

December 5, 2023

Owen Foster
Chairperson, Green Mountain Care Board
144 State Street
Montpelier, Vermont 05602

Dear Chairperson Foster and Members of the Green Mountain Care Board:

The Vermont-National Education Association strongly opposes efforts by private equity firms and private-equity backed companies to expand their reach and influence in Vermont’s health care system. Vytalize Health 9’s current budget submission, therefore, to administer ACO/REACH programs in Vermont is very troubling and does not portend well for the future of our health care system. Our primary care providers and their practices should never be placed in the position of having to enter contracts with private equity-backed companies to remain financially solvent.

The union concurs with these positions in the Vermont Medical Society’s resolution, “Addressing Ethical Dilemmas in Some of CMS’s Pay for Performance and Value Based Care Programs”:

- “1. *For-profit corporations including but not limited to venture capital firms should be excluded from serving as contracting intermediaries in CMS-sponsored value-based care programs.*”
- “2. *Medicare beneficiaries who enroll in the original Medicare program should not be unwillingly or unwittingly assigned to managed care or capitation systems that contract with corporate intermediaries, such as allowed in the ACO REACH and Primary Care First programs; rather beneficiary participation should be selected voluntarily by each individual patient; ...*”

The investment logic of private equity nationally in this context is to squeeze as much profit from Medicare’s public coffers as possible. [Senator Elizabeth Warren](#) addressed this point and its pernicious consequences in February 2022: “*Wall Street is not racing to buy up clinics because they want to expand coordinated care models. Private equity and insurance companies want the eye-popping profits that are possible when the federal government lets them pocket whatever it is they can avoid spending on seniors and people with disabilities who need healthcare.*”

In a 2021 report, the [American Antitrust Institute](#) and the Petris Center at the School of Health, University of California Berkeley, asserted that private equity in health care deserves more scrutiny and regulation because “*...when the fundamental characteristics of the private equity business model are combined with the unique structure of the United States healthcare market, the results are potentially catastrophic for patients, payers, and the long-term stability of the healthcare supply chain. And, because the consequences in healthcare involve not just dollars but lives, these potential harms must not be ignored.*”¹

¹ [Private Equity I Healthcare Report \(antitrustinstitute.org\)](#), page 5.

The same report declared:

What we are able to discern about the impact of private equity on healthcare is deeply troubling. Though there may be instances where private equity firms produce value for a health system, hard evidence of these benefits is hard to come by. What is apparent from the anecdotes and studies on private equity in healthcare, so far, is that private equity business practices have caused significant harm to individual healthcare companies, to patients, and to markets, and that there are strong reasons to suspect that additional transparency and further study will reveal deeper, more serious, and growing problems. The American Medical Association has noted that private equity limits the autonomy of doctors—interfering with doctor-patient relationships—the core of our healthcare system.²

The evidence in our report leads to the conclusion that the private equity business model is, with few exceptions, ill-suited to the healthcare sector. It puts enormous financial pressure on the delivery of healthcare to produce short-term profits with little or no regard for detrimental health and quality-of-care outcomes. Likewise, private equity is transforming competition in healthcare with little transparency or effective scrutiny. The weight of the evidence on the impact of private equity investment suggests it does a great deal more harm than good. Though more evidence is surely coming, the time to act is now. The soaring increase in private equity investments in healthcare over the last decade, which is showing signs of escalating, is a wake-up call. Without action by policymakers and regulators, private equity poses an existential threat to the foundations of our healthcare system.³

[Lauren Katz Olson](#), author of “Ethically Challenged: Private Equity Storms U.S. Healthcare,” warns that “*Despite private equity’s claims of greater efficiency and cost-effectiveness, its steady takeover of healthcare has led to lean and inadequate services, worse patient outcomes, less transparency, fewer choices for consumers, monopolies, and higher medical fees.*”

If, indeed, the Green Mountain Care Board does not yet have statutory authority to prevent Vytalize and companies like it from doing business in Vermont within the context of ACO REACH, we ask that the board condition approval of Vytalize’s FY24 budget on the company’s consent to submit comprehensive and accurate reports for the budget year in question (and for any subsequent years if applicable) on the following matters:

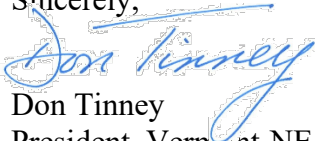
1. The clinical and community-based initiatives Vytalize introduced or helped to facilitate in Vermont to lower the cost of health care for Medicare patients and improve their access to affordable and equitable primary care services (including mental health and home health care), and how it measured and evaluated the success of these endeavors. If Vytalize failed to achieve greater affordability and access for patients, it will explain the reasons for it in sufficient and reliable detail, and how it will rectify this going forward.
2. The quality metrics Vytalize committed to with CMS in relation to its Vermont operations and its progress in meeting these standards. If it falls short of satisfying any of these standards, it will explain why and what it intends to do differently in the ensuing year to achieve success.

² [Private Equity I Healthcare Report \(antitrustinstitute.org\)](#), page 4.

³ [Private Equity I Healthcare Report \(antitrustinstitute.org\)](#), pages 52-53.

Thank you for your consideration of these comments and recommendations.

Sincerely,



Don Tinney
President, Vermont-NEA