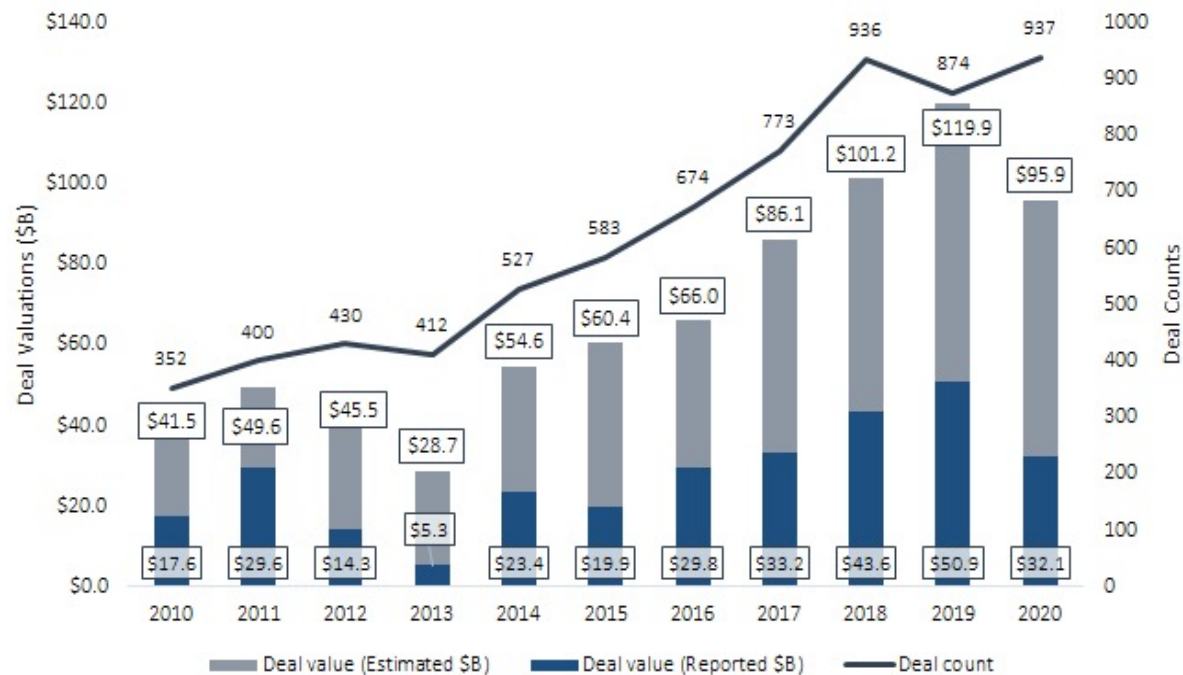


Consolidation, Private Equity, and Drug Prices in Health Care Costs

Laura Alexander, Vice President of Policy, American Antitrust Institute

Total PE Deals in Healthcare* — Reported Deal Value, Estimated Deal Value, and Reported Deal Count, 2010-2020



Petris Center/AAI analysis of PitchBook data.

SOURCE: PitchBook Data, Inc.

