



AMERICAN
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2025 ABI Health Care Program

Private Equity's Role in Health Care

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Private Equity's Role in Health Care

ABI Health Care Program
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Agenda

- I. Healthcare Industry Opportunities and Risks
- II. Investing in the Healthcare Industry
- III. Regulatory and Reimbursement Environment
- IV. Healthcare Industry Under Pressure
- V. Artificial Intelligence

Healthcare Industry Opportunities and Risks

Overview

- Healthcare expenditures in the US reached approximately \$4.9 trillion in 2023, placing it among the largest industries in the country, with growth projected to continue to outpace inflation.
- The industry comprises a wide variety of participants, ranging from hospitals, clinics and senior living facilities to insurers, technology companies and pharmaceutical manufacturers.
- Participants face both business and legal challenges that can be highly burdensome.
- These factors combine to present a unique set of opportunities and risks for investors.

Investing in the Healthcare Industry

Private Equity

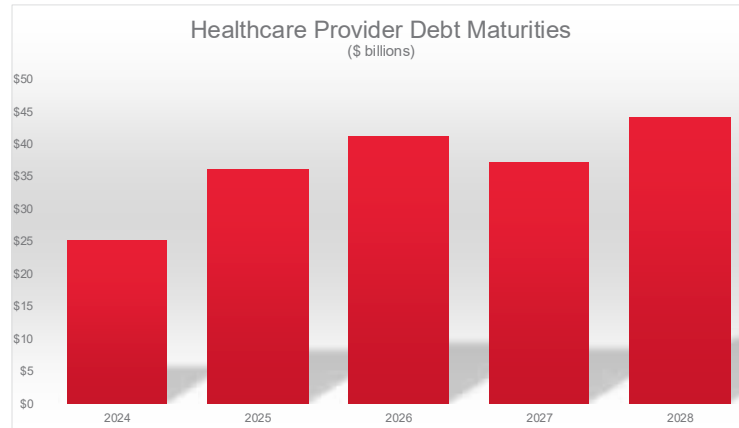
- Private equity investors have been steadily increasing the capital they deploy in the healthcare industry, with the annual value of healthcare industry buyouts rising from \$30 billion in 2014 to \$115 billion in 2024.
- Over that same timeframe, the average number of healthcare industry portfolio companies in private equity funds nearly doubled from 1.4 to 2.7.
- Private equity investment has touched nearly every segment of the industry.

*Source: Bain & Company, *Healthcare Private Equity Market 2024: Year in Review and Outlook*, January 9, 2025

Investing in the Healthcare Industry

Lending

- Healthcare companies, including those backed by private equity, are financed by a wide range of debt structures.
- Healthcare borrowers face significant near-term debt maturities that will need to be refinanced or otherwise addressed.



*Source: RSM US LLP, *Private credit outlook for healthcare: Leveraging capital for growth*, February 23, 2024

Regulatory and Reimbursement Environment

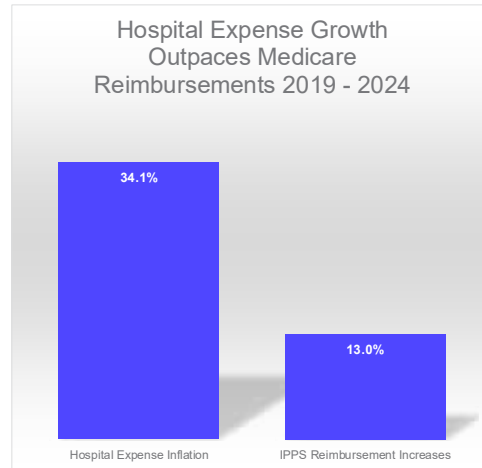
Burden on Providers

- Healthcare providers face heavy regulation at the federal, state and local levels.
- Regulations are highly complex and frequently changing.
- Cost of compliance and penalties for failure to do so can be significant.
- Healthcare providers are highly dependent on reimbursements from third party payors for their revenue.
- Reimbursement rates subject to negotiation with or, in the case of certain government programs, dictated by payors incentivized to keep rates as low as possible.

Regulatory and Reimbursement Environment

Hospital Costs and Reimbursement Rates

- According to the American Hospital Association, reimbursement rates, particularly from Medicare and Medicaid, have failed to keep pace with hospitals' growing costs of delivering care.
- Labor costs, drug prices and hospital have all grown faster than inflation and faster than reimbursement rates, pressuring or eliminating hospital margins.



