PE Investment in Health Care Attracting Greater Federal Scrutiny



Private equity investment in health care companies has garnered increasingly critical attention from the federal government, including recent scrutiny by Congress in March 2021, when the Oversight Subcommittee of the U.S. House of Representatives' Ways and Means Committee held a hearing on "Examining Private Equity's Expanded Role in the U.S. Health Care System."

The tenor of the hearing is encapsulated in the opening remarks of the Oversight Subcommittee's Chairman, U.S. Representative Bill Pascrell Jr. (D-N.J.), who kicked off the discussion by cautioning that: "It's past time for a bright light to be shined on how private equity ownership and our health care system affects patient safety, cost, and jobs." Noting that 2020 saw $66 billion in private equity investment across the health care industry — a 21% increase from 2019 — Chairman Pascrell expressed concern that "private equity's main focus — profit — is often at odds with what is best for patient care."

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