

My name is Howard Schulman, MD. I have been an general internist/adult primary care physician in Rhode Island since 1995. I am testifying **for H 7720** dealing with private equity firms buying medical practices here in Rhode Island.

Although I very much wanted to testify in person at the hearing on 4/9/26 I have an orientation for a new course that I am teaching at the Medical School tonight from 5-7 pm that I must attend. I will try to make it over after the orientation is over.

“We try to **hide** religiously. If anyone at Cerberus has his picture in the paper and a picture of his apartment, we will do more than fire that person. We will **kill** him. The jail sentence will be worth it.”

This is a quote that appeared in the Wall Street Journal from 2007 from Steven Feinberg at an investor meeting. Feinberg was the founder of Cerberus Capital Management, the private equity company that created Steward Healthcare, that destroyed a large group of hospitals in Massachusetts and around the nation, while making billions for themselves.

The provision of healthcare is an essential function of our government. The State and Federal government closely regulate it, so allowing healthcare to be given to private equity firms that thrive on secrecy and extracting as much money for themselves, just doesn't make sense.

In fact, a large part of the reason the Steward hospitals in Massachusetts got in so much trouble is that after an initial 2 year period of obligated transparency, the group stopped publicly reporting its financial condition until they ran out of operating capital to pay vendors, as a result of paying themselves 100's of millions of dollars.

There are a lot of problems with private equity companies owning healthcare. Number one, they set up layers of companies to insulate themselves from the consequences and liabilities of their actions, while extracting as much money from the acquired company. Number two, often due to secrecy, it is often 3-8 years until people realize what happened and the business stops providing services, after an initial honeymoon period.

This bill is a little too late, but nevertheless, it will help the state get control over the situation by giving the Attorney General and the Dept of Health the ability to review **new** private equity acquisitions. Unfortunately, too many medical practices have **already been acquired** by private equity. I strongly suspect the State is going to need a lot of help dealing with the medical practices that have already been acquired.

While a lot of the details have yet to be written out of how this bill will be carried out, I would suggest that the threshold of \$10 million used to trigger a review spelled out in this bill, be lowered to \$2 million to prevent piecemeal acquisitions.