https://www.statehousenews.com/news/healthcare/healthcare-regulators-monitoring-private-equity-deal-flow/article_4389a955-d7a4-471e-b3f9-fa45e06df0f6.html

Healthcare regulators monitoring private equity deal flow

HPC director says agency focused on impacts on 'things that we care about'

Alison Kuznitz
Aug 19, 2026

Health Policy Commission Executive Director David Seltz and Amy Katzen associate director of market oversight and transparency, speak during a July 23 board meeting.

Screenshot

STATE HOUSE, BOSTON, Aug. 19, 2026.....Health regulators with new authority to scrutinize additional types of proposed transactions in the wake of the Steward Health Care crisis have reviewed 15 deals involving significant equity investors.

The majority of those transactions are tied to private equity investors, an arrangement at the crux of Steward's financial downfall and the closure of two hospitals. The Steward saga fueled passage of a 2024 healthcare market oversight law.

Under that law, the Health Policy Commission now may examine material changes when a significant equity investor is looking to gain partial or complete control of a provider, provider organization or a contracting medical services organization. Providers and organizations with at least $25 million in net patient service revenue are required to file notices with the HPC, which gauges how the transaction is likely to affect the state's broader healthcare landscape.

"There is significant emerging evidence that there is a relationship between private equity investment and healthcare and impacts on things that we care about," HPC Director David Seltz told the HPC board in July. "Impacts on affordability, impacts on cost, impacts on quality and patient safety, impacts on the workforce, impacts on market competitiveness."

In 2024, Seltz presented an HPC analysis of health care provider mergers and acquisitions in Massachusetts from 2013-2023 that found 47% (85 of 182) of health care provider transactions involved private equity firms.

In January, Bain & Company published a report that found global healthcare private equity set a new record in 2025 with roughly $191 billion in deal value, and investors announced 445 buyouts, the second-most on record.

Seltz said last month that the HPC is working to understand whether significant equity investors (SEI) "advance our public goals around affordability, and accessibility, and equity" or if they're "more solely focused on a private financial gain." The agency completed its initial look at the 15 transactions and has not pursued more rigorous cost and market impact reviews, said HPC spokesperson Mariclaire O'Neill.

Signs on the doors of Carney Hospital in Dorchester on Sept. 3, 2024 indicate the facility has closed and direct people to the nearest functioning hospital in Milton.

Alison Kuznitz/SHNS

The HPC cannot block a transaction from moving forward, though it can flag concerns and share findings with Attorney General Andrea Campbell's office and the Department of Public Health.

Out of 10 private equity-linked transactions, six involved new private equity investment into for-profit companies that were previously publicly traded or privately held, according to a presentation from Amy Katzen, the HPC's associate director of market oversight and transparency. Two transactions involved a sale from one private equity firm to another, while two others involved transfers from different sets of funds managed by the same private equity firm.

Four of the private equity transactions were linked to home health and/or hospice providers, while three were associated with durable medical equipment and pharmacy.

"As with any transaction, we want to explore the potential for changes in referral patterns or other collaborations between that MCN party, that provider, and any other companies that the SEI may already own," Katzen said. "And we also seek information on any concerning outcomes for providers that the investor has owned, especially bankruptcy or downsizing."

As it vets MCNs, the HPC asks about the investor's acquisition strategy and its plan to make a return on the investment. For example, Katzen said the HPC wants to know if the investor plans to acquire a provider using debt that would then be placed onto the provider's balance sheet. The HPC is also interested in whether the significant equity investor "anticipates using that provider as a platform for future acquisitions, especially of other providers within the commonwealth," she said.

Among other queries, Katzen said the HPC assesses if the transaction would affect how the provider contracts with payers, particularly MassHealth, and if there will be any changes around clinical staffing or care delivery.

Since the meeting last month, the HPC has fielded four more material change notices involving significant equity investors, according to the agency's website. In one filing, Brookline-based First Psychiatric Planners, which conducts business as Bournewood Health Systems, outlined a cascade of problems in recent years, including "stagnant" reimbursement, rising costs, and a "significant drop" in patient volume "due to changes to behavioral health referral workflows implemented by the state."

MASSACHUSETTS
HEALTH POLICY COMMISSION

HEALTH POLICY COMMISSION NOTICE OF MATERIAL CHANGE FORM

THIS NOTICE OF MATERIAL CHANGE FORM IS FOR USE BEGINNING MAY 19, 2026

Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

"Despite extensive efforts to increase census, including working with the state to identify unmet behavioral health needs in the Commonwealth that Bournewood could fill, Bournewood's current owners determined that the facility must either identify a buyer who could invest capital to make improvements and fund ongoing operations while continuing to work with the Commonwealth to modify its service offerings, or close," the filing says.

GWW Holdings 1 LLC intends to purchase all of Bournewood's equity, according to the notice. Bournewood says the buyer can support improvements to its admission process to become "more competitive in the state-mandated referral process," plus fund other facility upgrades and improvements. The buyer has "no plans to make immediate changes to operation" and agrees to take all current payers, including Medicare and Medicaid.

BayMark Health Services, which provides medication-assisted treatment and substance use disorder services, says it is at risk of filing for Chapter 11 bankruptcy if it's unable to consummate a proposed transaction, according to another recent notice. With the aim of continuing services, BayMark says it is undergoing a "negotiated debt restructuring transaction" as the organization's creditors "assume ownership of BayMark through the acquisition of a newly formed purchaser entity."

If "the Material Change does not occur on an expedited basis, the access to needed services in Massachusetts may be materially impacted in case of a potential" close, the notice says.

At the HPC board meeting, Commissioner Jamie Willmuth questioned whether regulators should sharpen their focus on skilled nursing facilities. Willmuth pointed out Katzen's list did not include any providers in the nursing home industry, which he said is likely due to them falling below the revenue reporting threshold.

"I certainly have seen increased activity from private equity, and some of those transactions are extremely complicated because you have the real estate, you have the operating license, and then sometimes you have a manager of the home on top of that," Willmuth said.

Board Chair Deborah Devaux said she's interested in HPC staff evaluating Willmuth's question and whether there's "any unintended gap there because of the way the authority was granted."

Once a transaction closes, HPC can require reporting from all parties involved in significant equity investments for up to five years, Katzen said. That could encompass notification if the investor sells its interest in a provider, the provider files for bankruptcy, services are reduced or locations are closed in Massachusetts, and rates increase.

"In cases where direct patient service may be implicated by the nature of the transaction or the provider, we've requested reporting on quality improvement plans and patient-to-provider ratios," Katzen said. "If there are developments that raise specific questions about providers or investors within the five years, or if there are general questions that we want to examine in a broader way across the market, we do have the authority to reach back out to those providers at any time within those five years."

Private equity firm Cerberus Capital Management in 2010 bought the Caritas Christi hospital system. In 2016, Steward made a $1.25 billion deal with the real estate investment trust Medical Properties Trust in which Steward's hospital properties were sold to MPT and MPT took a 5% equity stake in Steward. That sale left Steward with multi-year, multi-million dollar lease payments that fueled financial issues.

Cerberus has said it generated $800 million in profits and Steward CEO Ralph de la Torre owned two yachts, according to Boston Globe reporting, as under-resourced Steward hospitals scrambled to provide adequate care while lacking equipment and supplies.

[Michael P. Norton contributed reporting]

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