

Three facts about private equity in the US hospital sector

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Abstract

Introduction Private equity (PE) ownership of US hospitals has grown over the past 25 years, attracting substantial academic and policy attention. Despite this interest, fragmented and incomplete transaction data have made it difficult to establish basic facts critical to an informed debate about PE's effects on hospitals, patients, and payers.

Methods Using a harmonized, publicly available PE acquisition data set, supplemented with verified exit transactions, we identify PE ownership spells for all short-term acute care hospitals from 2000 to 2024.

Results We identify 3 key facts: (1) PE ownership has never exceeded 7% of short-term acute care hospitals and was below 4% in 2024; (2) most PE firms exit within 5 years, typically through a sale to another PE firm or strategic acquirer, with bankruptcy and closure representing a small share; and (3) most Americans live in hospital referral regions that have no PE-owned hospitals.

Conclusion These findings indicate that PE ownership continues to represent a small share of hospitals.

Keywords: private equity, hospital acquisitions, hospital markets, ownership

Introduction

Over the past 25 years, private equity (PE) firms have acquired more than 500 short-term acute care hospitals in the United States. The growth of PE in the hospital sector has been studied extensively by academics to understand its effects on hospitals' finances, operations, and patient outcomes.^{1–14} Policymakers have in turn scrutinized PE's role across the healthcare system in light of academics' findings,¹⁵ yet fragmented and inconsistent transaction data have obscured basic facts about PE firms' ownership of hospitals.¹⁶

Using newly available data on PE acquisitions of hospitals,¹⁶ we document 3 facts that will help inform the ongoing policy debate. First, the share of short-term acute care hospitals under PE ownership has never exceeded 7% and currently stands below 4% (Figure 1). Second, for most PE-acquired hospitals, the original PE owner exits within 5 years of the initial acquisition, most often through a sale to another PE firm or a strategic acquirer, with bankruptcy and closure accounting for a small share of exits (Figure 2). Third, PE ownership remains geographically limited: Most Americans live in hospital referral regions (HRRs) that do not have a hospital owned by PE (Figure 3).

Data and methods

We used the harmonized PE hospital acquisition data set described previously,¹⁶ which integrates 6 commercial deal databases (PitchBook, Irving Levin Associates, Preqin, Capital IQ, FactSet, and SDC Platinum) with manual verification against press releases, Securities and Exchange Commission filings, and local news reports. The data set identifies 556 unique short-term acute care hospitals acquired through 139 PE deals over 2000–2024, making it the most comprehensive public deal list to date. We classified a hospital as PE owned in a given year if it had been acquired by a PE firm through a leveraged buyout (LBO) by that point and the PE firm had not yet exited the investment. We verified exit timing and type (sale to another PE firm, sale to a non-PE strategic acquirer, initial public offering [IPO], bankruptcy, or closure) using the same set of external sources. The PE acquisition data set, updated with exit type and timing, is publicly available through GitHub.¹⁷ We use release v1.2.0, published in June 2026, for this article.

Using these data, we calculated the share of US short-term acute care hospitals, hospital beds, and inpatient discharges under PE ownership in each year from 2000 through 2024. We

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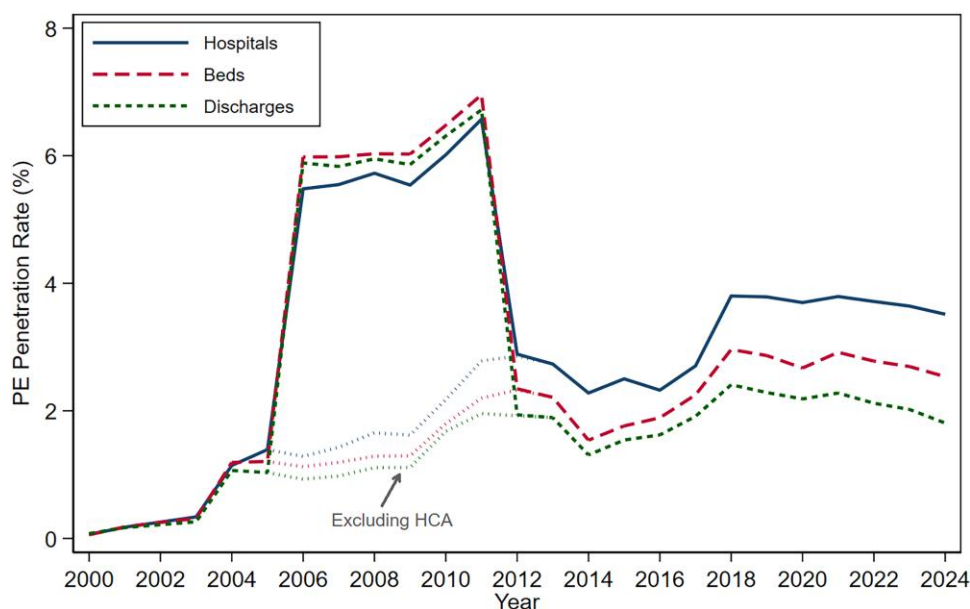


