

Private equity firm announces bankruptcy, leading to shutdown of hospital system throughout southeast Pennsylvania

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On April 23, 2025 a US bankruptcy court for the Northern District of Texas approved the closure of two Pennsylvania hospitals, Crozer-Chester Medical Center and Taylor Hospital in the suburban Philadelphia region. The closure will impact 2,651 healthcare workers and over 75,000 patients.

The massive layoffs of the hospitals' workforce is unlike anything seen in the region since the wave of layoffs associated with the bankruptcy of the Bethlehem Steel Company in the 1970s-1980s. It follows Volvo Group's announcement less than two weeks ago that temporary layoffs would be hitting the Mack Trucks assembly plant in the Lehigh Valley due to worsening market conditions triggered by Trump's trade war agenda.

In response to the hospital closures, Ridley Park Borough, the city of Chester and Delaware County all declared states of emergency.

After the judge's decision, Crozer paramedic William McCall told the local media:

Everything that requires time and definitive care [is] being taken away from these people. People are going to die on the way to the hospital.

A nurse added:

Somebody is going to die, and unfortunately that is what is going to happen.

As soon as Judge Stacey Jernigan had approved and signed the order, the two hospitals under the ownership of bankrupt entity Prospect Medical Holdings began diverting emergency room patients to nearby hospitals through its subsidiary Crozer Health.

The two hospitals are vital resources for the largely working class communities they serve. The Crozer-Chester Medical Center dates back to the 19th century, opening as the Chester Hospital in 1893 before merging in the 1960s with the J. Lewis Crozer Homeopathic Hospital. Taylor Hospital opened in 1910, serving the region for 115 years.

The court approval establishes a timeline for the sell-off of assets, after the California-based medical holdings company failed to find a buyer for the hospitals for more than a year. The company had been seeking bankruptcy protection since January. Both hospitals will be closing as early as May.

The imminent closures have already led to an increase in emergency room patients in the smaller Riddle Hospital and Lankenau Medical Center respectively, stoking fears in the community of patient-to-staff ratios being overwhelmed and leading to worse care.

Additionally, the closures of the community-based centers will lead to lengthier trips and less accessibility for the population. According to some industry reports and analysis, the estimated length of travel will be "30 to 40 minutes," far too long in an emergency situation.

Prospect Medical Holdings, a private equity firm that acquired the Crozer Health system in 2016, had been looking for \$9 million in hopes of keeping the two hospitals and associated facilities open, allowing time to find an interested buyer.

According to the University of Pennsylvania's *Daily Pennsylvanian*:

Efforts to save the Crozer system have been ongoing for several months, and Crozer hospitals have received \$46 million from local entities.

This includes

\$20 million in Pennsylvania taxpayer money and \$20 million from The Foundation for Delaware County—a community nonprofit organization.

Penn Medicine, the healthcare system for the University of Pennsylvania, had offered the company \$5 million but was subsequently rejected by the hospitals' owners who declared simply that they "were unable to reach a viable alternative." The university has recently suffered a loss in funding due to the sanctions of the Trump regime related to so-called "diversity, equity and inclusion" policies totaling \$175 million. It is unclear if the university's failure to reach a deal was impacted by these policies.

This is not the first time that hospitals under Prospect's ownership have been eviscerated. In 2022, Prospect closed down two other hospitals in the Crozer network: Delaware Memorial Hospital and Springfield Hospital. Delaware County asserted that Prospect violated a 2022 ordinance it passed in anticipation of Prospect's bankruptcy, which required hospitals and long-term healthcare facilities to provide 180 days' notice of their closures and to adopt a closing plan.

"This is not the first time this has happened," stated a nurse in Philadelphia who spoke to the *World Socialist Web Site* of the announcement of the closures. "This is a disturbing pattern," she said, noting the predominance of business interests running healthcare.

In October 2024, Pennsylvania's attorney general announced a lawsuit against Prospect Holdings "regarding years of the company's mismanagement and neglect of Delaware County-based Crozer Health

System, which has resulted in closures of facilities and shattered a network of care for hundreds of thousands of Pennsylvanians."

The suit also alleges that Prospect had broken an Asset Purchase Agreement "approved by a court in 2016, by cutting services and closing facilities, while diverting funds to private shareholders and investors, rather than supporting the healthcare network."

A United States Senate report published in January found that Prospect, along with other private equity firms, had "infected our health care system, putting patients, communities and providers at risk." The Senate committee declared "these financial entities are putting their own profits over patients, leading to health and safety violations, chronic understaffing and hospital closures."

According to *Yale Daily News*, "Private equity investment in healthcare has surged, with an all-time high of \$151 billion worth of investment deals as of 2021." It notes that "such investment booms often prioritize short-term profits at the expense of sustainable hospital operations."

The Democrats' rhetorical complaints are solely for public consumption. The corporate-controlled party defends the for-profit healthcare system, which subordinates the lives and health of the public for financial interests of Wall Street.



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