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Improving Transparency into Private Equity in Louisiana's Health Care System:

Disclosure Requirements for Hospital Real Estate Investment Trusts

Erin C. Fuse Brown, JD, MPH

Testimony of Erin C. Fuse Brown submitted to the Louisiana House of Representatives Committee on Health and Welfare on H.B. 1118.

Increasing Transparency into Private Equity in Louisiana's Health Care System: Disclosure Requirements for Hospital Real Estate Investment Trusts

Testimony of:
Erin C. Fuse Brown, JD, MPH[1]
Professor of Health Services, Policy & Practice
Director of the Health Policy and Law Lab
Center for Advancing Health Policy through Research (CAHPR)
Brown University School of Public Health

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Chair Miller, Vice Chair McMahen, and members of the Committee on Health and Welfare, thank you for the opportunity to provide testimony on H.B. 1118. My name is Erin Fuse Brown, and I am a professor of health policy at the Brown University School of Public Health. As an attorney, I work with policymakers at the state and federal levels to regulate corporatization and consolidation in health care systems. I have provided technical assistance to states addressing health care consolidation and corporatization, including on legislation that, like H.B. 1118, ensures that states have visibility into the financial forces at play in their health care systems.

States are urgently seeking tools to address rampant health care consolidation, which is the main driver of rising prices and spending in health care. Increasingly, consolidation is led by for-profit corporate investors, including private equity firms, real estate investment trusts, and publicly traded companies. These transactions often escape federal antitrust review, so states are stepping up to fill the gap, enacting legislation to provide transparency into the major ownership changes that affect local health care markets.[2]

Today, nearly one in four community hospitals is for-profit,[3] most are part of large chains,[4] and nearly 80% of physicians are employed by hospitals or other corporate entities, including private equity firms, insurance companies, retailers, and publicly traded companies.[5] Evidence shows that health care

[2] Erin Fuse Brown and Katherine Gudiksen, *Models for Enhanced Health Care Market Oversight — State Attorneys General, Health Departments, and Independent Oversight Entities* (Milbank Memorial Fund, 2024), https://www.milbank.org/publications/models-for-enhanced-health-care-market-oversight-state-attorneys-general-health-departments-and-independent-oversight-entities/.
[3] American Hospital Association (AHA). Fast facts on U.S. hospitals, 2025: AHA. American Hospital Association. January 2025. https://www.aha.org/statistics/fast-facts-us-hospitals.
[4] Welch WP, Xu L, Lew ND, Sommers BD. Ownership of Hospitals: An Analysis of Newly-Released Federal Data & A Method for Assessing Common Owners. The Assistant Secretary for Planning and Evaluation (ASPE). August 23, 2023. https://aspe.hhs.gov/reports/hospital-ownership.
[5] Physicians Advocacy Institute and Avalere Health, *PAI-Avalere Report on Physician Employment Trends and Acquisitions of Medical Practices: 2019-2023* (2024), https://www.physiciansadvocacyinstitute.org/PAI-Research/PAI-Avalere-Study-on-Physician-Employment-Practice-Ownership-Trends-2019-2023.

consolidation results in higher costs,[6,7,8,9,10,11,12,13] changes in staffing composition, reduced wages,[14,15,16] worse or no-better outcomes,[17,18] and reduced access[19,20,21,22] —especially in underserved communities. In the facility setting specifically, private equity (PE) investment has been associated with increased mortality and morbidity.[23,24]

PE acquisitions do not just raise prices for consumers, they also leave acquired healthcare entities with a heavy debt burden.[25] In the hospital and nursing home setting, PE firms sell the acquired entity's real

