

May 24, 2024

The Honorable Xavier Becerra  
Secretary  
U.S. Department of Health and Human  
Services  
200 Independence Avenue, S.W.  
Washington, DC 20201

The Honorable Chiquita Brooks-LaSure  
Administrator  
U.S. Centers for Medicare & Medicaid  
Services  
7500 Security Boulevard  
Baltimore, MD 21244

Dear Secretary Becerra and Administrator Brooks-LaSure:

I write to you regarding the ongoing bankruptcy proceedings of Steward Health Care (Steward). Steward is the largest privately-owned hospital operator in the country,<sup>1</sup> and filed for bankruptcy on May 6, 2024, after years of financial problems.<sup>2</sup> Eight Steward-run hospitals in Massachusetts are now operating under bankruptcy.<sup>3</sup>

Steward's bankruptcy is a result of private equity-fueled greed, and profiteering by its long-time Chief Executive Officer Ralph de la Torre, along with other company executives.<sup>4</sup> The company's problems began in 2016, when de la Torre and Cerberus, Steward's private equity owner at the time, sold the hospitals' real estate to Medical Properties Trust, saddling the hospitals with long-term leases that ultimately created a massive drain on company finances.<sup>5</sup> After years of debt-fueled deals, Steward is now \$9 billion in debt.<sup>6</sup>

My primary concern as these Massachusetts hospitals go through the bankruptcy process is the communities served by these hospitals, their workers, and the patients that depend on them. I am

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<sup>1</sup> Steward Corporate, "Our Network," <https://www.steward.org/network/our-hospitals>.

<sup>2</sup> WBUR, "The 3rd-largest Mass. hospital system is in bankruptcy. Here's what you need to know," Priyanka Dayal McCluskey and Elisabeth Harrison, May 7, 2024, <https://www.wbur.org/news/2024/05/07/steward-bankruptcy-hospitals-massachusetts>; Becker's Hospital Review, "A house of cards: What's going on with Steward's finances?," Madeline Ashley, April 3, 2024, <https://www.beckershospitalreview.com/finance/a-house-of-cards-whats-going-on-with-stewards-finances.html>.

<sup>3</sup> *Id.*

<sup>4</sup> Letter from Senators Elizabeth Warren and Ed Markey to Steward Health Care System Chairman and CEO Ralph de la Torre, March 7, 2024, <https://www.warren.senate.gov/imo/media/doc/2024.03.06%20Letter%20to%20Steward%20CEO.pdf>.

<sup>5</sup> *Id.*, p. 2.

<sup>6</sup> *Id.*, pp. 2-3; Becker's Hospital Review, "Steward plans sale of all hospitals, reports \$9B in debt," Madeline Ashley, May 7, 2024, <https://www.beckershospitalreview.com/finance/steward-plans-sale-of-all-hospitals-reports-9b-in-debt.html>.

confident that state officials have developed contingency plans<sup>7</sup> and am encouraged that U.S. Bankruptcy Judge Christopher Lopez, who has been assigned the case, appears to be prioritizing that “[p]ayroll has got to be funded [and] [c]are has got to be provided.”<sup>8</sup>

However, the future of Steward’s Massachusetts hospitals remains uncertain, with the company attempting to sell them as part of the bankruptcy process by the end of June.<sup>9</sup> I am also concerned by news reports that “[t]he crisis at Steward Health Care is squeezing other hospitals in Eastern Massachusetts.”<sup>10</sup>

Ultimately, my hope is that the hospitals exit from bankruptcy under new ownership, the health care system in the state emerges more cost-effective and competitive, health care providers and hospital workers keep their jobs, and patients retain access to high quality care in their communities. To the extent that the Department of Health and Human Services (HHS) and the Centers for Medicare and Medicaid Services (CMS) can support this process via the provision of grants, technical assistance, or other capacities to assist communities and health care providers in need, I urge you to do so.

Thank you for your assistance. I ask that, no later than June 7, 2024, you provide me with a staff-level briefing on the resources available from HHS and CMS to support the Commonwealth’s health care system during the Steward bankruptcy process.

Sincerely,



Elizabeth Warren  
United States Senator

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<sup>7</sup> Boston.com, “Mass. launches emergency operations plan for embattled Steward hospitals,” Morgan Rosseau, May 4, 2024, <https://www.boston.com/news/local-news/2024/05/04/mass-launches-emergency-operations-plan-for-embattled-steward-hospitals/>.

<sup>8</sup> Law360, “Steward Health Gets Ch. 11 Loan, Says It Plans Hospital Sales,” Rick Archer, <https://www.law360.com/articles/1834358/steward-health-gets-ch-11-loan-says-it-plans-hospital-sales>.

<sup>9</sup> Boston Herald, “Healey says Steward bankruptcy, sale are good things; getting them out is the goal,” Matthew Medsger, May 12, 2024, <https://www.bostonherald.com/2024/05/12/healey-says-steward-bankruptcy-sale-are-good-things-getting-them-out-is-the-goal/>.

<sup>10</sup> Boston Globe, “Steward crisis adding to stresses on hospital care, as state scrambles to contain fallout,” Robert Weisman and Jessica Bartlett, May 15, 2024, <https://www.bostonglobe.com/2024/05/15/business/steward-health-care-crisis-hospital-care-state/>.