Figure 1 Share of US short-term acute care hospitals, beds, and discharges under private equity ownership, 2000-2024. Source: Authors' analysis of release v1.2.0 of the PE hospital acquisition data set,¹⁷ linked to Centers for Medicare & Medicaid Services (CMS) Provider of Services and Healthcare Cost Report Information System files. Notes: Solid lines show the share of short-term acute care hospitals, hospital beds, and inpatient discharges under private equity ownership in each year. Dotted lines exclude the 2006 Hospital Corporation of America leveraged buyout, which exited through an initial public offering in 2011.

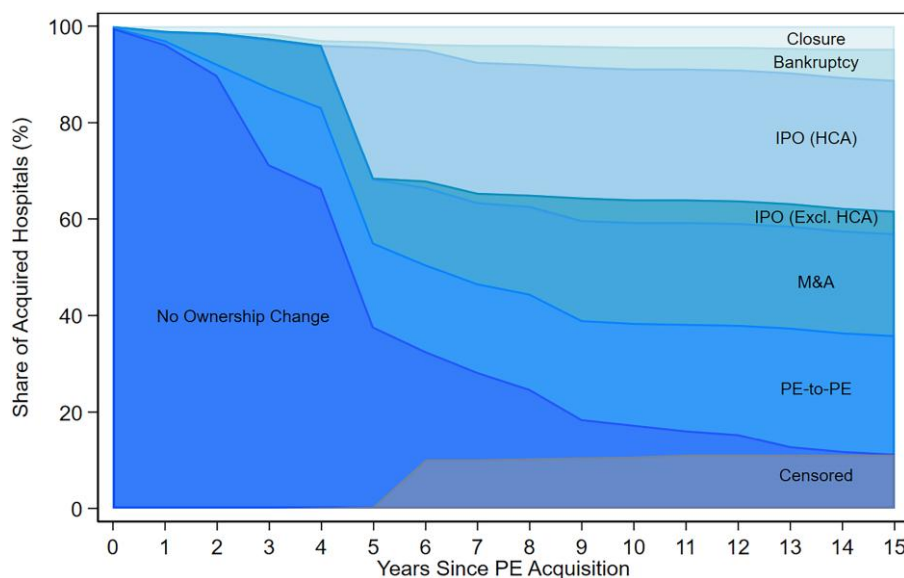
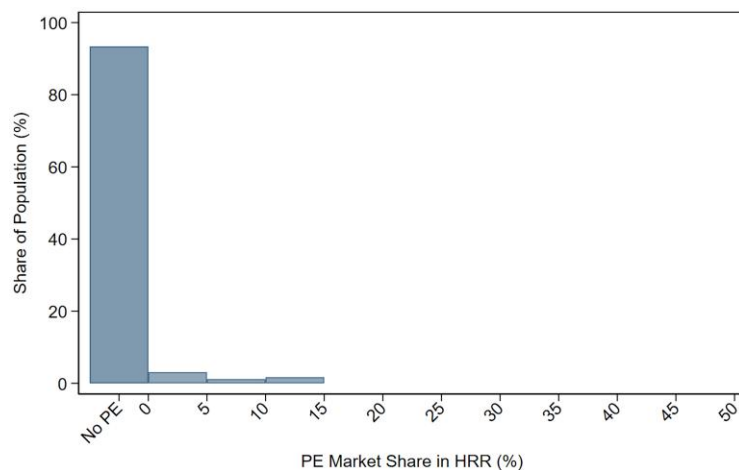


Figure 2 Cumulative share of private equity (PE)-acquired hospitals by exit type and years since acquisition. Source: Authors' analysis of release v1.2.0 of the PE hospital acquisition data set,¹⁷ augmented with manually verified exit events from press releases, Securities and Exchange Commission filings, and local news reports. Notes: The figure shows, for each year after the initial leveraged buyout, the share of acquired hospitals in 6 mutually exclusive ownership categories: no ownership change, sold to another PE firm ("PE-to-PE"), sold to a non-PE acquirer through a merger or acquisition ("M&A"), exited through an initial public offering (shown separately for the Hospital Corporation of America [HCA] and all other initial public offerings [IPOs]), entered bankruptcy, or closed. For deals where an exit had not occurred by January 1, 2026, the exit type is censored for years beyond those observed in our data. All PE exit types are absorbing states.

