Finance capital increases its domination of healthcare

Marc Wells
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The US healthcare industry is under increasing dominance by private equity firms and financial institutions, reflecting a broader trend of financialization in the sector and commodification of public health. Equity firms, such as Blackstone, Kohlberg Kravis Roberts & Co. (KKR), The Carlyle Group and Apollo Global Management, have spearheaded acquisitions in hospitals, emergency care, nursing homes and behavioral health.

Billionaires with influential political ties to both big business parties control these firms. To name a few:

- **Stephen Schwarzman** ($55.6 billion)—CEO of Blackstone, Inc. which owns major healthcare firms like TeamHealth
- **Henry Kravis** ($6.5 billion) and **George Roberts** ($12.2 billion)—Founders of KKR, heavily involved in acquisitions like Envision Healthcare
- **David Rubenstein** ($4 billion)—Co-founder of The Carlyle Group, known for investments in healthcare, including ManorCare nursing homes
- **Bill Gates** ($106.6 billion)—Via his foundation and investments in healthcare systems
- **Warren Buffett** ($148.3 billion)—Through Berkshire Hathaway, a significant investor in healthcare-related stocks

The financialization of healthcare has drastically accelerated the industry's crisis over recent decades. Beginning in the early 2000s, private equity firms, such as Blackstone, KKR, and Apollo Global Management, began targeting healthcare sectors, including physician practices, hospitals and nursing homes. They view them as stable and profitable investments due to consistent demand, third-party reimbursements and ample opportunities for cost-cutting.

In the first decade of the 21st century, private equity firms began acquiring smaller healthcare entities, often through leveraged buyouts. During the 2010s, private equity investments in healthcare surged, with deals growing from $5 billion annually in 2000 to over $100 billion by 2018. Sectors such as urgent care, primary care and specialty practices became significant targets.

The COVID-19 pandemic amplified the trend as healthcare providers faced financial strain. Private equity firms acquired distressed practices and hospitals, consolidating market power while introducing aggressive cost-cutting measures.

By 2023, private equity firms had spent $505 billion on healthcare acquisitions over five years, leveraging financial pressure to extract profits through increased fees, reduced staffing and operational consolidation.

A 2021 study published in *Health Affairs* analyzed the impact of private equity ownership on nursing homes. It found that facilities acquired by private equity firms, like Blackstone and The Carlyle Group, experienced a decline in patient care quality and reported a 10 percent increase in mortality rates. These outcomes were largely attributed to reduced staffing, cuts in essential supplies, increased patient-to-staff ratios and cost-cutting measures aimed at maximizing profits, such as reducing budgets for essential services.

Companies like TeamHealth and Envision Healthcare, backed by Blackstone and KKR respectively, have implemented aggressive billing practices. They use surprise medical bills as a revenue stream, charging exorbitant fees for out-of-network care. These practices drew national attention, with patients being billed thousands of dollars for emergency services. Envision in particular has focused on increasing profits through the consolidation of emergency departments, often resulting in closures in less profitable rural areas.

Acquisitions in behavioral health have also led to increased costs for patients, often accompanied by cuts in essential services. Private equity now owns approximately 7 percent of addiction treatment facilities and over 6 percent of mental health clinics in the US. Essential but less profitable services, such as community-based mental health programs and addiction treatment, have been scaled back or discontinued after private equity acquisition.

The broader implications of these trends are stark. By consolidating healthcare into fewer, larger corporate entities, finance capital wields unprecedented control over public health. This commodification undermines access to affordable care while enriching a narrow layer of investors. The restructuring of healthcare is not merely a technical issue but a political one, necessitating organized action from workers to pursue public healthcare systems that prioritize human need over profit, a task that is in stark contrast with the capitalist system.

Both big business parties in the US are fully complicit and unanimously invested in this process. In only a few weeks, Donald Trump will install the most reactionary cabinet the US has ever seen, a government of the oligarchy, by the oligarchy, and for the oligarchy composed of fascists, billionaires and xenophobes.

Among them, Donald Trump appointed Robert F. Kennedy Jr., an anti-vaccine advocate, as Secretary of Health and Human Services after RFK Jr. endorsed him. Other healthcare posts went to similar open enemies of public health: Mehmet Oz for Medicare and Medicaid, Martin Makary for the FDA, and Dave Weldon for the CDC. Each appointee reflects anti-scientific stances on public health, opposing vaccination, abortion rights or pandemic safety measures.

There is a clear intersection between the financialization of healthcare and politics. The dismantling of the public health infrastructure by private equity has the full support of both parties.

Blackstone has a significant influence in both finance and politics. Schwarzman, a prominent Republican donor, has close relationships with politicians like Donald Trump and has advised on financial policy during the Trump administration. Blackstone's investments in real estate and healthcare have been shaped by deregulation efforts supported by these political ties.

