

States revive efforts to restrict private equity transactions

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Modern Healthcare reports that the battle over private equity involvement in the healthcare sector continues as states strive to impose stricter regulations, despite some legislative setbacks last year. Concerns about escalating healthcare expenses are increasingly prominent, prompting legislators to examine how private equity investments might be influencing these costs. The beginning of this year has seen a resurgence in support for state-level initiatives aiming to enhance oversight.

Sheppard Mullin Healthcare partner Jordan Grushkin observed that the support for this type of legislation isn't likely to go away and may even gain momentum in 2025. "States look to other states for examples of how to regulate, whether it's directly targeting private equity or having a broad-based review process for certain types of stakeholders or provider types," he said.

However, private equity investors and their advocates caution that these new legislative measures could hinder deal-making in certain states. They argue that compliance with varied and stringent reporting obligations could lead to increased financial burdens and administrative costs.

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Attorneys

Jordan E. Grushkin

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