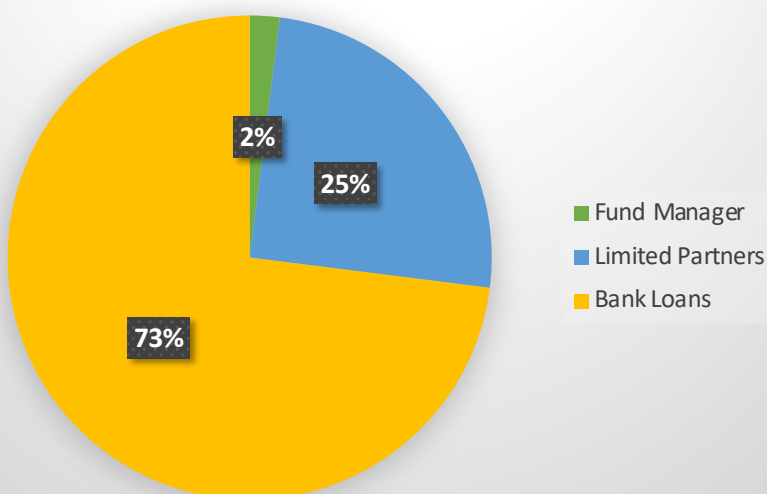


Private Equity

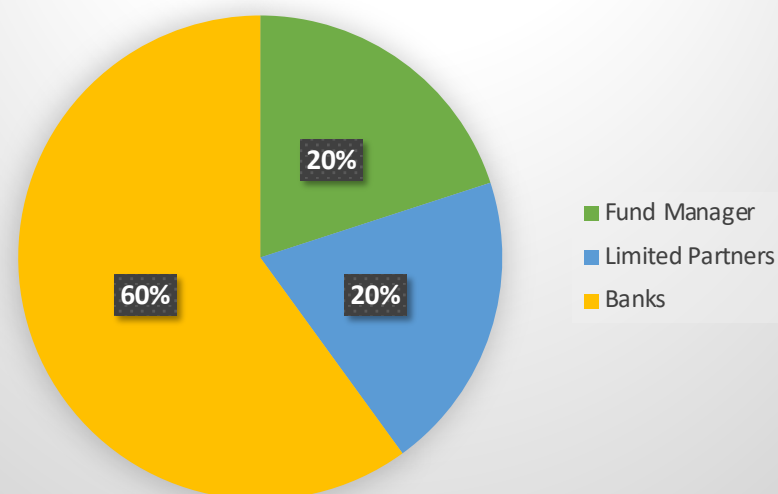
- Pools of capital
- Organized as partnerships
 - Fund manager as general partner
 - Pension funds & institutional investors as limited partners
- Private
- Lightly regulated
- Short & fixed lifespan (typically 10 years)

PE Funding and Profits

Sources of Funds

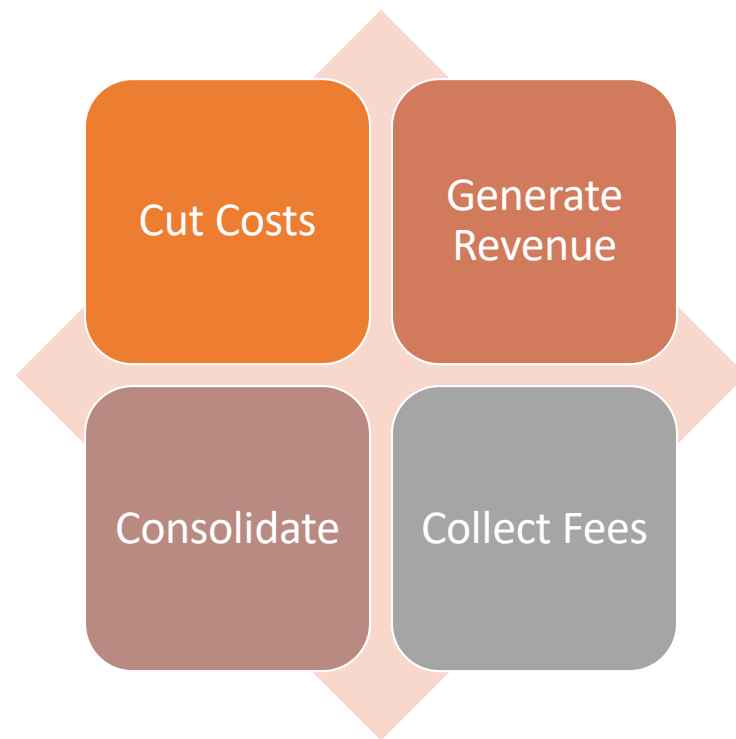


Share of Profits



Estimated based on available information about deal structures. For illustration purposes only.