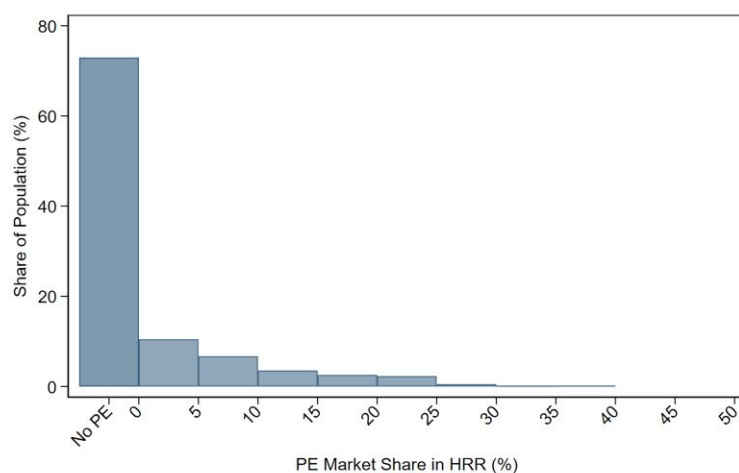
identified the universe of short-term acute care hospitals using the Centers for Medicare & Medicaid Services (CMS) Provider of Services (POS) file and obtained bed and discharge counts from the CMS Healthcare Cost Report Information System

(HCRIS) as processed by RAND. Because the 2006 Hospital Corporation of America (HCA) LBO was by far the largest PE hospital transaction in the data, was the largest for-profit hospital chain in the United States prior to the PE acquisition, and has

2003



2013



2023

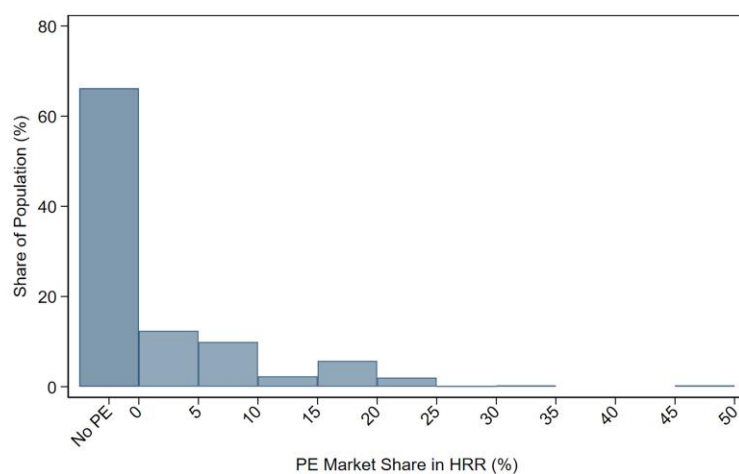


Figure 3 Share of US population by private equity (PE) market share in hospital referral region, 2003, 2013, and 2023. Source: Authors' analysis of release v1.2.0 of the PE hospital acquisition data set,¹⁷ linked to Dartmouth Atlas of Health Care hospital referral region (HRR) definitions and 2020 US Census population counts. Notes: Each histogram shows the share of US population across HRRs by the share of short-term acute care hospitals in the HRRs that were under PE ownership in the indicated year.

been shown to differ from other PE acquisitions on multiple dimensions,^{2,5,13} we also report a series that excludes HCA.

Next, we characterized the duration of PE ownership and mode of exit by calculating, for each year following an acquisition, the share of acquired hospitals that had not changed ownership, had been sold to another PE firm, had been acquired by a non-PE strategic acquirer through a merger or acquisition, had entered the public markets through an IPO, had entered bankruptcy, or had closed. For deals where an exit had not occurred by January 1, 2026, we report the deal state as being censored for years beyond those observed in our data.

Finally, to describe local exposure to PE ownership, we calculated the share of short-term acute care hospitals under PE ownership in each HRR defined by the Dartmouth Atlas of Health Care in 2003, 2013, and 2023 and reported the share of Americans residing in HRRs at each level of PE concentration using 2020 US Census population counts. We use HRRs as the unit of analysis to balance a sufficiently fine-grained measure of local hospital market and the need for units that consistently contain multiple hospitals (ie, unlike HSAs). This choice also improves the readability of figures.