*Source: American Hospital Association, *The Cost of Caring: Challenges Facing America's Hospitals in 2025*, April 2025

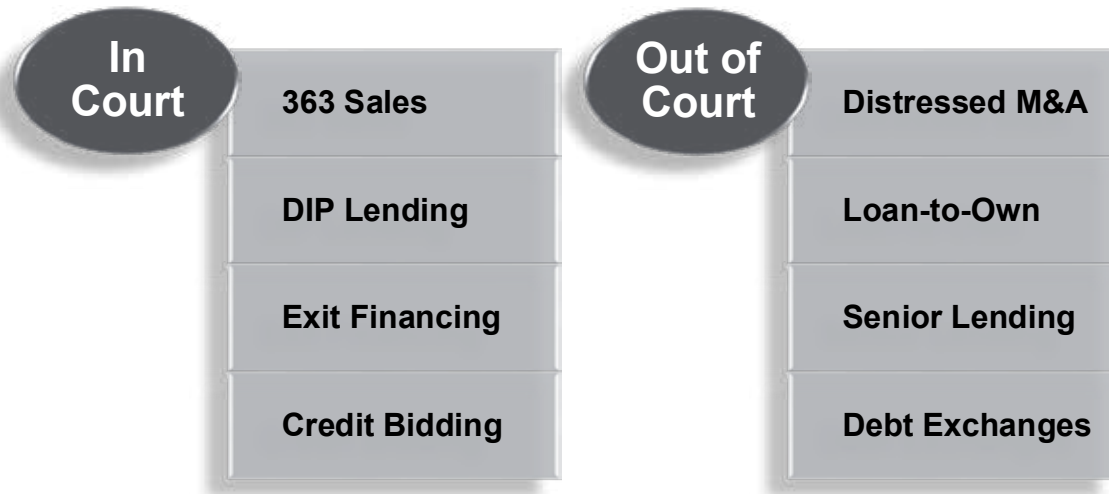
Regulatory and Reimbursement Environment

Private Equity Scrutiny

- As private equity's role in the healthcare industry has grown, so has the regulatory and legislative scrutiny they face.
- Laws enacted or proposed in various states, largely in the past year, would limit or place conditions on private equity investment in healthcare, including:
 - Requiring review/and or prior government approval of healthcare transactions;
 - Restricting ownership or control of medical practices by corporate entities;
 - Requiring additional reporting and disclosure by owners of healthcare companies;
 - Prohibiting sale-leaseback transactions between hospitals and REITs; and
 - Temporarily prohibiting private equity companies or REITs from acquiring hospitals.

Healthcare Industry Under Pressure

Distressed Investment Strategies

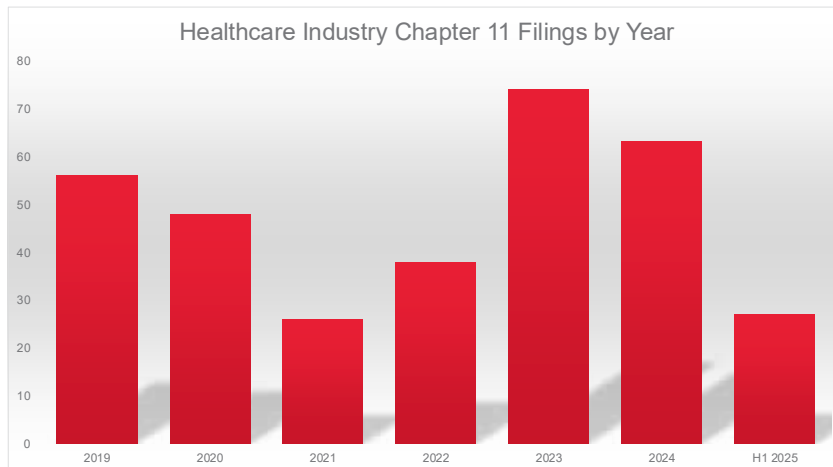


Healthcare Industry Under Pressure

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Healthcare Industry Under Pressure

Chapter 11 Filings



- Healthcare produced the largest number of \$100 million - \$1 billion chapter 11 filings of any industry in the first half of 2025.

Healthcare Industry Under Pressure

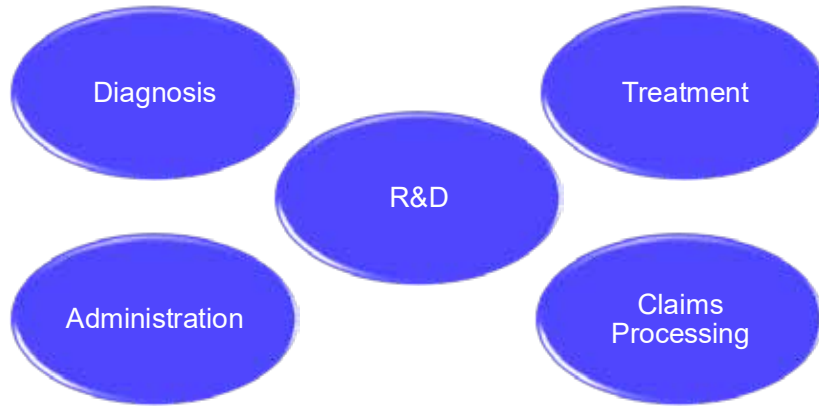
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*Source: Octus, *Octus First Day Midyear Review: Smaller Cases Surge, Medium-Size Cases Lag, Largest Cases Holding Steady*, July 29, 2025

Artificial Intelligence

Promise of AI to Revolutionize Healthcare

- Healthcare businesses, investors and entrepreneurs are racing to apply and deploy the latest developments in artificial intelligence to the industry, with the promise to improve care and reducing costs.