Apollo Global Management maintains deep ties with politicians, including by hiring former Republican Senator Pat Toomey and Harry Reid's Chief of Staff David Krone. These connections strengthen its position in healthcare, real estate and finance sectors, facilitating corporate influence over public welfare.

KKR's Henry Kravis, a significant Republican donor, has advocated for policies that benefit private equity, including tax structures favoring carried interest. (Tax breaks favoring carried interest refer to a special tax treatment that benefits private equity managers, hedge fund managers, and venture capitalists.)

These ties leak into the military sector. Known for its close ties to Washington D.C., The Carlyle Group has employed former politicians, including former President George H.W. Bush and former Secretary of Defense Frank Carlucci, as advisers or partners. These connections have helped Carlyle secure lucrative defense contracts and investments in regulated industries.

Figures like RFK Jr. capitalize on public dissatisfaction, blaming science or government institutions for the failure of capitalism to satisfy the basic needs of healthcare, rather than financial interests. But his attacks on science align completely with the profit motives of private equity firms, promoting individualistic and market-driven approaches that leave systemic healthcare issues unaddressed.

In the context of a rapid growth of the class struggle and ongoing strikes in the healthcare industry, such as the walkout by Kaiser's mental health workers, the trade unions' role must be placed under scrutiny. Unions have facilitated the process of consolidation and cost-cutting measures under the guise of securing jobs and maintaining institutional stability. This standpoint has frequently aligned union leadership with corporate management on the basis of the financial imperatives driving restructuring efforts.

Unions such as the Service Employees International Union (SEIU) have historically partnered with healthcare corporations to enforce "labor–management partnerships." These agreements have at times endorsed cost-saving measures, such as reduced benefits or wage stagnation, in exchange for promises of job security.

During the COVID-19 pandemic, HCA Healthcare proposed cuts to wages and benefits, including eliminating weekend and evening pay differentials, suspending 401(k) contributions and freezing wages. The SEIU facilitated the concessions, threatening workers with more drastic layoffs and the failure of operations if they did not accept them.

In some cases, the SEIU has supported the privatization or consolidation of public hospitals, arguing that these moves would protect jobs. A case in point was the "Vital Brooklyn" initiative, which aimed to consolidate several struggling Brooklyn safety-net hospitals (Interfaith, Kingsbrook Jewish Medical Center and Brookdale) into the One Brooklyn Health network. This restructuring plan was supported by 1199 SEIU, with assurances that jobs would be retained and that the reorganization would result in an "extraordinary investment in communities historically underserved."

In its contracts with Kaiser Permanente, the National Union of Healthcare Workers (NUHW**)** has agreed to terms that include minimal wage increases and fail to address critical understaffing issues. Workers have criticized these agreements for prioritizing management's cost-cutting strategies over the quality of patient care and working conditions. The ongoing NUHW strike at Kaiser highlights the fact that these burning issues have only gotten worse.

The American Federation of State, County and Municipal Employees (AFSCME) has negotiated contracts for public healthcare workers which included wage freezes and benefit reductions. This concession was often justified as necessary to maintain funding and prevent closures.

The California Nurses Association/National Nurses United (CNA/NNU) is also known for collaborating with management, especially at Kaiser Permanente, which funnels millions in corporate funding to the unions through the so-called "Labor-Management Partnership."

Union agreements framed these attacks as necessary compromises. Since the initial stages of the COVID-19 pandemic, hospitals have increasingly adopted telehealth and "command center" staffing models. These approaches often replaced registered nurses (RNs) with lower-paid, less-trained staff to execute directives, effectively creating a "generic workforce." This restructuring led to heavier workloads for RNs, who had to oversee less-experienced staff while managing patient care remotely or across multiple facilities?.

What these agreements have in common is their prioritization of the financial viability of employers over the needs of workers. Unions have negotiated contracts that endorse wage freezes, benefit cuts and increased workloads under the justification of keeping struggling hospitals open or making them more "competitive." They have supported mergers, nurturing false illusions by arguing that larger systems provide job security by creating economies of scale, even though this often leads to layoffs and the erosion of working conditions.

The defense of public health requires a fight against the union apparatus. Rank-and-file committees must be built to transfer power from the bureaucracy to healthcare workers themselves, and to link up the struggles of healthcare workers across the world in a common fight against the financialization of the industry. Healthcare must be defended as a basic social right, which must be freely available to all on the basis of need.

For the working class, the ability to gain control of public health is literally a matter of life and death, as COVID-19 has shown. Hence, the need to remove the restraints imposed by the profit system and reorganize social healthcare on a scientific, rational and humane standpoint.