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Strategies to Address Corporate Consolidation in Health Care:

Health Care Transaction Oversight in Connecticut

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Testimony of Yashaswini Singh and Erin C. Fuse Brown submitted to the Connecticut Joint Committee on Public Health on H.B. 5398.

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[1]The opinions and conclusions expressed in this testimony are the author's alone and do not necessarily reflect those of Brown University, the Brown University School of Public Health, or any of the research sponsors.
[2]The Center for Advancing Health Policy through Research (CAHPR) at the Brown University School of Public Health is dedicated to generating research that informs policies aimed at reducing costs, improving patient well-being, and driving meaningful transformations in U.S. health care delivery. Our work focuses on the design of insurance plans and their interactions within the health care market, employing a unique approach that integrates quantitative policy analysis with legal evaluation. This combined methodology helps identify the most effective legal and regulatory changes to create a significant impact. While this testimony is not a research publication, it is informed by relevant research conducted by CAHPR and its affiliates.
[3]The opinions and conclusions expressed in this testimony are the author's alone and do not necessarily reflect those of Brown University, the Brown University School of Public Health, or any of the research sponsors.

Co-chairs Anwar and McCarthy Vahey and members of the Joint Public Health Committee, thank you for the opportunity to provide testimony on H.B. 5398. My name is Yashaswini Singh, PhD, MPA, health care economist and Assistant Professor of Health Services, Policy, and Practice at Brown University, and I submit this testimony jointly with Erin Fuse Brown, JD, MPH, Professor of Health Services, Policy and Practice and Director of the Health Policy and Law Lab at Brown University. As health policy researchers, we work with state and federal policymakers to address challenges of health care access and affordability, with a particular focus on health care consolidation and corporatization. We have provided technical assistance to states addressing health care consolidation and corporatization, including on legislation that, like H.B. 5398, strengthens state oversight of material health care transactions involving health care entities, including consolidation or changes of control due to for-profit buyers, management services organizations, and asset sales.

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, large insurance companies, and retail chains. These transactions often escape federal antitrust review, so states are stepping up to fill the gap, providing critical oversight of major ownership changes that affect local health care markets.[4]

Today, nearly one in four community hospitals is for-profit,[5] most are part of large chains,[6] and nearly 80% of physicians are employed by hospitals or other corporate entities, including private equity firms, insurance companies, retailers, and publicly traded companies.[7] UnitedHealth Group, through its Optum subsidiary, now controls about 1 in 10 U.S. physicians.[8] Private equity firms have acquired large numbers of physician practices, sometimes controlling 30–50% of a specialty in a single market.[9]

In Connecticut, hospital market concentration increased in seven of the state's nine regions from 2016 to 2021, with health care service prices rising faster in hospitals with greater market power relative to

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[4] 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/.

[5] 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.

[6] 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.

[7] 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.

[8] Bob Herman, "UnitedHealth Group Now Employs or Is Affiliated with 10% of All Physicians in the U.S.," *Stat+*, November 29, 2023, https://www.statnews.com/2023/11/29/unitedhealth-doctors-workforce/.

[9] Ola Abdelhadi et al., "Private Equity–Acquired Physician Practices And Market Penetration Increased Substantially, 2012–21: Study Examines Private Equity-Acquired Physician Practices and Market Penetration," *Health Affairs* 43, no. 3 (2024): 354–62, https://doi.org/10.1377/hlthaff.2023.00152.

comparison hospitals elsewhere in the state.[10] In particular, the South Central region's hospital market is very highly concentrated. When compared with national estimates for metro areas, the region ranks 5th most concentrated in the country.[11] The physician workforce is similarly consolidated, as the state's five health systems employ more than a quarter of licensed physicians.[12] A growing share of physicians are also employed by entities affiliated with private equity firms, although precise estimates are hindered by a lack of ownership transparency and reporting requirements. On the insurance side, 72 percent of individuals in Connecticut are enrolled in vertically integrated pharmacy benefit managers.[13]