Our study has several limitations. Our deal list, although one of the most comprehensive to date, may still miss transactions involving smaller hospitals not included in any of the 6 commercial databases underlying the data used in this study. Our analysis also focuses on short-term acute care hospitals and does not speak to PE ownership of specialty facilities, physician practices, postacute care providers, or other healthcare sectors. Finally, our analysis focuses on majority-stake LBOs and therefore excludes private investment in public equity (PIPE) transactions, growth equity investments, joint ventures, and management contracts. Similarly, we treat IPOs as PE exits, although PE investors may retain an ownership stake after a portfolio hospital system becomes publicly traded.

Results

Penetration over time

Private equity ownership of short-term acute care hospitals rose sharply with the 2006 HCA LBO, peaked at just under 7% in 2011, and fell back below 3% following HCA's 2011 IPO (Figure 1). Excluding HCA, PE penetration rose gradually from near zero in 2000 to about 2% by 2011. Since the HCA exit, penetration has drifted between 2% and 4%, ending in 2024 at 3.5% of hospitals, 2.5% of beds, and 1.8% of inpatient discharges. Across all 3 measures, PE penetration has never exceeded 7%.

Duration and mode of exit

Most PE firms exit ownership within 5 years of the initial LBO (Figure 2). By year 5, about two-thirds of acquired hospitals had changed ownership, and we observe only 1 hospital remaining owned by the original PE acquirer for 15 years. Among all observed exits, IPOs account for the largest share in our data (36%), but this category is driven almost entirely by HCA, which represents more than 85% of IPO exits. After IPOs, the next most common exits were sales to another PE firm (28%) and sales to a non-PE acquirer (24%), including publicly traded for-profit hospital systems, nonprofit hospital systems, nonprofit or local government entities, REITs, and other non-PE for-profit hospital

operators; these exit types are the most common among non-HCA PE-owned hospitals. Bankruptcy and closure remain uncommon, accounting for 7% and 5% of exits, respectively.

Local market exposure

Private equity ownership is concentrated in a small number of local markets and remains limited in the vast majority of HRRs (Figure 3). In 2023, more than two-thirds of Americans lived in HRRs that do not have a PE-owned hospital, and more than three-quarters of Americans lived in HRRs in which PE-owned hospitals accounted for less than 5% of short-term acute care hospitals. No HRR has ever been fully PE owned, and only a single HRR (Texarkana, AR) saw PE exceed a 50% local share at any point in the sample, with a maximum local share of 67%. Figure 4 shows the geographic distribution of PE market share across HRRs and the presence of PE-owned hospitals in 2003, 2013, and 2023. Private equity ownership is most prevalent in the Mountain West, the Desert Southwest, and the Upland South.

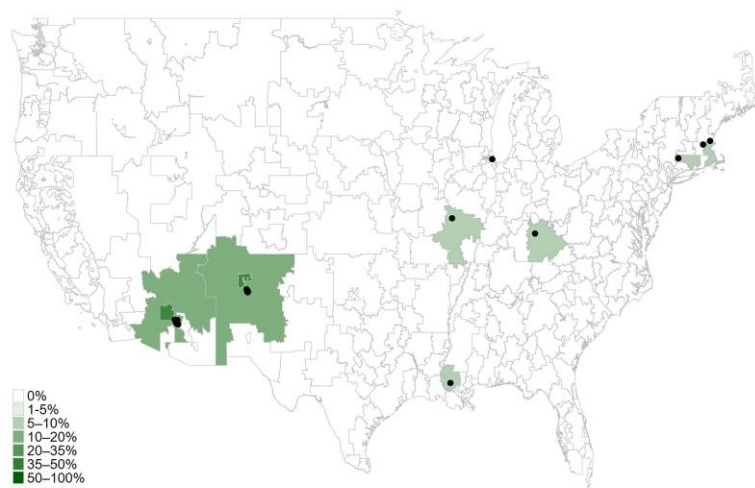
Discussion

Our analysis establishes 3 facts about PE ownership of US short-term acute care hospitals. First, PE-acquired hospitals currently account for less than 4% of US short-term acute care hospitals and never exceeded 7% from 2000 to 2024. Second, the typical PE hospital investment is relatively short-lived: Most acquired hospitals have an ownership change within 5 years of the initial LBO, and outside of the HCA transaction, these ownership changes most often take the form of a sale to another PE firm or to a strategic acquirer, with bankruptcy and closure accounting for a small share of exits. Third, PE ownership remains geographically limited: More than three-quarters of Americans live in HRRs where PE-owned hospitals account for less than 5% of short-term acute care hospitals, and only 1 HRR has ever had PE-acquired hospitals as a majority of its short-term acute care hospitals.

