Federal Government Probing Effects of Private Equity Acquisitions in the U.S. Health Care Industry



3/31/2024

On March 5, 2024, the Federal Trade Commission (FTC), Justice Department, and Department of Health and Human Services (the Agencies) jointly initiated a call for public comments regarding small acquisitions by private equity companies in the U.S. health-care industry. While the parties of mergers valued at more than $119.5 million must notify federal antitrust authorities and adhere to a minimum 30-day waiting period before closing, transactions below this threshold do not require reporting. This exemption has raised concerns about potential adverse effects on workers and patients alike, prompting regulatory scrutiny.

The heightened interest in private equity transactions, particularly “roll-ups” where firms make initial acquisitions and proceed to acquire multiple businesses in the same sector, is drawing attention at multiple levels. Regulatory bodies are also investigating the influence private equity firms wield over corporate boards across various industries. Of particular concern are instances where board directors, often associated with private equity firms, hold seats on rival firms within the same sector. The fear is that such cross-pollination of board memberships could diminish competitive dynamics in the marketplace.

The FTC’s focus on private equity in health-care markets is evidenced by its recent legal action against U.S. Anesthesia Partners Inc. and its private equity partner, Welsh Carson Anderson & Stowe LP. The lawsuit filed on September 21, 2023 alleges monopolistic practices aimed at dominating the anesthesiology market in Texas using the “roll-up” strategy.

The public may submit comments to the Agencies until May 6, 2024.

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