[10] Altarum. "Impacts of Connecticut Hospital and Health Care System Consolidation (2016-2021)." *Connecticut Office of Health Strategy* (2023).
https://portal.ct.gov/-/media/ohs/reports/analysis-of-impacts-of-hospital-consolidation-in-ct_032624.pdf#:~:text=Hospital%20Consolidation%20Market%20Analysis%20Over%20the%20past,power%20for%20many%20of%20the%20large%20systems.
[11] Health Care Cost Institute. "Healthy Marketplace Index." *Health Care Cost Institute* (2021).
https://hmi.healthcostinstitute.org/#HMI-Summary-Report-Current-Spending
[12] Katy Golvala et al., "CT's big hospital systems are buying up private practices and small hospitals. What does that mean?", *CT Mirror*, September 21, 2022,
https://ctmirror.org/2022/09/21/ct-hospital-consolidation-doctors-private-practices-healthcare/.
[13] Milliman. "Report of Pharmacy Benefit Manager Practices." *Connecticut Office of Health Strategy* (2023).
https://portal.ct.gov/-/media/ohs/reports/ohs-report-of-pharmacy-benefit-manager-practices-pa-23-171-s7.pdf?rev=01a4809a4795421e890970d8cd5f2fc1

Evidence shows that health care consolidation results in higher costs,[14,15,16,17,18,19,20,21] changes in staffing composition, reduced wages,[22,23,24] worse or no-better outcomes,[25,26] and reduced access[27,28,29,30] —especially in underserved communities.

Consolidation of the physician market also leads to higher health care costs and spending. Private equity (PE) firms use a "platform and roll-up" strategy to consolidate physician practices. First, PE firms may acquire a large, well-established practice (the platform) and then gradually increase market share through

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[14] 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.
[15] 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.
[16] 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.
[17] 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.
[18] 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.
[19] 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.
[20] 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.
[21] 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.
[22] Arnold and Whaley, "Who Pays for Health Care Costs?"
[23] 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.
[24] 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.
[25] 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.
[26] 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.
[27] 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.
[28] Kannan et al., "Changes in Hospital Adverse Events and Patient Outcomes Associated With Private Equity Acquisition."
[29] 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.
[30] Karyn Schwartz et al., *What We Know About Provider Consolidation* (KFF, 2020), https://www.kff.org/health-costs/what-we-know-about-provider-consolidation/.

subsequent acquisitions of smaller practices (add-ons).[31,32,33] Empirical evidence has found that PE acquisitions of physician practices are associated with increases in commercial prices by 11% for certain procedural specialties, including dermatology, ophthalmology, and gastroenterology,[34] and by 70% for neonatology.[35] Each individual transaction is too small to be reported to antitrust authorities, but the cumulative effect is growing market concentration.

While corporate consolidation increases health care costs, it does so without commensurate increases in quality, efficiency, or health care outcomes. In facility settings, PE investment has been associated with increased mortality and morbidity.[36,37] In the physician setting, PE investment's effect on quality is mixed.[38,39] There is a lack of evidence, however, that PE investment systematically improves quality of care in physician practices.[40] Empirical evidence has shown that PE acquisitions change the workforce composition by increasing the hiring of advanced practice providers like nurse practitioners and physician assistants while increasing the rate at which physicians enter and exit practices.[41,42]

Other forms of physician consolidation also lead to increased health care costs. Hospitals that integrated with physician practices experienced a 3-5% price increase, attributed to greater bargaining power[43], and more intensive coding practices.[44] By aligning physician practices with hospital systems, these entities can shape referral patterns, directing patients to more expensive in-system providers for follow-up care and

