025earningsre.htm>.

¹²⁷ Surgery Partners Release, Surgery Partners, Inc. Announces Second Quarter 2024 Results, Raises Full Year 2024 Guidance, Aug. 6, 2024, available at

<https://www.sec.gov/Archives/edgar/data/1638833/000163883324000132/exhibit991q22024earningsre.htm>;

Surgery Partners Release, Surgery Partners, Inc. Announces Third Quarter 2025 Results, Nov. 10, 2025, available at <https://ir.surgerypartners.com/news-releases/news-release-details/surgery-partners-inc-announces-third-quarter-2025-results>.

¹²⁸ Surgery Partners Release, Surgery Partners, Inc. Announces Fourth Quarter and Full Year 2025 Results; Sets 2026 Guidance; Announces Share Repurchase Program, Mar. 2, 2026, available at

<https://ir.surgerypartners.com/news-releases/news-release-details/surgery-partners-inc-announces-fourth-quarter-and-full-year-2025>.

¹²⁹ Acadia Healthcare Release, Acadia Healthcare Reports Fourth Quarter 2024 Results, Company Provides Full Year and First Quarter 2025 Guidance, Announces \$300 Million Share Repurchase Authorization, Feb. 27, 2025, available at https://www.sec.gov/Archives/edgar/data/1520697/000143774925005467/ex_783541.htm.

¹³⁰ LifePoint Health, Inc., Consolidated Financial Statements for the Fiscal Year Ended Dec. 31, 2023, p. 12, available at <https://www.in.gov/health/cshcr/files/2023-NORTON-CLARK-150009-AFS.pdf>.

V. APPENDIX: STATISTICAL METHODOLOGY

We tested the effect of private equity acquisition on patient costs with a difference-in-differences estimation, which mimics an experimental design by comparing the effects of an intervention over time on treatment and control groups.

Data

We built the panel with data from the National Academy from State Health Providers (NASHP) Hospital Cost Tool, which includes detailed financial information from 4600 U.S. hospitals from 2011 to 2024, and the Private Equity Stakeholder Project (PESP) database of private equity-owned hospitals.¹³¹ We merged the two datasets on the Medicare Provider Number issued by the Centers for Medicare and Medicaid and labeled the hospitals identified as currently private equity-owned in the PESP dataset as treated. We then investigated each private equity-owned health system to determine the year of acquisition by private equity and labeled that year as event year=0. We dropped hospitals that were owned by private equity for most or all of the time period covered by the PESP dataset as well as hospitals for which we could not identify the private equity acquisition year.

We then matched each hospital with a similar control (non-private equity-owned) hospital in the dataset, with exact matching on facility type and state and propensity score matching on bed size, pre-treatment operating profit margin, and pre-treatment commercial operating profit margin. The resulting dataset had 71 treatment hospitals and 71 matched controls. The NAHSP data does not contain complete observations for every hospital from 2011 to 2024; we trimmed the panel to five years before and five years after event year = 0 in order to address these data quality issues.

Dependent Variables

We measured the effects of private equity acquisition on three measures from NASHP that capture the gap between prices paid by patients and the cost of providing care:

- Operating Profit (Loss) per Adjusted Discharge: Net Patient Revenue per Adjusted Discharge minus Hospital Operating Costs per Adjusted Discharge¹³²

¹³¹ National Academy for State Health Policy (NASHP), Hospital Cost Tool, available at <https://tool.nashp.org/>; Private Equity Stakeholder Project, PESP Private Equity Hospital Tracker, available at <https://pestakeholder.org/private-equity-hospital-tracker/>.

¹³² NASHP defines net patient revenue as "Gross patient charges, minus contractual discounts, bad debt and charity care allowances, and other deductions agreed to by the hospital. Numbers reported from hospital's accounting records." NASHP defines adjusted discharges as "Calculated inpatient and outpatient hospital discharges. Computed by multiplying inpatient volume by an outpatient factor. Outpatient Factor = Hospital Charges divided by Inpatient Hospital Charges." NASHP defines hospital operating costs as "the Portion of Hospital

- Operating Profit Margin: Operating Profit (Loss) divided by Net Patient Revenue. Represents earnings on hospital patient services, excluding non-patient related income and costs.
- Charges as a % of Costs: Hospital Charges as a percent of Hospital Operating Costs.¹³³

All of these measures take the cost of care into account, but they alone do not rule out the possibility that private equity-owned hospitals earn greater profits by reducing the cost of care rather than increasing billings. As a robustness check, we also included Operating Costs Per Adjusted Discharge and Commercial Operating Profit Margin as dependent variables.¹³⁴ These variables allow us to analyze the effect of private equity acquisition on the cost of care and the magnitude of private equity's profit-maximizing effects on billings where the hospital has more latitude to set prices.

