RESOLUTION

Subject: Awareness of the Potential Detriments of Private Equity Funds in Health Care

Submitted by: Lexington Medical Society

Referred to: Reference Committee

WHEREAS, private equity funds (PEFs) are typically non-physician partnerships with a physician in a leadership role that acquire companies by leveraging assets of the purchase rather than investing PEF money, and restructure said companies with a goal of financial gain in a short timeframe (3-7 years)[1]; and

WHEREAS, PEFs acquire a variety of heath care facilities including urgent treatment, nursing homes, and hospitals[1]; and

WHEREAS, PEFs have increased expansion in a variety of physician specialties including but not limited to emergency medicine (25-40% of all practices), anesthesia (18.8%), dermatology (10%), and oncology (10%)[1]; and

WHEREAS, PEFs increase profit by decreasing staff (nurses and others), cutting physician salaries, and replacing physicians with non-physicians[2]; and

WHEREAS, PEFs are associated with increased hospital-acquired adverse events such as falls and central line infections[3]; and

WHEREA, PEFs are associated with increased hospitalization rates and higher mortality in nursing homes[4]; and

WHEREAS, PEFs have been shown to increase cost to patients/payers[5]; now, therefore, be it

RESOLVED, that KMA supports awareness of the potential detriments of private equity funds (PEFs) in health care; and be it further

RESOLVED, that KMA advocates for facility and practice transparency regarding ownership and physician contracts; and be it further

RESOLVED, that KMA promotes physician autonomy; and be it further

RESOLVED, that KMA fosters awareness of corporate strategies to circumvent Kentucky's Corporate Practice of Medicine Law (KRS 274.015).

References:

1. Unruh L, Rice T. Private equity expansion and impacts in united states healthcare. Health Policy. 2025 May;155:105266. doi: 10.1016/j.healthpol.2025.105266. Epub 2025 Mar 3. PMID: 40036910.
2. Bernard, R. Physicians taking back medicine: The rising toll of private equity in health care. Medical Economics Journal. Jan-Feb.2026;103(1):27.
3. Kannan S, Bruch JD, Song Z. Changes in Hospital Adverse Events and Patient Outcomes Associated With Private Equity Acquisition. JAMA. 2023 Dec 26;330(24):2365-2375. doi: 10.1001/jama.2023.23147. PMID: 38147093; PMCID: PMC10751598.
4. Orewa GN, Karabukayeva A, Pradhan R, Jimoh I, Weech-Maldonado R. The effects of private equity ownership in U.S. nursing homes quality and financial performance: A systematic review. Health Policy. 2025 Nov;161:105388. doi: 10.1016/j.healthpol.2025.105388. Epub 2025 Jul 18. PMID: 40729865.
5. Borsa A, Bejarano G, Ellen M, Bruch JD. Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: systematic review. BMJ. 2023 Jul 19;382:e075244. doi: 10.1136/bmj-2023-075244. PMID: 37468157; PMCID: PMC10354830.