

Private equity behind 7 of 8 largest healthcare bankruptcies in 2024

New tracker shows private equity-backed bankruptcies in healthcare not slowing down

NEW YORK, NY, UNITED STATES, February 12, 2025 /EINPresswire.com/ -- [New research released by](#) the Private Equity Stakeholder Project (PESP) shows that private equity played a disproportionately large role in large U.S. bankruptcies in 2024: 56% of large corporate bankruptcies (those with liabilities exceeding \$500 million) had a history of private equity ownership. Private equity bankruptcies in 2024 resulted in at least 65,850 layoffs across the country. Specifically in healthcare, the percentage of private equity bankruptcies did not decrease between 2023 and 2024, despite reporting that all healthcare bankruptcies were down in 2024.

In 2023, [21% of healthcare bankruptcies](#) involved private equity-owned companies. This number stayed the same in 2024, with 21% of healthcare bankruptcies being private equity backed. More importantly, however, was that 7 out of 8 (88%) of the largest (liabilities over \$500 million) bankruptcies in the healthcare industry in 2024 had a history of private equity ownership.

In fact, more private equity bankruptcies have already been announced in 2025. Safety net [hospital chain Prospect Medical Holdings](#) filed for bankruptcy on January 11 with debts of more than \$400 million. Its former private equity owner, Leonard Green & Partners had siphoned hundreds of millions of dollars in debt-funded dividends throughout its ownership, leaving the hospitals and the communities they serve holding the bag.

The healthcare analysis was published as part of a new tracker of U.S. bankruptcies involving companies where a private equity firm had a controlling stake in a company at the time of bankruptcy or since 2020. Private equity firms have demonstrated overreliance on cost-cutting measures and aggressive financial policies that have limited long-term prospects as they pursue short-term profits. Focusing on immediate financial gains can lead to significant mismanagement and economic instability, contributing to higher bankruptcy rates among private equity-owned companies.

Compiled using S&P Global Intelligence data and news searches, key findings of the tracker include:

- Although private equity accounts for 6.5% of the U.S. economy according to the primary lobby

group for the industry, it was responsible for 11% of all corporate bankruptcies in 2024.

- Private equity-backed companies accounted for 56% of large corporate bankruptcies (companies with liabilities over \$500 million) in 2024.

- Private equity-backed companies accounted for 7 of the 8 largest healthcare bankruptcies in 2024.

- Private equity-backed companies accounted for 21% of all healthcare bankruptcies in 2024.

- Private equity-related bankruptcies in 2024 have resulted in at least 65,850 layoffs across the country.

The tracker includes several large high-profile bankruptcies with links to private equity, including that of multi-state hospital system Steward Health Care. Owned by private equity firm Cerberus Capital Management from 2010 to 2020, Steward filed for Chapter 11 bankruptcy in May 2024 with over \$9 billion in liabilities. Since 2018, Steward has closed six hospitals in the US, resulting in the layoffs of at least 2,650 workers and reduced access to care for the communities they served. Steward has also cut important service lines, such as obstetrics, behavioral health, and cancer care, among others.

“As private equity’s footprint continues to grow in nearly every sector of the economy, the industry’s role in over half of large bankruptcies raises pressing questions for policymakers, investors, and consumers,” said Valentina Dabos, Senior Campaign and Research Coordinator at PESP and lead author of the tracker. “In healthcare, the consequences can be life-altering. Bankruptcy-driven closures or cost-cutting measures leave patients without reliable access to care, disrupting treatment plans and jeopardizing lives.”

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