

United States Senate

WASHINGTON, DC 20510

March 26, 2024

Dr. Ralph de la Torre
Chairman and CEO
Steward Health Care Systems
1900 N. Pearl St., Ste. 2400
Dallas, TX 75201

Dear Dr. de la Torre:

We are writing to follow up on the invitation for you to testify before the Senate Health, Education, Labor and Pensions Subcommittee on Primary Health and Retirement Security. The Subcommittee will hold a hearing on April 3, 2024 at 11:00 am at the Massachusetts State House and seeks your testimony in your capacity as Chairman and CEO of Steward Health Care Systems (“Steward”). This follows an initial invitation issued on March 1, 2024 and a public invitation sent on March 12, 2024, with a deadline for response of March 20, 2024. To date, you have not committed to participate, nor has any other representative of Steward. On March 21, you received an additional request to participate with a deadline of tomorrow, March 27, 2024, to respond. It is imperative that the public hear directly from Steward leadership on how its current financial instability — with all its far-reaching implications — came to arise.

In 2010, Steward formed in Massachusetts when Cerberus Capital Management (“Cerberus”), a private equity company, purchased six Caritas Christi hospitals, where you served as President and CEO.¹ In 2016, Steward sold property from several hospitals to a real estate investment trust, Medical Properties Trust (MPT), for \$1.25 billion.² The hospitals then entered into sale-leaseback agreements and paid rent to MPT on the property it previously owned.³ Using the \$1.25 billion, Steward then purchased 36 hospitals across 10 states.⁴ In 2021, Cerberus exited Steward, making \$800 million in profit for Cerberus and \$100 million for Steward’s ownership team.⁵

Steward’s rapid growth was paired with accumulating debt for the hospitals — debt that is unsustainable. This financial distress is having wide ranging impacts on access to health care.

¹ Press Release, Cerberus Capital Management, Caritas Christi Health Care System to be Acquired by Cerberus Capital Management, L.P. (March 25, 2010), <https://www.cerberus.com/media-center/caritas-christi-health-care-system-to-be-acquired-by-cerberus-capital-management-l-p/>.

² *Steward Receives \$1.25 Billion Investment from Medical Properties Trust, Setting Stage for National Growth*, PR Newswire (Sep. 26, 2016), <https://www.prnewswire.com/news-releases/steward-receives-125-billion-investment-from-medical-properties-trust-setting-stage-for-national-growth-300334227.html>.

³ Id.

⁴ *Steward Health Care and IASIS Healthcare Announce Definitive Agreement to Merge*, PR Newswire (May 19, 2017), <https://www.prnewswire.com/news-releases/steward-health-care-and-iasis-healthcare-announce-definitive-agreement-to-merge-300460642.html>.

⁵ Brian McGrory, *As Steward hospitals teeter, CEO’s \$40 million yacht is docked in the Galapagos Islands*, The Boston Globe (Feb. 2, 2024), <https://www.bostonglobe.com/2024/02/02/business/steward-ceo-ralph-de-la-torre/>.

In Massachusetts, Steward closed Quincy hospital and failed to pay vendors for supplies and services.⁶ Similarly, reports of hospitals failing to pay vendors have emerged in Florida,⁷ Ohio,⁸ and Utah.⁹ Amid the COVID-19 pandemic, Steward threatened to close a hospital in Easton, Pennsylvania unless it received a \$40 million bail out.¹⁰ Steward closed a 356-bed hospital in San Antonio, Texas,¹¹ and your hospital in West Monroe, Louisiana recently closed its inpatient rehabilitation unit.¹²

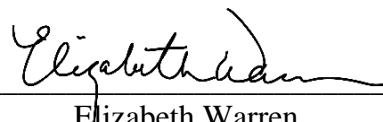
Beyond Steward, the role that MPT played in Steward's financial insecurity presents risks to health access in other states where MPT owns health system properties: Alabama, Arkansas, Arizona, California, Colorado, Connecticut, Florida, Idaho, Iowa, Indiana, Kansas, Kentucky, Massachusetts, Michigan, Missouri, Montana, New Jersey, New Mexico, Ohio, Oklahoma, Pennsylvania, South Carolina, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming.¹³

On March 7, we sent you a letter about these troubling transactions and Steward's role in this growing crisis, but nearly three weeks later, you have failed to provide us with any response. Investing in and operating a health care system includes a responsibility to the public, and you must answer for Steward's current financial insecurity and its impact on access to health care. You have led Steward since its formation and are in the best position to answer those questions. The public must hear directly from you.

Sincerely,



Edward J. Markey
United States Senator



Elizabeth Warren
United States Senator

⁶ Kristina Rex, *Steward Health Care is millions in debt and their Massachusetts hospitals and patients are worried*, CBS News (Jan. 26, 2024), <https://www.cbsnews.com/boston/news/steward-health-care-lawsuits-millions-hospital-closure-rumors/>; Joe DiFazio, *Quincy Medical Center closes for good*, The Patriot Ledger (Nov. 1, 2020), <https://www.patriotledger.com/story/news/2020/11/01/quincy-medical-center-closes-for-good/114602450/>.

⁷ Melanie Evans & Jonathan Weil, *A Bat Infestation, Postponed Surgeries and Unpaid Bills: A Hospital Chain in Crisis*, Wall St. J. (Mar. 20, 2024), <https://www.wsj.com/health/healthcare/hospital-chain-financial-crisis-steward-mpt-45be8bfb>.

⁸ J. Breen Mitchell, *Steward Health facing lawsuits alleging unpaid bills at Trumbull Regional Hospital*, 21 WFMJ (Jan. 30, 2024), <https://www.wfmj.com/story/50395853/steward-health-facing-lawsuits-alleging-unpaid-bills-at-trumbull-regional-hospital>.

⁹ Madeline Ashley, *3 Utah lawsuits seek \$40M from Steward*, Becker's Hospital Review (Feb. 19, 2024), <https://www.beckershospitalreview.com/legal-regulatory-issues/3-utah-lawsuits-seek-40m-from-steward.html>.

¹⁰ Brian Spegele & Laura Cooper, *As Coronavirus Cases Climbed, Private-Equity-Owned Hospital Demanded Bailout*, Wall St. J. (Apr. 26, 2020), <https://www.wsj.com/articles/as-coronavirus-cases-climbed-private-equity-owned-hospital-faced-closure-11587893400>.

¹¹ Iris Dimmick, *San Antonio weighs health care access as Texas Vista closes its doors*, San Antonio Report (May 1, 2023), <https://sanantonioreport.org/san-antonio-health-care-access-texas-vista-closing/>.

¹² KNOE Staff, *Glenwood Regional Medical Center closes inpatient rehabilitation unit*, KNOE 8 News (Mar. 20, 2024), <https://www.knoe.com/2024/03/20/glenwood-regional-medical-center-closes-inpatient-rehabilitation-unit/>.

¹³ Our Properties, Medical Properties Trust, <https://www.medicalpropertytrust.com/locations>.