Model

We used a difference-in-differences estimator with hospital and year fixed effects to control for unobserved hospital characteristics and time trends. We also controlled for several factors that could affect hospital profits: 1) Bed size; 2) Adjusted patient discharges; 3) Total Drug Costs; 4) Medicaid, SCHIP and Low Income Government Program Payer Mix; 5) Medicare Payer Mix; and 6) Commercial Payer Mix. Variable definitions are available at NAHSP's website.¹³⁵

Results

We found that private equity acquisition had a highly significant effect on Operating Profit Margin, Charges as a % of Costs, and Commercial Operating Profit Margin, and a weakly significant effect on Operating Profit per Adjusted Discharge. As expected, PE acquisition had a larger effect on Commercial Operating Profit Margin than it did on overall Operating Profit Margin. We found that private equity acquisition had no statistically significant effect on operating costs per adjusted discharge, supporting the hypothesis that larger profits result from higher patient billings rather than reduced costs.

Expenses (Inclusive of All Services) related only to Hospital Patient Care and eligible for reimbursement per Medicare federal regulations, sometimes referred to as Medicare Allowed Costs."

¹³³ NASHP defines Hospital Charges as "Total inpatient and outpatient charges for services provided by the hospital, including charity care. Charges are the list prices set by the hospital, and similar to Manufacturer Suggested Retail Price in other markets." NASHP defines Hospital Operating Costs as the "Portion of Hospital Expenses (Inclusive of All Services) related only to Hospital Patient Care and eligible for reimbursement per Medicare federal regulations, sometimes referred to as Medicare Allowed Costs."

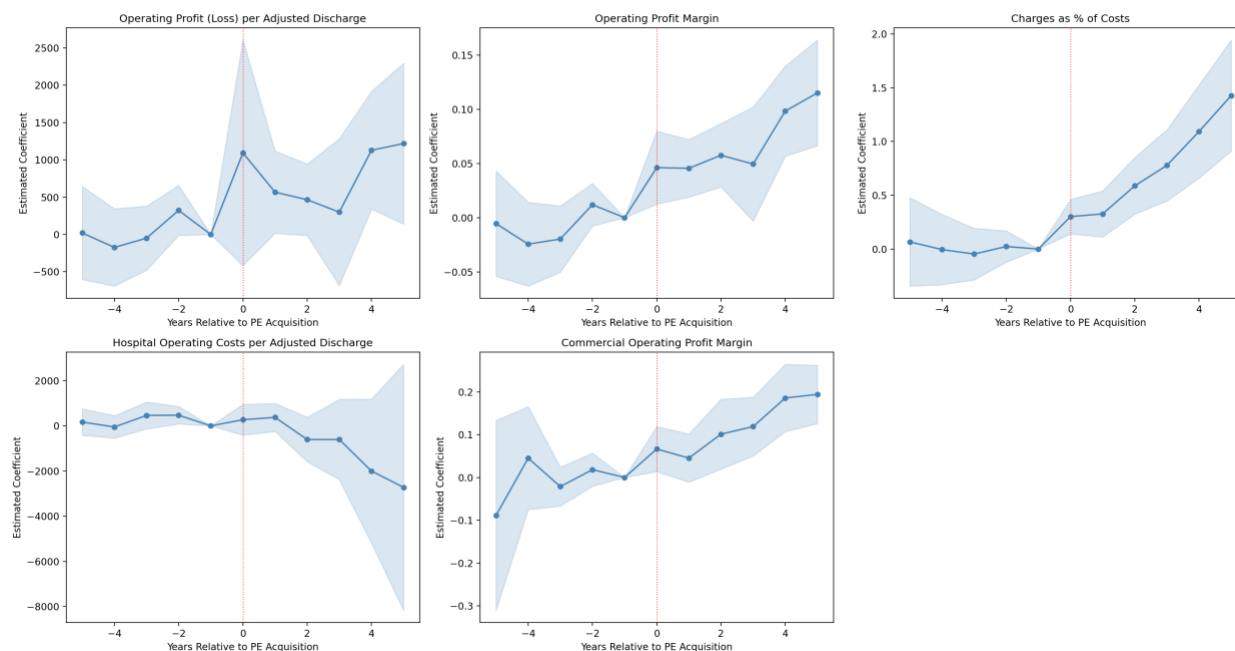
¹³⁴ NASHP defines commercial payers as those with "insured plans, employer self-funded plans, and other plans such as TriCare, VA, etc."

¹³⁵ NASHP, Hospital Cost Tool.

