

Connecticut Oncology Association

TESTIMONY OF

DAWN HOLCOMBE

EXECUTIVE DIRECTOR

CONNECTICUT ONCOLOGY ASSOCIATION

SUBMITTED TO THE PUBLIC HEALTH COMMITTEE

March 6, 2024

Re: Raised HB 5319 An Act concerning Private Equity Firms and Healthcare Facilities – Very concerned and Opposing as written

Dear Honorable Members of the Public Health Committee:

My name is Dawn Holcombe, and I am writing as the Executive Director of the Connecticut Oncology Association (which represents the Connecticut physicians and cancer centers that treat patients who have cancer) to express strong concern and full opposition to the bill as currently written regarding the passage of Raised HB 5319, An Act Addressing Health Care Affordability. I am a resident of South Windsor, CT.

While I understand the concern that Governor Lamont and members of the Connecticut General Assembly have regarding the impact of private equity firms acquiring or holding an ownership interest in healthcare facilities in the state, and that the presentation of this Bill is well-intended, the actual consequences of the implementation of this bill and resultant plans could well have the opposite effect for both patients and those who deliver care to them in Connecticut.

This bill identifies private equity firms as those that use their own capital or capital raised from investors to acquire a majority stake in a company, increase the revenue and margins of the company and later take the company public or sell it at a profit. It also defines Health Care Facilities in the state as an institution, but references section 19a-490 of the general statutes, licensed under chapter 368v of the general statutes. That definition of Health Care Facilities is so broad as to include 16 different kinds of possible health care facilities, including hospitals and outpatient clinics.

We all have followed the story of Prospect Medical Holdings and the healthcare facilities with which they are involved in CT and understand the desire to protect CT patients.

My concern with this bill is that the definitions of private equity firms and healthcare institutions are too broad, and in the process create unintended consequences, while at the same time missing an opportunity to support and protect alternative sites of cost effective care.

The costs of care for CT residents are a key driver for CT legislator concerns, but so is supporting access to quality care. We do have a number of strong health systems in CT, but we also have a number of strong private practice providers.

- I am here to speak about preserving private community practice in CT as a much-needed balance for cost-effective, quality health care. Larger health care systems and institutions have a role to play in the make-up of a healthcare community, but without private community practice, we will have forever lost an essential component of an affordable CT healthcare environment.
- Private practice providers are critical for access to quality, cost-effective medical care in a healthcare community. A November 2018 publication in the American Society of Clinical Oncology Journal of Oncology Practice analyzed a study of 6,675 patients seen in either a community-based cancer clinic or a hospital-based cancer clinic. Mean Total per patient per month cost was significantly **(38%)** lower for patients treated in the community-based setting (\$12,548) than in the hospital-based setting (\$20,060). Mean per patient per month chemotherapy cost was also significantly lower **(41%)** in the community setting (\$4,933) than in the hospital-based setting \$8,443). The lower cost observed in community practice was irrespective of chemotherapy regimen and tumor type.
- Private practice providers in CT have been increasingly acquired by CT hospital-based systems over the last 20 years. The few that remain private are strong, in part, because they have aligned with other physician-based practices/networks here and around the country. These are mostly not predatory private equity firms, but medically aligned partnerships of like-minded private practices united in their mission of preserving and continually strengthening community medical care. The CT-based physicians take on leadership roles in these networks, and these partnerships provide quality, data analytics, and operational enhancements to improve patient access to essential quality care, close to home.
- Adding A Certificate of Need (CON) requirement to alignments and initiatives between private community medical practices and like-minded physician networks is overkill that would create an operational and financial burden to an already fragile medical environment. Please involve private practice leaders in CT in any such decisions, and, more importantly, expand the consideration of the cumbersome and costly CON process as a barrier to expansion of potential services out of the more costly hospital based environment into the more cost-effective community setting.
- I would respectfully request that this **bill be rewritten to avoid intrusion into private practice facilities** in order to preserve CT patient access to these essential cost-effective sites of care. **Exclude CON burdens for any community private practice facility related to ownership or operational alignments with medical networks.**
- Careful **redefinition of the term “private equity firm” to recognize and exclude the private practice network alignments** (in oncology, good examples would be the OneOncology and US Oncology affiliations with strong private CT oncology practices), as distinct and different for the

fiscal and medical health of the state than an external private equity firm like Prospect Medical Holdings.

- Private practices seek these alignments in order to remain strong and independent. CT should be encouraging these alignments rather than punishing them with burdensome requirements like certificate of need processes or other limitations.
- **Grandfathering existing private practice affiliations and/or providing an exemption from any burdens placed as a result of this bill would preserve the value of these sites of care.**
- **In addition to these protections, any panel or study addressing private equity activities in CT should include representation by both patient and community providers.**

Please reconsider the unintended consequences of this bill as written and protect the citizens of CT who are battling cancer and other complex medical diseases.

Protect your constituents, family and friends.

Please do not pass Raised HB 5319 as it is written. Protect and support the ability of private community medical practices to align with like-minded medical networks and equity partners so that they can be strengthened and not burdened out of existence. The community site of care is the most cost-effective, while it still lasts in CT.

Other states have already started to learn that painful lesson, let's not put Connecticut patients in that position.

Thank you for your consideration,

Dawn Holcombe 

Executive Director

Connecticut Oncology Association

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