

NEW OP-ED: HOW PRIVATE EQUITY IS IMPROVING HEALTH CARE ACROSS AMERICA

Maloney: “When supported by private equity investments, providers can administer higher quality medicine, deliver more effective treatments to save lives, and improve access to care”

“Americans benefit from private equity investment in health care every day.”



This week, AlphaWeek published the **following op-ed** from AIC President & CEO Drew Maloney discussing the positive impact private equity investment in health care has on providers and patients.

Maloney shared how private equity has filled gaps in the U.S. health care system by expanding access to care in underserved communities; investing in technology, services, and talent; and funding clinical trials for cancer, HIV, infertility and more.

Read the full op-ed below:

What Happens When Private Equity Invests in Healthcare?

AlphaWeek

By AIC President & CEO Drew Maloney

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Americans are benefitting from private equity investment in healthcare every day. Many don't realize it, but there is a good chance that the medical technology used at your last appointment, the new urgent care center near your home, or the platform you use for virtual appointments were funded by private equity. Even many of the medications that we and our loved ones rely on to fight cancer, Alzheimer's, substance use disorders and more were tested in clinical trials funded by private equity.

Private investment in the healthcare sector has filled gaps in the system for decades, especially when public funding has fallen short. The private equity industry invested a record-high \$108 billion in U.S. healthcare throughout 2022, representing 11 percent of private equity investment.

Private equity firms make long-term investments to help rescue, build, or grow businesses of all sizes. Like investments in other industries, investors want to build strong medical practices that support staff and provide a positive experience to attract new patients.

Although the role of private investment in healthcare is reported on and sometimes scrutinized, less often is any focus given to the positive impact that this inflow of capital has had, both for providers and patients.

Private equity is expanding access to care in underserved communities.

Rural America has a profound healthcare deficit, and much of that problem boils down to a lack of resources. Nearly **80 percent** of rural counties are considered “medical deserts,” requiring people to travel long distances to attend medical appointments.

Fortunately, private equity is filling that gap by **investing** in primary and urgent care centers nationwide. Private equity invested \$15 billion in more than 250 urgent care clinics as of 2020, such as **GoHealth Urgent Care**. Private equity allowed GoHealth to invest in **technology, hire talent, and dramatically increase access to care**— both through brick-and-mortar clinics and virtually. With support from private equity, GoHealth has partnered with local healthcare providers, like **Inova Health System** in Northern Virginia, to open more centers and improve the patient experience.

There are several similar examples nationwide. Private equity invested in major primary care clinics, such as **One Medical**, and smaller businesses, such as **Grape Tree Medical Staffing** which is hiring more providers and expanding operations in rural communities in the Midwest.

Private equity provides capital to invest in technology, services, and talent.

Unfortunately, few medical practices today possess the capital on hand to upgrade services, renovate facilities, and modernize their practice. Private equity has played a key role in providing medical practices with capital to strengthen services, and research has shown that it has enhanced care. A **study from Indiana University** showed improved patient-satisfaction scores at private equity-owned compared to non-PE owned hospitals.

The same study showed healthcare workers wages increased significantly under private equity ownership. As the sector faces a significant and **growing labor shortage**, private equity has also helped practices hire doctors, nurses, and other healthcare workers across the nation.

Lastly, private equity investors help providers with day-to-day operations and remove administrative burdens, such as billing, accounting and management, so that medical staff can focus on providing care to their patients.

Private equity is pouring capital into clinical trials and medical innovation.

To bring a new drug to market, the FDA requires pharmaceutical firms to perform extensive studies to demonstrate safety and efficacy, which are often expensive and time-consuming to conduct. Hundreds of drug candidates can fall by the wayside without financial help.

Private equity firms have invested in clinical trials for hundreds of drug candidates for cancer, HIV, migrates, infertility, and more. Because of private equity, dozens of lifesaving drugs have made it to market.

In the last decade alone, private equity has also invested in more than **1,800 life science and medical device companies** to make them more efficient, innovative, and cost-effective. Investors have also played a key role in modernizing medical records and healthcare data.

So, what happens when private equity invests in healthcare?

When supported by private equity investments, providers can administer higher quality medicine, deliver more effective treatments to save lives — and, importantly, improve access to care for all Americans. We should be embracing private equity investment in our healthcare system. Our communities and families are healthier for it.