Private Equity Ownership in Health Care Linked to Higher Costs, Worse Quality

Private equity firms have increasingly used investors' funds to buy health care facilities and then sell them 3 to 7 years later for significant profit. Experts who are skeptical of private equity’s growing role in health care have worried that the industry’s focus on maximizing profit comes at a cost to patients and clinicians, but large-scale studies have been limited.

Now, a recent systematic review that included 55 studies from 8 countries concluded that not only has private equity ownership increased over time across many health care sectors, but it has also been linked with higher costs to patients or payers. Although results for the 27 studies that looked at health care quality were mixed, the researchers found evidence that private equity ownership was tied to worse quality in 21 of them compared with evidence of beneficial impact on quality in 12 studies.

Finding solutions for quality problems linked with private equity ownership is challenging, a linked editorial noted. Efforts to encourage patients to visit higher-quality health care facilities by publicly posting hospital and nursing home ratings have had little effect. “For many communities in the US, the local hospital after a private equity takeover may be the only source of acute care,” the author wrote in the BMJ.

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Note: Source references are available through embedded hyperlinks in the article text online.