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[6] Daniel Arnold and Christopher Whaley, "Who Pays for Health Care Costs? The Effects of Health Care Prices on Wages," *SSRN Electronic Journal*, ahead of print, 2024, https://doi.org/10.2139/ssrn.4959256.
[7] Daniel R. Arnold et al., "New Evidence on the Impacts of Cross‐market Hospital Mergers on Commercial Prices and Measures of Quality," *Health Services Research* 60, no. 1 (2025): e14291, https://doi.org/10.1111/1475-6773.14291.
[8] Leemore Dafny et al., "The Price Effects of Cross‐market Mergers: Theory and Evidence from the Hospital Industry," *The RAND Journal of Economics* 50, no. 2 (2019): 286–325, https://doi.org/10.1111/1756-2171.12270.
[9] Haizhen Lin et al., "Hospital Pricing Following Integration with Physician Practices," *Journal of Health Economics* 77 (May 2021): 102444, https://doi.org/10.1016/j.jhealeco.2021.102444.
[10] Christopher M. Whaley et al., "Higher Medicare Spending On Imaging And Lab Services After Primary Care Physician Group Vertical Integration," *Health Affairs* 40, no. 5 (2021): 702–9, https://doi.org/10.1377/hlthaff.2020.01006.
[11] Yashaswini Singh et al., "Increases In Physician Professional Fees In Private Equity–Owned Gastroenterology Practices: Article Examines Increases in Physician Professional Fees in Private Equity-Owned Gastroenterology Practices," *Health Affairs* 44, no. 2 (2025): 215–23, https://doi.org/10.1377/hlthaff.2024.00190.
[12] Yashaswini Singh et al., "Association of Private Equity Acquisition of Physician Practices With Changes in Health Care Spending and Utilization," *JAMA Health Forum* 3, no. 9 (2022): e222886, https://doi.org/10.1001/jamahealthforum.2022.2886.
[13] Jiani Yu et al., "Physician Management Companies and Neonatology Prices, Utilization, and Clinical Outcomes," *Pediatrics* 151, no. 4 (2023): e2022057931, https://doi.org/10.1542/peds.2022-057931.
[14] Arnold and Whaley, "Who Pays for Health Care Costs?"
[15] Elena Prager and Matt Schmitt, "Employer Consolidation and Wages: Evidence from Hospitals," *American Economic Review* 111, no. 2 (2021): 397–427, https://doi.org/10.1257/aer.20190690.
[16] Joseph Dov Bruch et al., "Workforce Composition In Private Equity–Acquired Versus Non–Private Equity–Acquired Physician Practices: Study Examines Physician Workforce Composition Comparing Private Equity-Acquired with Non-Private Equity-Acquired Practices.," *Health Affairs* 42, no. 1 (2023): 121–29, https://doi.org/10.1377/hlthaff.2022.00308.
[17] Atul Gupta et al., *Owner Incentives and Performance in Healthcare: Private Equity Investment in Nursing Homes*, no. w28474 (National Bureau of Economic Research, 2021), https://doi.org/10.3386/w28474.
[18] Sneha Kannan et al., "Changes in Hospital Adverse Events and Patient Outcomes Associated With Private Equity Acquisition," *JAMA* 330, no. 24 (2023): 2365, https://doi.org/10.1001/jama.2023.23147.
[19] Eileen Appelbaum and Rosemary Batt, *Private Equity Buyouts in Healthcare: Who Wins, Who Loses?*, Working Paper (Center for Economic and Policy Research, 2020), https://www.ineteconomics.org/uploads/papers/WP_118-Appelbaum-and-Batt-2-rb-Clean.pdf.
[20] Kannan et al., "Changes in Hospital Adverse Events and Patient Outcomes Associated With Private Equity Acquisition."
[21] Atul Gupta et al., *Does Private Equity Investment in Healthcare Benefit Patients? Evidence from Nursing Homes*, Working Paper No. 28474 (National Bureau of Economic Research, 2021), https://www.nber.org/papers/w28474.
[22] Karyn Schwartz et al., *What We Know About Provider Consolidation* (KFF, 2020), https://www.kff.org/health-costs/what-we-know-about-provider-consolidation/.
[23] Kannan et al., "Changes in Hospital Adverse Events and Patient Outcomes Associated With Private Equity Acquisition."
[24] Gupta et al., *Does Private Equity Investment in Healthcare Benefit Patients? Evidence from Nursing Homes*.
[25] Appelbaum E, Batt R. Private Equity Buyouts in Healthcare: Who Wins, Who Loses? Center for Economic and Policy Research Working Paper No. 118. Published 2020. https://www.cepr.net/report/private-equity-buyouts-in-healthcare-who-wins-who-loses/.

estate/building to a real estate investment trust (REIT), which is then leased back to the healthcare entity.[26] Health care facility ownership by REITs has grown substantially, with 8% of all US health care real estate and 3% of hospital real estate owned by REITs in 2021.[27] REIT transactions with health care entities can impose ongoing and growing rent obligations on providers, which can undermine financial stability of the entity and transfer the value of health care real estate assets from the community to investors. One recent study found that hospitals owned by REITs were more likely to close or file for bankruptcy: 25% of REIT-acquired hospitals closed or went bankrupt, versus 4% of hospitals not affiliated with REITs.[28]

Despite this dramatic shift in care delivery, hospital real estate transactions remain almost entirely opaque and unreviewed.[29] Existing federal and state oversight mechanisms are limited. Real estate sale-leasebacks and other asset sales do not typically constitute a merger or acquisition subject to federal or state antitrust review.