Questions?

Speaker Bios

Marc Strauss

Senior Managing Director – Crestline Investors, Inc.



Mr. Strauss joined Crestline in 2019 and focuses on the Opportunistic and Direct Lending strategies. Prior to joining Crestline, Marc worked at LStar Capital and FS Investments, where he was responsible for deal sourcing, execution and asset management for unitranche, junior capital, and special situation debt investments. In addition to his investing experience, Mr. Strauss provided debt advisory and capital raising services while working at Jefferies Financial Group and Rothschild & Co. Mr. Strauss has a BA from the University of Rochester, a JD from the University of Virginia, and a MBA from Columbia Business School. Mr. Strauss currently serves on the Board of Directors of ClareMedica, Genuine Health Group and Upperline Health.

Todd Gordon

Managing Director – Ares Management LLC



Mr. Gordon is a Managing Director and Head of Healthcare ABL in the Ares Credit Group, where he focuses on the group's commercial finance platform. Prior to joining Ares in 2025, Mr. Gordon was a Senior Vice President and Head of Healthcare ABL at Huntington Bank, where he led the origination, underwriting, and portfolio management for asset-based credit facilities to companies operating within the healthcare industry. Previously, Mr. Gordon held senior leadership roles, including Chief Executive Officer and Executive Vice President at Sector Financial, an affiliate of Credit Suisse, where he led all aspects of the company's middle market healthcare direct lending business. In addition, he served as a Managing Director and Group Head at both Capital One Bank and CapitalSource Finance, where he oversaw loan origination, underwriting, and portfolio management within each firm's Healthcare Credit Group. Mr. Gordon began his career as a Legal Associate at Latham & Watkins LLP and a Senior Accountant at KPMG LLP. Mr. Gordon holds a B.B.A., summa cum laude, from James Madison University in Accounting and a J.D. from the Vanderbilt University School of Law.

Panelist

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Jason Simmers

Managing Partner – Bearing Healthcare Capital



Jason has 25 years of experience in the healthcare and real estate industries where he has invested more than \$4B and asset managed nearly \$20B of healthcare real estate assets for two publicly traded REITs and a private investment firm.

Prior to founding Bearing Healthcare Capital, Jason was Co-Founder & Managing Partner of Greene Park Capital, a boutique healthcare real estate investment firm that closed \$600M+ of transaction value. Preceding Greene Park, Jason was part of the Ventas senior leadership team and head of Healthcare Portfolio Management. During his tenure, he was responsible for managing key partnerships with public and privately held health systems, specialty hospitals, skilled nursing and senior housing operators in the US and UK. In addition, Jason underwrote new investments and led the portfolio management function for NorthStar Asset Management Group's (formerly NYSE:NSAM) non-traded Healthcare REIT while successfully integrating \$10B of healthcare real estate acquisitions. Prior to NorthStar, he advised corporations, banks, hedge funds and private equity groups on structured debt, equity and M&A transactions principally focused on high growth and distressed investment opportunities. Notably, he served as interim head of Treasury for a not-for-profit health system leading to a successful 363 sale.

Jason earned his Master of Business Administration in Finance at Vanderbilt University and Bachelor of Science in Civil Engineering from The University of Texas at Austin. He is an Executive Member of the University of Texas Real Estate Council.

Panelist

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Eric Walker

Partner – Cooley LLP



Eric maintains a national practice focused on financial restructuring, bankruptcy and litigation. He has represented virtually every major stakeholder in bankruptcy proceedings throughout the US. While Eric has a range of restructuring experience spanning multiple sectors, he has a particular understanding of the healthcare industry, including restructuring senior living facilities, continuing care retirement communities (CCRCs), skilled nursing facilities (SNFs), hospital systems, urgent care clinics, behavioral health centers and diagnostic medical laboratories.

Eric is recognized as a leading bankruptcy practitioner by Chambers USA, Lawdragon, M&A Advisor, the American Bankruptcy Institute (ABI) and the National Conference of Bankruptcy Judges. Clients describe Eric as "a brilliant restructuring lawyer" who "outmaneuvers the opposition every time." In 2017, Eric was honored as one of 40 Under 40 restructuring professionals by the ABI.

