



Coalition for Patient-Centered Care

March 20, 2025

Senator Christopher Cabaldon
California Legislature
1021 O St., Suite 7320
Sacramento, CA 95814

RE: Coalition for Patient-Centered Care Endorsement of SB 351

Dear Senator Cabaldon:

The Coalition for Patient-Centered Care (CPCC) writes in strong support for SB 351. CPCC represents a diverse group of healthcare industry stakeholders who stand together in opposition to private equity's acquisition and influence over independent physicians that can result in an emphasis on profits and revenue growth over patient interests. CPCC advocates for a world where physicians have control over the management and delivery of care and can work directly with their patients to make medical decisions and deliver patient-centered, cost-efficient care without corporate hindrance. Our membership has observed that after a private equity firm takes over an independent physician group, the quality of care for patients goes down, the cost of care to public and private payors goes up, and employee working conditions worsen. We support SB 351 because we believe the bill appropriately ensures that doctors are able to deliver patient-centered, cost-efficient care.

Impact of Private Equity Acquisitions on Independent Healthcare Providers

We believe that everyone benefits when physicians have control over the delivery of care and can work directly with their patients to make medical decisions and deliver patient-centered care. Private equity firms do not share this ideal. Private equity is focused on maximizing investor profits rather than advocating for patients. Private equity firms have been particularly active in acquiring independent physician groups. As *The New York Times* summarized, a study found that “[i]n more than a quarter of local markets — in places like Tucson, Ariz.; Columbus, Ohio; and Providence, R.I. — a single private equity firm owned more than 30 percent of practices in a given specialty in 2021.”¹ The article added, “In 13 percent of the markets, the firms owned groups employing more than half the local specialists.”²

¹ Reed Abelson & Margot Sanger-Katz, *Who Employs Your Doctor? Increasingly, a Private Equity Firm.*, *The New York Times* (July 10, 2023), <https://www.nytimes.com/2023/07/10/upshot/private-equity-doctors-offices.html?auth=login-google1tap>.

² *Id.*



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CPCC's experience—consistent with independent research, public reports, and even a recent investigation by the Federal Trade Commission (FTC)³—is that, after a private equity firm takes over an independent physician group, there are generally adverse effects. These effects often include decreased quality of care for patients, increased cost of care for public and private payors, and deteriorating working conditions for employees.

There is significant evidence that private equity acquisitions of healthcare providers result in higher prices without any evidence of an increase in quality or access to care. For example, a recent study concluded that, after hospital outpatient departments and ambulatory surgery centers contracted with a physician management company (PMC), prices paid to anesthesiologists increased and were substantially higher if the PMC received private equity investment.⁴

As for decreased quality and access to care, according to the Journal of the American Medical Association, in an analysis of 73 private equity-acquired hospitals and 293 matched control hospitals, measures of patient care experience worsened after private equity acquisition of hospitals, as did patient-reported staff responsiveness.⁵ These issues are particularly important as lower quality of care and increased costs have a direct and significant negative impact on federal government spending and, in turn, all American taxpayers. In 2022, 18.7% of Americans were covered by Medicare.⁶ When private equity-owned healthcare providers offer lower quality care for higher prices, this contributes to significant increases in the overall cost of care for Medicare patients, putting additional and unnecessary strain on the federal budget. We agree with this assessment. Furthermore, these practices also result in job losses and increase stress for healthcare sector workers, contributing to burnout, among other negative impacts.

³ Press Release, Federal Trade Commission, FTC Challenges Private Equity Firm's Scheme to Suppress Competition in Anesthesiology Practices Across Texas (Sept. 21, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/09/ftc-challenges-private-equity-firms-scheme-suppress-competition-anesthesiology-practices-across>.

⁴ Ambar La Forgia et al., *Association of Physician Management Companies and Private Equity Investment With Commercial Health Care Prices Paid to Anesthesia Practitioners*, 182 JAMA Intern Med. 396, (2022), <https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2789280>.

⁵ Bhatla A, Bartlett VL, Liu M, Zheng Z, Wadhera RK. *Changes in Patient Care Experience After Private Equity Acquisition of US Hospitals*. JAMA. 2025;333(6) (2025). <https://jamanetwork.com/journals/jama/article-abstract/2829041>

⁶ Preeti Vankar, *Percentage of U.S. Americans Covered By Medicare 1920-2022*, Statista (Sept. 20, 2023), <https://www.statista.com/statistics/200962/percentage-of-americans-covered-by-medicare/#:~:text=Medicare%20is%20an%20important%20public%20health%20insurance%20scheme,by%20Medicare%2C%20an%20increase%20from%20the%20previous%20year.>



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For these reasons, CPCC lauds your leadership and work on SB 351. Costs and quality of patient care are critical issues that need urgent attention.

Sincerely,

Stephen McCollam

Stephen McCollam, M.D.

Chair

The Coalition for Patient-Centered Care