H.B. 1118 would change this. This bill would require all hospitals that lease their land from a REIT to disclose that lease annually, as part of their license renewal through the Department of Health. In addition, the bill would require hospitals to disclose any new affiliation with a REIT within 14 days. Finally, the bill would increase visibility into complaints that are filed by patients who receive care from hospitals that are affiliated with a REIT. This will help shine light on how hospitals behave after they are affiliated with these financial actors.

In the face of a deepening affordability crisis and fiscal pressures on the health care system, states are taking meaningful steps to address rising costs and risks of closure or bankruptcy. Other states—including Oregon, Massachusetts, and New Mexico—have enacted policies to strengthen and expand health care transaction oversight, including transactions involving PE and REITs.[30] And a variety of other states are

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[26] Batt R, Applebaum E, Katz T. The Role of Public REITs in Financialization and Industry Restructuring (Institute for New Economic Thinking Working Paper No 189). Published online July 9, 2022. https://doi.org/10.36687/inetwp189.

[27] Applebaum E. Trends in Real Estate Investment Trust Ownership of US Health Care Properties (Center for Economic and Policy Research). Published online May 17, 2022. http://cepr.net/publications/trends-in-real-estate-investment-trust-ownership-of-us-health-care-properties/.

[28] Bruch JD, Ramesh T, Yu EB, Zheng J, Phelan J, Orav EJ, Tsai TC. Changes in hospital financial performance and quality of care after real estate investment trust acquisition: quasi-experimental difference-in-differences study. BMJ. 2025 Dec 18;391:e086226. doi: 10.1136/bmj-2025-086226.

[29] Yashaswini Singh and Erin Fuse Brown, "The Missing Piece In Health Care Transparency: Ownership Transparency," September 22, 2023, https://doi.org/10.1377/forefront.20230921.886842.

[30] Nathan Hostert, *How States Strengthened Their Health Care Markets in the 2025 Legislative Session* (Milbank Memorial Fund, 2025), https://www.milbank.org/publications/how-states-strengthened-their-health-care-markets-in-the-2025-legislative-session/.

seeking to follow suit in 2026. Legislation is being considered in Colorado,[31] Illinois,[32] Iowa,[33] Maine,[34] Pennsylvania,[35] and Vermont[36] to require prior notification and review of significant health care transactions, including those involving PE and REITs. Massachusetts has effectively banned sale-leaseback agreements between REITs and acute care hospitals, by preventing the department of public health from issuing or renewing licenses for acute care hospitals whose main campuses are leased from a REIT, with an exemption for hospitals that already held such a lease as of April 2024. To enforce this provision, the state is requiring hospitals to disclose any leases or use agreements related to the property on which they operate.[37]

If enacted, H.B. 1118 would make Louisiana a national leader on health care transparency, and provide the state with a robust set of tools to monitor hospital transactions transferring key real estate assets to private equity and REITs.

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[31] Consumer Protections Medical Care Entities, SB26-041, Colorado State Legislature, 2026 Regular Session, https://leg.colorado.gov/bills/SB26-041

[32] SB 1998, Illinois General Assembly, 104th General Assembly, https://www.ilga.gov/Legislation/BillStatus?GAID=18&DocNum=1998&DocTypeID=SB&LegId=0&SessionID=114.

[33] SF 414, Iowa Legislature, 91st General Assembly, https://www.legis.iowa.gov/legislation/BillBook?ba=SF414&ga=91.

[34] LD 2201, 132nd Maine Legislature, Second Regular Session, https://legislature.maine.gov/bills/display_ps.asp?snum=132&paper=HP1480PID=1456.

[35] An Act Providing for Approval from the Department of Health and the Office of Attorney General before Certain Transactions Involving Health Care Entities within This Commonwealth., Senate Bill 322, Pennsylvania General Assembly 2025-2026 Regular Session, https://www.palegis.us/legislation/bills/2025/sb322.

[36] An Act Relating to Health Care Entity Transaction Oversight and Clinical Decision Making, H. 71, Vermont General Assembly (2025), https://legislature.vermont.gov/bill/status/2026/H.71.

[37] Hostert N, Mehta N, Rooke-Ley H, Singh Y, Fuse Brown EC. "How Massachusetts's New Health Care Reform Takes Aim at Private Equity", Health Affairs Forefront, May 6, 2025. DOI: 10.1377/forefront.20250505.300895