Private equity buys up care providers

BY PETER WHORISKEY

Private equity firms have been buying up scores of companies that care for people with intellectual and developmental disabilities, according to a new report by an advocacy group that warns that the surge of investment in an industry that has traditionally been nonprofit could result in investors' demands coming before the needs of their vulnerable clients.

The report from the Private Equity Stakeholders Project, a nonprofit watchdog group, said that over the past decade the firms have been bundling smaller group homes and service providers into very large outfits spanning multiple states. Alpine Investors has amassed a home care services company with 100,000 employees, according to the report; working together, two other private equity firms, Centerbridge Partners and Vistria Group, have built two firms with 61,000 and 45,000 workers.

Many such services for people with intellectual disabilities — residential care, home health and personal assistance — were historically provided by nonprofits, some of them religious organizations. They are most commonly funded by Medicaid payments.

The report notes that some of the companies built by private equity firms have been cited for repeated deficiencies in patient care since the purchase.

"Private equity firms are fundamentally altering these services in ways that put some of the most vulnerable members of our communities at risk," said Eileen O'Grady, the lead author of the report. "The private equity model prioritizes short-term financial gains, often at the expense of staffing levels, service quality and even basic client safety."

Among those the report the singles out is Sevita, which since 2019 has been controlled by Centerbridge Partners and Vistria Group.

In December 2020, the U.S. Senate Finance Committee released an investigative report finding a pattern of substandard care at Sevita's Oregon locations that be-

for people with intellectual disabilities

gan before the private equity firms bought the company and continued afterward.

In October 2023, the state of Florida moved to revoke the business license of NeuroRestorative, one of Sevita's operations, citing repeat violations and a failure to "protect the rights of its clients to be free from physical abuse by initiating inappropriate and excessive restraints." Ultimately, the state allowed it to continue operating.

In July 2024, one of Sevita's facilities in Florida, called MENTOR, was fined for failing to meet state requirements for conducting criminal background checks for staff.

In August 2024 the state fined a different MENTOR facility for improper use of restraints. According to a state report, a resident was inappropriately mechanically restrained to his wheelchair by a gait belt that prevented him from moving freely in the wheelchair and hindered his ability to go to the bathroom or meet basic needs.

State regulators in Iowa, Utah, Indiana and other states also have cited Sevita companies for violations of patient care.

Since being acquired in 2019, Sevita has paid out $475 million in dividends to private equity investors, according to ratings agencies.

Asked about the report's findings, Sevita issued a statement.

"Since 2019, when new ownership acquired the company, there has been significant capital investment to improve and expand our services, enhance facilities, implement robust training and new technologies, and strengthen our workforce — all with the goal of better serving our individuals and communities," the company said. "Whether we have been a nonprofit, public, or private company, our commitment has always been to provide quality services and supports that help people have greater independence, in a community of their choosing, no matter the intellectual or physical challenges they face."

Vistria Group and Centerbridge Partners declined to comment.