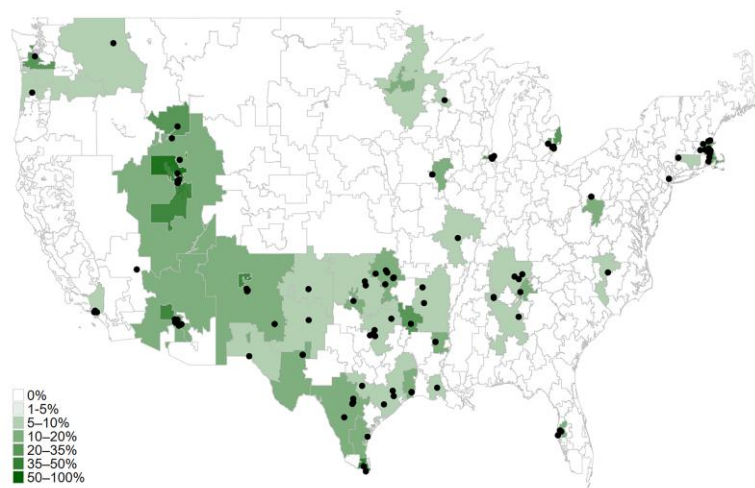
Taken together, these patterns suggest that although PE activity in the hospital sector has grown over the past 2 decades, PE remains a small share of the national short-term acute care hospital market. Even in local markets, non-PE hospitals always exist: No HRR has ever lacked a non-PE hospital, and only 1 has ever been majority PE (although it may be possible that for some service lines, only PE options may be available; future work should study this availability directly). This evidence should inform how research and policy characterize the scale of PE in the hospital sector, while the short duration of PE ownership highlights the importance of tracking exits as well as acquisitions when studying the consequences of PE investment.

Our analysis is descriptive and does not evaluate how a PE acquisition affects the quality, cost, or accessibility of hospital care—questions that remain the subject of active, and at times conflicting, research.^{1,2,6-10,12,14} Such research continues to be limited by the opacity of hospital ownership data,^{18,19} which makes the publicly available, externally validated list of PE deals and exits used in this study a useful foundation for future work. Additionally, our analysis does not consider the differential characteristics of hospitals acquired by PE. This topic has been covered previously in the literature and is outside the scope of this article.³

2003



2013



2023

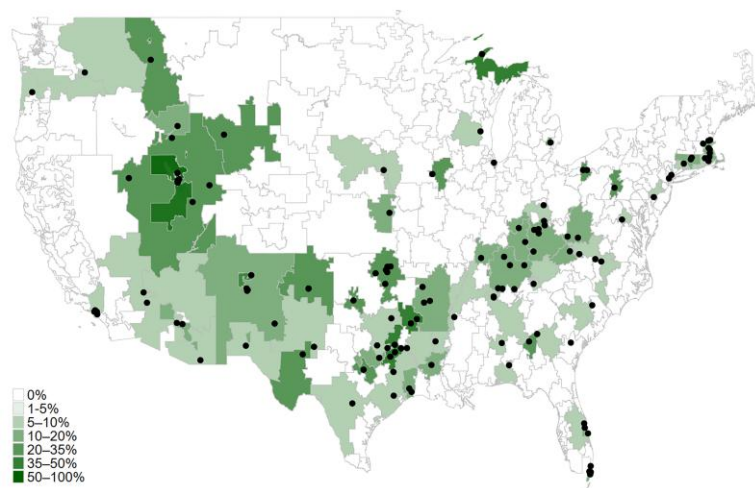


Figure 4 Geographic distribution of private equity (PE) market share across US hospital referral regions, 2003, 2013, and 2023. Source: Authors' analysis of release v1.2.0 of the PE hospital acquisition data set,¹⁷ linked to Dartmouth Atlas of Health Care hospital referral region (HRR) definitions. Notes: Maps shade each HRR by the share of short-term acute care hospitals in the HRRs that were under PE ownership in the indicated year. Black dots indicate the locations of individual PE-owned hospitals.

Conclusion

Overall, PE penetration in the hospital sector has remained limited. Private equity penetration has not grown since 2018 and has never represented a majority of hospitals in all but 1 hospital market, with most Americans living in a market with no PE-owned hospitals at all. Even as new hospitals are acquired by PE firms, PE owners are regularly exiting their ownership positions, with the median ownership spell lasting 5 years. These findings indicate that PE ownership continues to represent a small share of hospitals.

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Supplementary material

Supplementary material is available at *Health Affairs Scholar* online.

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Conflicts of interest

Please see ICMJE form(s) for author conflicts of interest. These have been provided as [supplementary materials](#).

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