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[31] Federal Trade Commission, "FTC Challenges Private Equity Firm's Scheme to Suppress Competition in Anesthesiology Practices Across Texas," September 21, 2023, https://www.ftc.gov/news-events/news/press-releases/2023/09/ftc-challenges-private-equity-firms-scheme-suppress-competition-anesthesiology-practices-across.
[32] Aslihan Asil et al., *Painful Bargaining: Evidence from Anesthesia Rollups*, Working Paper No. 33217 (National Bureau of Economic Research, 2026), http://www.nber.org/papers/w33217.
[33] Yashaswini Singh et al., "Life Cycle of Private Equity Investments in Physician Practices: An Overview of Private Equity Exits," *Health Affairs Scholar* 2, no. 4 (2024): qxae047, https://doi.org/10.1093/haschl/qxae047.
[34] Singh et al., "Association of Private Equity Acquisition of Physician Practices With Changes in Health Care Spending and Utilization."
[35] Richard Scheffler et al., *Monetizing Medicine: Private Equity and Competition in Physician Practice Markets* (American Antitrust Institute, 2023), https://www.antitrustinstitute.org/wp-content/uploads/2023/07/AAI-UCB-EG_Private-Equity-I-Physician-Practice-Report_FINAL.pdf.
[36] Kannan et al., "Changes in Hospital Adverse Events and Patient Outcomes Associated With Private Equity Acquisition."
[37] Gupta et al., *Does Private Equity Investment in Healthcare Benefit Patients? Evidence from Nursing Homes*.
[38] Daniel R. Arnold et al., "Private Equity Acquisition of Gastroenterology Practices and Colonoscopy Price and Quality," *JAMA Health Forum* 6, no. 6 (2025): e251476, https://doi.org/10.1001/jamahealthforum.2025.1476
[39] Ambar La Forgia and Julia Bodner, "Getting Down to Business: Chain Ownership and Fertility Clinic Performance," *Management Science* 71, no. 6 (2025): 5022–5044, https://doi.org/10.1287/mnsc.2023.02793.
[40] Alexander Borsa et al., "Evaluating Trends in Private Equity Ownership and Impacts on Health Outcomes, Costs, and Quality: Systematic Review," *BMJ* 382 (July 2023): e075244, https://doi.org/10.1136/bmj-2023-075244.
[41] Bruch et al., "Workforce Composition In Private Equity–Acquired Versus Non–Private Equity–Acquired Physician Practices."
[42] Yashaswini Singh et al., "Physician Turnover Increased In Private Equity–Acquired Physician Practices: Article Examines Private Equity-Acquired Physician Practices," *Health Affairs* 44, no. 3 (2025): 280–87, https://doi.org/10.1377/hlthaff.2024.00974.
[43] Lin et al., "Hospital Pricing Following Integration with Physician Practices."
[44] Brady Post et al., "Hospital‐physician Integration and Risk‐coding Intensity," *Health Economics* 31, no. 7 (2022): 1423–37, https://doi.org/10.1002/hec.4516.

ancillary services.[45,46,47,48,49] This strategy also exploits the "site of service differential," where outpatient services are reimbursed at higher rates in hospital settings compared to non-hospital settings, further inflating healthcare costs.[50,51,52,53]

Despite this dramatic shift in care delivery, much health care consolidation remains almost entirely opaque and unreviewed.[54] Existing federal and state oversight mechanisms are limited. Many health care transactions fall below federal Hart-Scott-Rodino Act reporting thresholds ($133.8 million in 2026[55]) and escape antitrust scrutiny.[56] Historically, reviews by state attorneys general have tended to focus on nonprofit hospital mergers and have not captured or corporate consolidation by for-profit investors or physician practice acquisitions involving management services organization (MSO) models that involve contractual controls instead of formal acquisition.[57]

Corporate investors use MSOs to gain control over practices without technically owning them.[58] As a result, patients, purchasers, and regulators often have no notice of physician practice acquisitions and no way to identify who owns or controls their provider. State oversight authorities often lack information on the pattern of serial transactions until large portions of the market are consolidated—called "stealth