He is a former member of the board of directors for the ABI, is an executive editor for the ABI Journal and serves on the advisory board of the annual ABI Health Care Program. Eric is a thought leader and frequent writer and speaker on bankruptcy and healthcare law issues.

Faculty

Todd Gordon is a managing director and head of Healthcare ABL with the Ares Credit Group in Arlington, Va., where he focuses on the group's commercial finance platform. Prior to joining Ares in 2025, he was a senior vice president and head of Healthcare ABL at Huntington Bank, where he led the origination, underwriting and portfolio management for asset-based credit facilities to companies operating within the health care industry. Previously, Mr. Gordon held senior leadership roles, including CEO and executive vice president at Sector Financial, an affiliate of Credit Suisse, where he led all aspects of the company's middle-market health care direct-lending business. In addition, he served as a managing director and group head at both Capital One Bank and CapitalSource Finance, where he oversaw loan origination, underwriting and portfolio management within each firm's Healthcare Credit Group. Mr. Gordon began his career as a legal associate at Latham & Watkins LLP and a senior accountant at KPMG LLP. He received his B.B.A. *summa cum laude* in accounting from James Madison University, and his J.D. from Vanderbilt University School of Law.

Jason Simmers is the founder of Bearing Healthcare Capital, LLC in Chicago and has 25 years of experience in the health care and real estate industries, where he has invested more than \$4B and asset-managed nearly \$20B of health care real estate assets for two publicly traded REITs and a private investment firm. Previously, he co-founded and was a managing partner of Greene Park Capital, a boutique health care real estate investment firm that closed \$600M+ of transaction value. Preceding Greene Park, Mr. Simmers was part of the Ventas senior leadership team and head of its Healthcare Portfolio Management division. During his tenure, he was responsible for managing key partnerships with public and privately held health systems, specialty hospitals, skilled nursing facilities and senior housing operators in the U.S. and U.K. In addition, Mr. Simmers underwrote portfolio investments and led the portfolio management function for NorthStar Asset Management Group's non-traded health care REIT while successfully integrating \$10B of health care real estate acquisitions. Prior to NorthStar, he advised corporations, banks, hedge funds and private-equity groups on structured debt, equity and M&A transactions principally focused on high growth and distressed investment opportunities. Notably, he served as interim head of Treasury for a nonprofit health system, leading to a successful § 363 sale. Mr. Simmers received his B.S. in civil engineering from the University of Texas at Austin and his M.B.A. in finance from Vanderbilt University.

Marc Strauss is a senior managing director with Crestline Investors, Inc. in Ft. Worth, Texas, where he focuses on opportunistic and direct lending strategies. Prior to joining Crestline, he spent the majority of his investing career at LStar Capital and FS Investments, where he was responsible for deal-sourcing, execution and asset-management for unitranche, junior capital and special-situation debt investments. In addition to his investing experience, Mr. Strauss provided debt advisory and capital-raising services while working at Jefferies Financial Group and Rothschild & Co. He currently serves on the board of directors of Genuine Health Group and Upperline Health. Mr. Strauss received his B.A. from the University of Rochester, his J.D. from the University of Virginia and a his M.B.A. from Columbia Business School.

Eric E. Walker is a partner with Cooley LLP in its Business Restructuring Group in Chicago, where he focuses his practice on all aspects of financial restructuring, bankruptcy and litigation. He has represented virtually every major stakeholder in bankruptcy proceedings throughout the country. Mr. Walker has particular experience in restructuring hospital systems, senior-living facilities, continuing-care retirement communities (CCRCs), skilled nursing facilities (SNFs), behavioral health centers and diagnostic medical laboratories. His successful representation of the asset-purchaser in the Health Diagnostic Laboratories (HDL) bankruptcy case was awarded the 2016 Restructuring Deal of the Year (Under \$100M) by The M&A Advisor, and he received an individual Band 5 ranking from *Chambers USA* in 2023. Mr. Walker also has experience in the hotel and hospitality industry and regularly represents hotel owners, developers, operators, lenders and major hotel brands in transactions, state and federal litigation, and bankruptcy. He represented the petitioners before the U.S. Supreme Court in *RadLAX Gateway Hotel LLC, et al. v. Amalgamated Bank* (Case No. 11-166), a landmark chapter 11 bankruptcy case involving secured creditor cramdown. Mr. Walker has been recognized as a leading bankruptcy practitioner by *Chambers USA*, *Lawdragon* and the National Conference of Bankruptcy Judges. He is a member of ABI's inaugural class of "40 Under 40" (2017) and served on ABI's Board of Directors. He frequently writes and speaks on issues of bankruptcy and health care law. Mr Walker received his B.S.B.A. in finance in 2000 from Miami University and his J.D. in 2006 from the University of Connecticut School of Law, where he served on the *Connecticut Law Review*.