Podcast Introduction and Healthcare Critique

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They make the least money. Healthcare premiums. If I was taking a pure business school view of this and I had leverage over my competitor and then I could force them out of business and buy them for pennies on the dollar, I would absolutely consider it.

Hey everyone, welcome to Out of the System, the podcast that helps lead doctors out of the nightmare of insurance-based care. Today, I am going to talk to you about venture capitalists in medicine, the bad and the ugly.

Now, you'll notice that I'm not talking at all, saying it all about the good, bad, and ugly, but I personally believe there are three main things that have made healthcare in our country atrocious and absolute shit show, if you will.

One is the Affordable Care Act. That essentially, and I've talked about this before, that essentially gave power to the insurance companies to consolidate.

And it's happened. Care has gone down, costs have gone up, And the only thing that's really happened is that the politicians and the health insurance company have, quite frankly, made billions of dollars.

The second thing, which has really hurt healthcare in America, is the lack of oversight from the FDA and the CDC and agencies that are there to protect the consumers.

They have completely sold themselves out prior to this current administration to big money, giving, you know, as many people probably don't even realize, the F. D. A., if you're an executive at the f.d.a.

and CDC, You actually get a percentage of the patents of things that you approve.

ACA, FDA, and the Rise of Venture Capital in Medicine

But I've talked about those in other podcasts. So the third one that I want to talk to you about today is the atrocious negative impact that venture capitalism has had in healthcare.

Let me give you a little bit of a background first and foremost. I think this is really important for you to understand. Well, and I'll just say this.

buying hospitals, buying practices, and inserting itself in its healthcare in the United States is as bad for the American public as leeching was as a way to fix sicknesses.

There is nothing I can find that has been a benefit for the patient and for doctor. Now, there's been benefit from people that have invested in the venture capital groups and the people who run those things.

They've made a fortune in a lot of cases, not every single one, but in lot cases. But for real intent of healthcare, the whole purpose of health care is to take care of the patients, for that patient-doctor relationship.

Let's take a look at some things, okay? Let us just take look what has been going on in the industry. And let us go back to the 1980s and let's go to Stark Law.

The Stark law was put in place essentially so that, and this is a summary, so this not giving you all the exact historical parts of it. But star clause were put in place specifically so that doctors, doctors used to get compensated

by the pharmaceutical companies for recommending their drug or their device or whatever.

And so the doctors were given a percentage of that. If you had a. let's just say $1,000 joint or something or device, the doctors were getting compensated on that.

They had a commission program. Well, they had to plan in place that if you did so much, you got paid more, okay? This happened with the Sacklers and the opioid crisis.

they were given bonuses based on how much not only the pharmaceutical rep sold, but also the doctor, Okay? Well that wasn't really good for the patient because the Doctors were being incentivized just to prescribe something, or give something.

And so what they did is they put in Stark laws, and I believe the late 1980s. And what the did was they outlawed the impact of a doctor being compensated based on revenue, performance, just like a salesperson.

Well, that also applied to, by the way, to lawyers. So if you look up Stark Laws and its intent, you can find very specifically that it states that doctors cannot be given bonuses and commissions.

Stark Law, Incentives, and Unnecessary Procedures

Last, let's fast forward to today. Today, what they've done is they are giving bonuses and commissions to doctors, and it's called RVUs. RVU's are nothing more than a form of bonus compensation for the doctors.

Now, I'm not opposed to the doctor's making more money, not in the least bit. However, there becomes a conflict of interest Now, the Stark laws are still law in this country.

However, they are not enforced. I believe that that is a horrible thing for the patient and the horrible things for a doctor. And we, uh, he and I and his wife were out to dinner and we were walking around.

We were going to these multiples, one of those like wine kind of things. And one place you go try this, a bottle of wine and that kind wine. and We're walking.

The downtown where we lived and, we probably had to walk a good, I don't know, 15 blocks around or something like that. His wife said to me, Oh, by the way, am I going be getting a hip replacement?

looked at her I said why I was watching her watch she was fine she had a slight limp she goes yeah my hips been really bothering me and I go well did you by the way it was November okay and it said what are you gonna have that surgery done she's I'm gonna get it done right after Christmas get done before the end of the year okay when you went to go see the doctor Did they do an MRI?

Nope. Did the do a ultrasound? No. Do they an x-ray? How much time did they spend with you? About 10 minutes. Told me I need a hip replacement and scheduled it.

Okay. Why don't you go see my doctor over here who does Regen. She says, because Linda, I'm not a doctor. I can't sit here and tell you based on how you walk whether or not you need hip replacements.

However, it seems a little odd to me. Well, she went and saw my friend. Got an M. R. I. X-rays, all this stuff. He's like, she doesn't need a hip replacement.