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[45] Laurence C. Baker et al., "Vertical Integration: Hospital Ownership Of Physician Practices Is Associated With Higher Prices And Spending," *Health Affairs* 33, no. 5 (2014): 756–63, https://doi.org/10.1377/hlthaff.2013.1279.
[46] Jodi Liu et al., *Environmental Scan on Consolidation Trends and Impacts in Health Care Markets* (RAND, 2022), https://www.rand.org/pubs/research_reports/RRA1820-1.html.
[47] Richard M. Scheffler et al., "Consolidation Trends In California's Health Care System: Impacts On ACA Premiums And Outpatient Visit Prices," *Health Affairs* 37, no. 9 (2018): 1409–16, https://doi.org/10.1377/hlthaff.2018.0472.
[48] Michael Richards et al., *Treatment Consolidation after Vertical Integration*, Working Paper (2020), https://www.rand.org/pubs/working_papers/WRA621-1.html.
[49] Whaley et al., "Higher Medicare Spending On Imaging And Lab Services After Primary Care Physician Group Vertical Integration."
[50] Erin Fuse Brown and Mark Hall, "Private Equity and the Corporatization of Health Care," *Stanford Law Review* 76, no. 3 (2024): 527.
[51] Hannah T. Neprash et al., "Association of Financial Integration Between Physicians and Hospitals With Commercial Health Care Prices," *JAMA Internal Medicine* 175, no. 12 (2015): 1932, https://doi.org/10.1001/jamainternmed.2015.4610.
[52] Cory Capps et al., "The Effect of Hospital Acquisitions of Physician Practices on Prices and Spending," *Journal of Health Economics* 59 (May 2018): 139–52, https://doi.org/10.1016/j.jhealeco.2018.04.001.
[53] Christopher M. Whaley and Xiaoxi Zhao, "The Effects of Physician Vertical Integration on Referral Patterns, Patient Welfare, and Market Dynamics," *Journal of Public Economics* 238 (October 2024): 105175, https://doi.org/10.1016/j.jpubeco.2024.105175.
[54] 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.
[55] "FTC Announces 2026 Update of Jurisdictional and Fee Thresholds for Premerger Notification Filings," Federal Trade Commission, January 14, 2026, https://www.ftc.gov/news-events/news/press-releases/2026/01/ftc-announces-2026-update-jurisdictional-fee-thresholds-premerger-notification-filings.
[56] Thomas Wollmann, *How to Get Away with Merger: Stealth Consolidation and Its Effects on US Healthcare*, no. w27274 (National Bureau of Economic Research, 2020), w27274, https://doi.org/10.3386/w27274.
[57] Fuse Brown and Gudiksen, *Models for Enhanced Health Care Market Oversight — State Attorneys General, Health Departments, and Independent Oversight Entities*.
[58] Hayden Rooke-Ley et al., *The Corporate Backdoor to Medicine: How MSOs Are Reshaping Physician Practices* (Milbank Memorial Fund, 2025), https://www.milbank.org/publications/the-corporate-backdoor-to-medicine-how-msos-are-reshaping-physician-practices/.

consolidation." Further, significant asset sales such as real estate transactions or management contracts may substantially affect the operations of health care entities, but have previously escaped notice and review. States cannot regulate what they cannot see.

H.B. 5398 would change this. This bill expands the state's existing transaction oversight authority to a broader array of transactions involving health care entities, including mergers, acquisitions, joint ventures, real estate sales or leasebacks, and management or other contracts that result in a change of control of the health care entity or a substantial portion of its assets. Importantly, during the review of transactions involving group practices, the bill requires parties to disclose ownership structures and affiliations by requiring identification of all significant owners (5% or more direct or indirect ownership) and any management service organizations involved, providing greater transparency to counteract stealth consolidation.

Beyond transparency, H.B. 5398 strengthens protections against anti-competitive practices. It explicitly prohibits any corporation from acquiring the stocks or assets of another corporation in a way that would substantially lessen competition or create a monopoly, and it allows the Superior Court to order divestiture if a corporation violates this prohibition. In addition, the bill gives the attorney general the authority to request additional information for the review of material change transactions, as well as to levy fines when corporations are noncompliant during the review process. When a certificate of need is not required for a material change transaction, the bill directs the attorney general to consult with the Office of Health Strategy regarding the transaction's effects on access, quality, and affordability.

In the face of a deepening affordability crisis and budgetary pressures, states are taking meaningful steps to address rampant consolidation, rising costs, and increased corporatization of health care markets. Other states—including Indiana, Oregon, Massachusetts, and New Mexico—have enacted similar policies to strengthen and expand health care transaction oversight authority.[59] And a variety of other states are seeking to follow suit in 2026. Legislation is being considered in Colorado,[60] Hawaii,[61] Pennsylvania,[62] and Vermont[63] to require similar prior notification and review of significant health care transactions.

If enacted, H.B 5398 would make Connecticut a national leader in health care transaction oversight and provide the state with a robust set of tools to monitor and regulate the consolidation of the health care market, including by private equity and other corporate investors.

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[59] 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/.

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

[61] Relating to Health Care Market Oversight, SB NO 3175, Hawai'i State Legislature Thirty-Third Legislature 2026, https://www.capitol.hawaii.gov/session/measure_indiv.aspx?billtype=SB&billnumber=3175&year=2026.

[62] 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.

[63] 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.