

The Corporate Crimes Against Health Care Act of 2024

Senator Elizabeth Warren

Endorsements: *Americans for Financial Reform, Private Equity Stakeholder Project, American Federation of Teachers, Take Medicine Back, Massachusetts Nurses Association, American Economic Liberties Project, Groundwork Collaborative, Community Catalyst*

Over the last decade, private equity fund assets have more than doubled, totaling \$8.2 trillion in 2023. While private equity funds have purchased companies in nearly every sector of the economy, their aggressive deal-making in the health care sector poses grave risks to patient health and raises questions about the potential abuse of taxpayer dollars, as private equity companies routinely load up portfolio companies with usurious debt, sell off valuable assets, and extract exorbitant dividends and fees—regardless of how their investments perform. Unfortunately, lax corporate accountability and transparency laws have provided cover for private equity’s parasitic practices, allowing executives to plunder hospitals, nursing homes, provider practices, and other health care entities with impunity.

In Massachusetts specifically, private equity greed drove Steward Health Care (Steward)—which operates eight hospitals in the state—into bankruptcy. The company’s problems began in 2016, when company executives and Steward’s then-private equity owner sold the hospitals’ real estate to a real estate investment trust (REIT), saddling the hospitals with extortionate rent payments that ultimately landed Steward in \$9 billion of debt. It is past time we hold private equity firms and corporate executives accountable for driving companies like Steward into bankruptcy—and empower regulators to prevent similar crises from happening in the future.

The **Corporate Crimes Against Health Care Act** will:

- Create a new criminal penalty of up to 6 years in prison for executives who loot health care entities like nursing homes and hospitals, if that looting results in a patient’s death.
- Provide state attorneys general and the DOJ with the power to claw back all compensation, including salaries, issued to private equity and portfolio company executives within a 10-year period before or after an acquired health care firm experiences serious, avoidable financial difficulties due to that looting.
- Authorize an associated civil penalty of up to 5 times the clawback amount.
- Prohibit payments from federal health programs to entities that sell assets or use assets for a loan collateral made to a REIT, with an exemption for current arrangements; repeal a rule in the Tax Code that allows taxable REIT subsidiaries to exert influence on the *operations* of health care entities; and remove the 20 percent pass-through deduction, passed in the 2017 Trump tax cuts, for all REIT investors.
- Require health care providers receiving federal funding to publicly report mergers, acquisitions, changes in ownership and control, and financial data, including debt and debt-to-earnings ratios.
- Mandate an HHS OIG report to Congress on the harms of corporatization in health care.