She just needs, you know, some regenerative therapies, which she got and she's much better. And that got me thinking. How many of these surgeries are done?

I'm not going to say that every doctor is doing this. Okay. Please understand me. But how many these are surgeries done that are not required simply so that people can meet their end of the year bonuses?

I don't know this for a fact, but let's just hypothesize that that was the case, that this doctor needed to hit so many in order for him or her to get another bonus.

I'm not opposed to people making more money. In fact, I am a big advocate of it. I think that if you're highly trained, you should be highly paid. that are traditionally owned by venture capitalists.

Private Equityu2019s Impact on Doctors and Patients

If you just take a look, I think it's utterly fascinating. I have yet to meet any doctor who works for a venture capitalist-owned practice or hospital that is happy.

In fact, let me give you some statistics. And I think this is going to be rather fascinating to you, but I'm going give you some statistics of what we see in the industry, okay?

So there was a survey. Bottom line, here's the bottom line. Clinicians overwhelmingly describe venture capitalists' private equity involvement in healthcare as bad.

They prioritize investor returns over patient care. And the numerous surveys that have been done in the peer-reviewed research back up their complaints with hard outcome data.

Here's what the data says. What physicians are reporting? In 2025, CERMO barometers surveyed 500-plus positions and found that 54% believed that private equity investment has decreased care quality, while only 2% saw meaningful improvement.

78% said private-equity investment could compromise patient care outright. 49% rated PE-owned facilities worse or much worse than nonprofit ownership.

Majorities also had negative views on physician well-being, 58%. Healthcare cost, 57%. And health equity, 51%. Doctors describe moral injury, the sense that corporate revenue driven ownership forces them to violate core clinical values.

An emergency physician by the name of Robert McNamara, who's the co-founder of Take Medicine Back. By the way, if you know Robert Mcnamara and co founder of take medicine back, have him contact me.

Love to have them on the podcast. He put it bluntly, working for investor ensure interest conflicts with the physician's duty to put the patient first.

There are some states where they have outlawed doctors owning hospitals. Who better to own a hospital? I know that there's Mayo's owned by the doctors.

I understand that that's a pretty good place. You know, we have taken a purely American view to how to fix healthcare. And we believe the answer to everything is private equity in Wall Street.

When you look at the amount of private equity that has been put into U. S. health care, buying hospitals, buy practices, what has happened since 2010 with the passing of the Affordable Care Act, if you looked at what happened, it has completely decimated the autonomy and the freedom of a doctor.

And to mention the nurses and nurse practitioners and PAs and entire staff. It is all driven by how quickly can we turn the bed and how we quickly move on to the next patient.

It's no different than a restaurant, quite frankly, or a hotel. Nurses and their unions report and describe a consistent pattern across private equity-owned hospitals.

The hospitals prioritize profits over patient care. There is a hospital in Connecticut. It's called Connecticut's Waterbury Hospital, formerly steward-owned, organized, reported nurse-to-patient ratios far exceeding safe staffing

and committee limits.

The Massachusetts Nurses Association pointed to the Stewart HealthCare collapse, which was a big collapse as confirming what the Nursers Association has been saying for years, that private equity ownership starved hospitals of staffing resources.

There are common complaints, substituting cheaper, less qualified staff for RNs and physicians, delaying equipment and facility investment, and executives sitting on hospital boards with no clinical background.

That to me is probably the worst thing that can happen. Look, I'm fine. Private equity in hotels, private equities in golf courses, Healthcare should be about creating an environment where we can increase delivery in the speed of delivery, in speed care, it should about prevention.

It shouldn't be getting somebody addicted to a statin or a pill or whatever thing like that so they can never get off it. This is, its horrible what has been going on.

Here's some other research. Full-time staffing fell 12% and salary spend dropped 16 to 18% in ICUs and emergency departments after PE acquisitions. Private equity-owned hospitals show more advanced events, bloodstream infections, surgical site infections falls and increased emergency department mortality and inter-hospital transfers.

In 2025, health affairs study found private equity owned practices cut access to retinal detachment surgery by nearly 20%. Okay? So, this is not, if you look at this overwhelmingly, most physicians do not view private equity as a benefit.

Insurance Leverage and Corporate Practice of Medicine

Now, some do, the ones that own it, I have some friends of mine that have sold to private-equity, and they've done very, very well. They think it's great.

But overall, data tells us differently. The data suggests that private equality in healthcare, owning hospitals, buying practices, not only hurts the doctors, but it hurts, the patient.

The exact person, that doctor has been designed to heal and fix and cure. Now look, patients are not clients. They are customers, they are patients. And that word delineation to me is incredibly important because very simply put, A customer is someone that is saying, Hey, you know, I'm going to do this.