Outcome	DiD Estimate	Std. Error	p-value	95% CI	Baseline Mean	Effect (%)	N
Operating Profit (Loss) per Adjusted Discharge	668.8479†	364.4298	0.0667	[-45.4344, 1383.1303]	2238.7872	29.9%	1505
Operating Profit Margin	0.0654***	0.0179	0.0003	[0.0303, 0.1005]	0.2126	30.8%	1505
Charges as % of Costs	0.5465**	0.1671	0.0011	[0.2190, 0.8740]	4.6006	11.9%	1507
Hospital Operating Costs per Adjusted Discharge	-1079.1756	926.3008	0.2442	[-2894.7251, 736.3739]	7401.4143	-14.6%	1507
Commercial Operating Profit Margin	0.1043**	0.0328	0.0015	[0.0400, 0.1686]	0.4809	21.7%	1505

Significance: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, † $p < 0.1$

Event Study: Effect of PE Acquisition on Hospital Financial Outcomes



Private Equity Hospitals in Treatment Group

Hospital Name	Health System	PE Owner	State	Acquisition Year
NORTH ALABAMA MEDICAL CENTER	Lifepoint Health	Apollo Global Management	AL	2018
VAUGHAN REGIONAL MEDICAL CENTER PARKWAY CAMPUS	ScionHealth	Apollo Global Management	AL	2018
NATIONAL PARK MEDICAL CENTER	Lifepoint Health	Apollo Global Management	AR	2018
SALINE MEMORIAL HOSPITAL	Lifepoint Health	Apollo Global Management	AR	2018
ST MARYS REGIONAL MEDICAL CENTER	Lifepoint Health	Apollo Global Management	AR	2018
CANYON VISTA MEDICAL CENTER	Lifepoint Health	Apollo Global Management	AZ	2018
HAVASU REGIONAL MEDICAL CENTER	Lifepoint Health	Apollo Global Management	AZ	2018
VALLEY VIEW MEDICAL CENTER	Lifepoint Health	Apollo Global Management	AZ	2018
ST FRANCIS HOSPITAL- EMORY HEALTHCARE	ScionHealth	Apollo Global Management	GA	2018
OTTUMWA REGIONAL HEALTH CENTER	Lifepoint Health	Apollo Global Management	IA	2018
ST JOSEPH REGIONAL MEDICAL CENTER	ScionHealth	Apollo Global Management	ID	2018
BOURBON COMMUNITY HOSPITAL	Lifepoint Health	Apollo Global Management	KY	2018
CLARK REGIONAL MEDICAL CENTER	Lifepoint Health	Apollo Global Management	KY	2018
LAKE CUMBERLAND REGIONAL HOSPITAL	Lifepoint Health	Apollo Global Management	KY	2018
MEADOWVIEW REGIONAL MEDICAL CENTER	Lifepoint Health	Apollo Global Management	KY	2018
SPRING VIEW HOSPITAL	Lifepoint Health	Apollo Global Management	KY	2018

BELL HOSPITAL	Lifepoint Health	Apollo Global Management	MI	2018
UP HEALTH SYSTEM - MARQUETTE	Lifepoint Health	Apollo Global Management	MI	2018
UP HEALTH SYSTEM PORTAGE	Lifepoint Health	Apollo Global Management	MI	2018
COMMUNITY MEDICAL CENTER	Lifepoint Health	Apollo Global Management	MT	2018
CENTRAL CAROLINA HOSPITAL	Lifepoint Health	Apollo Global Management	NC	2018
FRYE REGIONAL MEDICAL CENTER	Lifepoint Health	Apollo Global Management	NC	2018
HARRIS REGIONAL HOSPITAL	Lifepoint Health	Apollo Global Management	NC	2018
HAYWOOD REGIONAL MEDICAL CENTER	Lifepoint Health	Apollo Global Management	NC	2018
MARIA PARHAM MEDICAL CENTER	Lifepoint Health	Apollo Global Management	NC	2018
PERSON MEMORIAL HOSPITAL	Lifepoint Health	Apollo Global Management	NC	2018
RUTHERFORD REGIONAL MEDICAL CENTER	Lifepoint Health	Apollo Global Management	NC	2018
SWAIN COUNTY HOSPITAL	Lifepoint Health	Apollo Global Management	NC	2018
WILSON MEDICAL CENTER	Lifepoint Health	Apollo Global Management	NC	2018
LOS ALAMOS MEDICAL CENTER	Lifepoint Health	Apollo Global Management	NM	2018
MEMORIAL MEDICAL CENTER	Lifepoint Health	Apollo Global Management	NM	2018
NORTHEASTERN NEVADA REGIONAL HOSPITAL	Lifepoint Health	Apollo Global Management	NV	2018
CLINTON MEMORIAL HOSPITAL	ScionHealth	Apollo Global Management	OH	2018
SOUTHWESTERN MEDICAL CENTER	ScionHealth	Apollo Global Management	OK	2018

