PRIVATE EQUITY IS IMPROVING HEALTH CARE ACROSS AMERICA

This year, private equity firms are continuing to provide much-needed capital to health care companies and hospitals combatting the COVID-19 pandemic. PE supports doctors and researchers developing vaccines and treatments. Many private equity-backed businesses also provide PPE and other supplies to health care workers on the frontlines. Since 2006, private equity has invested approximately $921.87 billion over 7,790 transactions in US health care companies - nearly a trillion dollar commitment.

Private equity plays a critical role in supporting quality, affordable health care in the United States. For decades, PE-funded innovations have delivered more effective treatments and saved lives — and, importantly, lowered costs and made health care more accessible for millions of Americans in urban and rural communities.

According to data compiled by PitchBook, private equity invested more than $79 billion in U.S. health care throughout 2020 to fund research into deadly diseases like Alzheimer’s and Parkinson’s, expand and renovate facilities, modernize medical records and health care data, and make other needed investments.

Despite the industry’s large investment in affordable, quality health care, private equity does not dominate health care mergers & acquisitions, or even smaller subsets like nursing homes. In fact, only 9% of nursing home facilities are owned by private equity sponsors.
What are the Benefits of PE Investment in Health Care?

**QUALITY CARE**
Private equity investment in health care brings more competition to the market, leading to higher quality services and lower costs.

**CHOICE**
Private equity firms fund alternatives to traditional hospital and physician office care, improving health outcomes and offering greater convenience to patients.

**INNOVATION**
Private equity investments harness capital to drive innovation in health care, pioneering new treatments and technologies, including during the COVID-19 pandemic.

**HEALTH CARE SUCCESS FOR MAIN STREET AMERICA**

Dallas-based Signify Health, which employs 9,000 doctors, nurses and social workers, joined a White House task force back in March to rapidly build out the nation’s COVID testing capabilities.

**New Jersey-based Ortho Clinical Diagnostics develops a COVID antibody test**
In April 2020, Carlyle-backed Ortho Clinical Diagnostics released a COVID-19 antibody test that received Emergency Use Authorization from the Food and Drug Administration. The new system can run up to 150 tests per hour to ascertain whether patients have already had the COVID-19 virus.

**Baltimore-based InVita helps collect blood & plasma**
Riverside-backed InVita provides hospitals and independent blood and plasma centers with software to manage the collection of blood and plasma samples and to keep track of tissue and other implantable devices. InVita’s services were especially critical during COVID-19 when mobile blood drives shut down, as there was an enormous shortage of blood in various parts of the country.

**Boston-based Cerevel Therapeutics continues previously abandoned research into Alzheimer’s & Parkinson’s drugs**
In January 2018, pharmaceutical manufacturer Pfizer announced it would shut down early- and mid-stage neuroscience drug development, citing expensive and time-consuming research costs. But Bain Capital stepped up, partnering with Pfizer to form a new company, Cerevel Therapeutics, to keep developing treatments for deadly diseases including Alzheimer’s and Parkinson’s.

**California-based Careismatic Brands supports frontline nurses**
In September, New Mountain Capital-backed Careismatic Brands, the world’s largest designer and manufacturer of medical apparel, launched a global campaign and fundraising effort to honor and support nurses fighting on the frontlines of the COVID-19 pandemic. “19 Days of Gratitude” showcases frontline nurses from around the world over 19 consecutive days.
Physicians and Hospitals Benefit from PE Investment

- A recent NIH-backed study by researchers from the Harvard Y.H. Chan School of Public Health, Tel Aviv University, and Massachusetts General Hospital found that PE-backed hospitals are more likely to serve lower income populations in more rural areas.
- Physicians’ practices partner with private equity to build technology platforms, manage business operations, and improve efficiencies with tools like electronic health records.
- Physicians at PE-backed practices free up their time to deliver better quality care while the private equity sponsor uses its expertise to streamline administrative tasks.
- Private capital and consolidation of physicians’ practices allow for greater economies of scale in administrative functions - such as billing, human resources, regulatory compliance, and practice management.
- Private equity acquisitions of physicians’ practices allow for more autonomy compared to acquisitions by hospitals.

PE Delivers Life-Saving Technology and Treatments

**Examples of Drugs Developed With Support From Private Equity:**
- Humira (Rheumatoid Arthritis, Ulcerative Colitis)
- Januvia (Diabetes)
- Lyrica (Neuropathic Pain)
- Tecfidera (Multiple Sclerosis)
- Genvoya (HIV)
- Imbruvica (Chronic Lymphocytic Leukemia, Mantle Cell Lymphoma)
- Ibrance (Breast Cancer)

**Blackstone Bets on Costly Drug Trials That Vex Even Big Pharma**

“Thousands of diseases, including ones with large numbers of potential patients, ‘are not being tended to,’ said Galakatos. He said Blackstone wants to work with drugmakers ‘to spin assets out and build vertical companies in areas that are very important from the medical perspective.’ It’s not only Blackstone’s clients that stands to benefit from such work.

Life sciences ‘doesn’t look like everything else that they’re investing in. There aren’t multiple ways to play this from their perspective,’ Baratta said. ‘And in the process we’re developing lifesaving products that will improve the human condition. That’s excellent too.’”
Recent Academic Research On Private Equity and Nursing Homes

**HAVE PRIVATE EQUITY OWNED NURSING HOMES FARED WORSE UNDER COVID-19?:**
Ashvin Gandhi, University of California Los Angeles; YoungJun Song, Duke University; Prabhava Upadrashta, Duke University; October 2020

- PE-owned facilities had lower rates of COVID-19 outbreak as measured by all six primary measures
- Non-PE facilities were twice as likely to report confirmed COVID-19 cases or deaths among residents than PE owned facilities
- PE ownership was associated with increased availability of PPE
- Facilities currently or previously backed by PE had higher percentages of Black residents and Medicaid beneficiaries
- After controlling for facility characteristics, resident composition, and local factors including outbreak intensity, PE facilities remain less likely to experience a COVID-19 outbreak

**PRIVATE EQUITY OWNERSHIP AND NURSING HOME QUALITY: AN INSTRUMENTAL VARIABLES APPROACH:**
Sean Shenghsiu Huang, University of Michigan; John R. Bowblis, Miami University; May 2018

- Residents at private equity nursing homes receive at least similar quality care to long-stay residents at other for-profit nursing homes
- Private equity ownership of nursing homes does NOT lead to lower quality care