I need this thing. Give a barbecue pit put in my backyard or something like that. Right. And they go through a process and they decide to spend the money.

A patient is coming to you because they have something that hurts them, that ails them that they want to get fixed, but they won't relief from that, they wanted some comfort.

Private equity doesn't understand that Private equity has one role and one rule only. That is very simply to improve the return on investment. Now, can private equity and healthcare live together?

Sure. Why not? Of course it could. But it has to change. So what do we do, okay? Well, in many cases, as a friend of mine says, the horse is already out of the barn.

I mean, this has been in play for a good 10 to 15 years. Practices are getting bought and sold every three to seven years. Hospitals, things are trading back and forth.

However, there is a reckoning starting to happen that I'm starting see. First and foremost, and there was a belief by the venture capitalists and the private equity that because if they had a lot of locations, they could have leverage in negotiating with the insurance companies.

There are some signs now. And when I say some sign, this is whisper conversations that hear at conferences. and from my friends in the industry, that is not the case.

That actually, the UnitedHealthcare's and the Blue Cross Blue Shields of the world's, and Edna's have figured out, well, wait a minute. We actually control the purse strings.

If we lower the reimbursement rate, maybe that practice or hospital will go bankrupt and we can buy it cheaper. By the way, this is happening. You see, United Healthcare controls 11 different distribution points in a patient journey.

Think about that. You want to know what area they make their least amount of money in? Make the least money amount in healthcare premiums. Okay? So if I was taking a pure business school view of this and I had leverage over my competitor and then I could force them out of business and buy them for pennies on the dollar, I would absolutely consider it.

One, we have to realize that the horse is out of the barn and there's some stuff that is going on. So what do we do? Well, one, some states are beginning to enforce another little known part of this entire process, and that's corporate practice of medicine.

I'm very familiar with corporate practices of In North Carolina, we had three clinics. And our arrangement was, is that we get a business arrangement with the doctor.

The doctor owned the clinic. We had the management company. When we put up the money, and we did all that, at least the employees, We did it by the book.

I know because we have everything reviewed. and we followed the letter of the law. We did it from a legal standpoint, okay? The doctor had all of medical decisions, we took care of business decisions and it was a psoriatic relationship.

There were challenges in the relationship and in conversations, but the fact of matter is, is it worked, kay? Now, the problem with that is that has been abused.

One of ways that you can get around the for-profit corporate practice of medicine is for many states, not every. Now I'm not speaking of every single state because every state has their own different corporate practice medicine.

So for example, in Virginia, I can own a medical practice as a non-doctor, at least the last time I reviewed it, which was probably nine months ago. In North Carolina, cannot.

California, can not. There's all the laws for corporate practiced medicine, there's a different state by state. But overwhelmingly in most of the states it's very simple.

If the entity is a non-profit, then the doctor doesn't have to own it. Now, there are a lot of loopholes that exist out there. There are some states like Connecticut that are now saying, hey, any transaction has to be reviewed by the state.

The state's starting to get involved. I'm not necessarily one for more governmental oversight.

Why Private Equity Harms Healthcare

However, I believe it is warranted in this case. I believe we have to go and we to look at how this is being done because it's not in the best interest of the American public.

VCs, PE, ownership of hospitals and medical practices is not the in best interests of a patient. It has not lowered healthcare costs. it has increased capacity.

In fact, it has increased costs, restricted access, and it's worsened and contributed to the declining health of

America. All the while, you, the physician, are the one getting screwed.

You are holding the bag. The patient doesn't understand this. They don't know why you can't spend more than seven minutes with them because you have a metric to hit.

You are getting burned out. Your fellow doctors are committing suicide at a rate that's two and a half times more than any other profession. You were the ones that are leaving medicine early after sacrificing your 20s and early 30s to the betterment and the healing of the human grace.

Yeah. Private equity, venture capitalists, they're about as good for health as leeching was. And by the way, if you don't know the reference, former president of the United States, George Washington, after he had served our country dutifully and led us to freedom from the British and served eight years as president in the united states, got sick and they used leeches to try and heal him.

He didn't make it. They bloodled him, in fact, some people will tell you that the bloodletting is what actually precipitated his death. I can't find any reason why private equity and venture capitalists are good for healthcare in America.

I'd love to know your thoughts. Post them below. Send us a note. Check us out on YouTube, LinkedIn, Instagram. We'd like to hear it. And I would love continue the conversation.

This is just the first. If you want to come on the podcast and discuss it in depth, I will love hear from you. All right. My name is Matthew. from a non-doctor leading doctors to the promised land of healthcare.

You have a great day.