

New research shows private equity profiting off autism services

July 26 2023



Credit: Pixabay/CC0 Public Domain

Before 2001, neither commercial health insurance companies nor Medicaid covered services for people with autism. By 2015, thanks in

large part to the advocacy of thousands of parents, all but seven states had mandates requiring commercial health plans to provide coverage for autism, with the remainder covered by 2019.

According to research by Professor Rosemary Batt at Cornell University, the flood of insurance and [taxpayer money](#) that followed quickly flowed into the pockets of private equity firms. Between 2017 and 2022, private equity firms completed 85% of all mergers and acquisitions in autism services. It is the [highest rate](#) among health care segments.

"Parents who fought for health insurance coverage for their [autistic kids](#) expected the funds to be used to expand access to high-quality treatment. They didn't expect firms to move in, skim reimbursements to pay high salaries to executives, and deliver millions to private equity partners," said Batt, the Alice Hanson Cook Professor of Women and Work.

Batt's policy paper, "[Pocketing Money Meant for Special Needs Kids: Private Equity in Autism Services](#)," is co-authored by her longtime collaborator, Eileen Appelbaum of the Center for Economic and Policy Research, while Quynh Trang Nguyen, MILR '23 contributed substantial research assistance. It was published by the Center for Economic and Policy Research.

In their research, the team focused on 12 leading autism service providers that were owned by private equity firms. The private equity firms were large, owned many companies across a wide range of industries, and had virtually no knowledge or experience in providing services to autistic children. They bought out each autism services provider using substantial debt, which was loaded on the provider and then sold them at a higher price to other private equity firms on average every four years.

"The ongoing churn in ownership led to high staff turnover rates,

disrupting the relationships of trust that [autistic children](#) depend on to improve over time," Batt said. "Private equity owners also reduced levels of staffing, training, and supervision, which undermined job and care quality."

In addition, Batt and Appelbaum found that some [private equity](#) owners prioritized patients who garnered higher billing rates or lived in states with higher reimbursement rates, worsening inequality in access to care.

"The autism community should push for state and [federal legislation](#) to establish minimum care standards for provider organizations," Appelbaum said. "These should include rules for minimum staff-client ratios and the mix of skills and qualifications needed to provide appropriate care. Legislation should include annual reporting requirements and monitoring and oversight that currently do not exist."

Provided by Cornell University

Citation: New research shows private equity profiting off autism services (2023, July 26)
retrieved 29 April 2024 from
<https://medicalxpress.com/news/2023-07-private-equity-profiting-autism.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.