WILLAMETTE VALLEY MEDICAL CENTER	Lifepoint Health	Apollo Global Management	OR	2018
CONEMAUGH MEMORIAL MEDICAL CENTER	Lifepoint Health	Apollo Global Management	PA	2018
CONEMAUGH MEYERSDALE MEDICAL CENTER	Lifepoint Health	Apollo Global Management	PA	2018
CONEMAUGH NASON MEDICAL CENTER	Lifepoint Health	Apollo Global Management	PA	2018
CAROLINA PINES REGIONAL MEDICAL CENTER	ScionHealth	Apollo Global Management	SC	2018
HIGHPOINT HEALTH - TROUSDALE WITH ASCENSION SAINT	Lifepoint Health	Apollo Global Management	TN	2018
SOUTHERN TENNESSEE REGIONAL HEALTH SYSTEM LAWRENCE	Lifepoint Health	Apollo Global Management	TN	2018
SOUTHERN TENNESSEE REGIONAL HEALTH SYSTEM PULASKI	Lifepoint Health	Apollo Global Management	TN	2018
SOUTHERN TENNESSEE REGIONAL HLTH SYSTEM WINCHESTER	Lifepoint Health	Apollo Global Management	TN	2018
STARR REGIONAL MEDICAL CENTER ATHENS	Lifepoint Health	Apollo Global Management	TN	2018
SUMNER REGIONAL MEDICAL CENTER	Lifepoint Health	Apollo Global Management	TN	2018
ENNIS REGIONAL MEDICAL CENTER	ScionHealth	Apollo Global Management	TX	2018
PALESTINE REGIONAL MEDICAL CENTER	ScionHealth	Apollo Global Management	TX	2018
PARIS REGIONAL HEALTH	Lifepoint Health	Apollo Global Management	TX	2018
CASTLEVIEW HOSPITAL	Lifepoint Health	Apollo Global Management	UT	2018
CLINCH VALLEY MEDICAL CENTER	Lifepoint Health	Apollo Global Management	VA	2018
FAUQUIER HOSPITAL	Lifepoint Health	Apollo Global Management	VA	2018
SOVAH HEALTH DANVILLE	Lifepoint Health	Apollo Global Management	VA	2018

TWIN COUNTY REGIONAL HOSPITAL	Lifepoint Health	Apollo Global Management	VA	2018
WYTHE COUNTY COMMUNITY HOSPITAL	Lifepoint Health	Apollo Global Management	VA	2018
LOURDES MEDICAL CENTER	Lifepoint Health	Apollo Global Management	WA	2018
WATERTOWN REGIONAL MEDICAL CENTER	ScionHealth	Apollo Global Management	WI	2018
LOGAN REGIONAL MEDICAL CENTER	ScionHealth	Apollo Global Management	WV	2018
RALEIGH GENERAL HOSPITAL	Lifepoint Health	Apollo Global Management	WV	2018
SAGEWEST HEALTH CARE	ScionHealth	Apollo Global Management	WY	2018
LEGENT HOSPITAL OF EL PASO	Independent	BTG Pactual,ZT Corporate	TX	2020
FORREST CITY MEDICAL CENTER	Quorum Health Corporation	GoldenTree Asset Management, Davidson Kempner	AR	2020
KENTUCKY RIVER MEDICAL CENTER	Quorum Health Corporation	GoldenTree Asset Management, Davidson Kempner	KY	2020
MARTIN GENERAL HOSPITAL (Closed)	Independent	GoldenTree Asset Management, Davidson Kempner	NC	2020
MESA VIEW REGIONAL HOSPITAL	Quorum Health Corporation	GoldenTree Asset Management, Davidson Kempner	NV	2020
MCKENZIE-WILLAMETTE MEDICAL CENTER	Quorum Health Corporation	GoldenTree Asset Management, Davidson Kempner	OR	2020
BIG BEND REGIONAL MEDICAL CENTER	Quorum Health Corporation	GoldenTree Asset Management, Davidson Kempner	TX	2020
MOUNTAIN WEST MEDICAL CENTER	Quorum Health Corporation	GoldenTree Asset Management, Davidson Kempner	UT	2020

EVANSTON REGIONAL HOSPITAL	Quorum Health Corporation	GoldenTree Asset Management, Davidson Kempner	WY	2020
COMMUNITY HOSPITAL OF HUNTINGTON PARK	Pipeline Health	Stanton Road Capital, Davidson Kempner, Deerfield Management	CA	2019
EAST LOS ANGELES DOCTORS HOSPITAL	Pipeline Health	Stanton Road Capital, Davidson Kempner, Deerfield Management	CA	2019
MEMORIAL HOSPITAL OF GARDENA	Pipeline Health	Stanton Road Capital, Davidson Kempner, Deerfield Management	CA	2019