Common PE Profit Strategies



Hazards of Private Equity in Healthcare

Poorer health outcomes

Higher prices

Lack of competition

Decreased stability

Potential Solutions

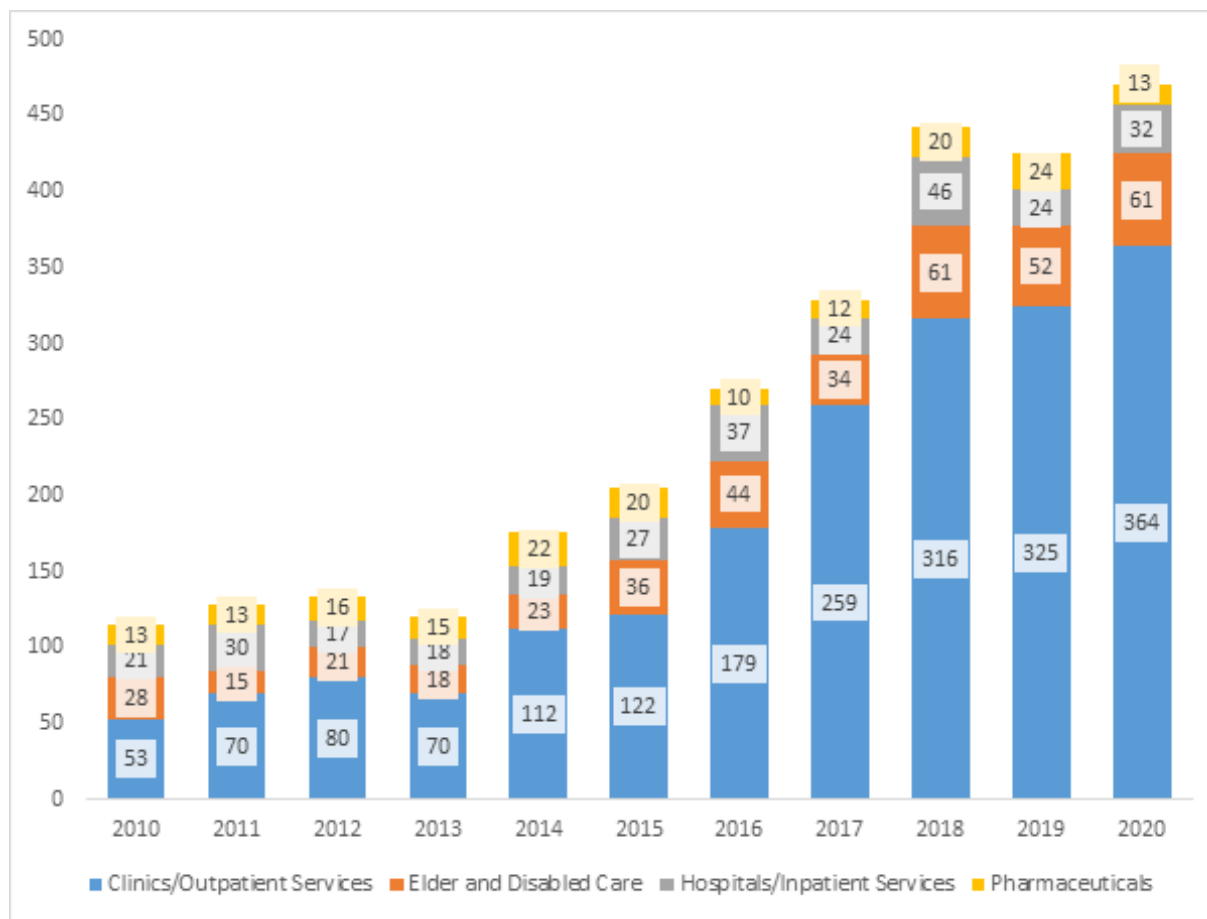
- Increase scrutiny of competition impacts of all healthcare acquisitions
- Close regulatory loopholes
- Ban sale-leasebacks of healthcare facilities
- Ban anti-steering, anti-tiering, and anti-transparency practices
- Consider banning or restricting private equity acquisitions of healthcare facilities

Dr. Richard Scheffler and Laura Alexander, *Soaring Private Equity Investment in the Healthcare Sector: Consolidation Accelerate, Competition Undermined, and Patients at Risk*, available at <https://www.antitrustinstitute.org/work-product/study-finds-private-equity-investment-accelerates-concentration-and-undermines-a-stable-competitive-healthcare-industry/>



Thank you

Count of Reported PE Buyouts in Healthcare by Sector, 2010-2020



SOURCE: PitchBook Data, Inc. Data has not been reviewed by PitchBook analysts.