Anatomy of a social crime: How financial speculation shuttered Crozer Health in Chester, Pennsylvania

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Are you a resident in or near Chester, Pennsylvania? Tell us how the closures have affected you and your family, friends and co-workers by filling out the form below. All submissions will be kept anonymous.

In late April, Prospect Medical Holdings, Inc., a healthcare services company, declared bankruptcy, leading to the closure of Crozer Hospital and Taylor Hospital in Chester, Pennsylvania.

The closure will have a devastating impact on Delaware County's nearly 500,000 people, who have been deprived of their hospital services. Experts in the field have said that people will die on their way to the emergency room, due to the greater distance required for travel, as they have no community-based hospitals to turn to.

The impact of the coronavirus pandemic on public health has been greatly worsened by subordinating life to profit. This not only includes the premature ending of measures to stop the spread of disease and the promotion of junk science, but massive levels of indebtedness by the industry's corporate owners, who are imposing the costs on the backs of the working class. Last year, more than 51,000 jobs were cut in the US healthcare industry, and more than 58,000 were cut the year before that.

But particular responsibility lies with Prospect Medical Holdings and its majority owner, the multibillion-dollar private equity firm Leonard Green & Partners. Prospect Medical and Leonard Green & Partners (LGP) have spent the last decade and a half buying up struggling hospitals and siphoning capital out of them, leaving them in financial distress.

The operations of Crozer's owners lay bare not only the ruthlessness, but socially parasitic character of Wall Street speculators. It raises the need for a struggle by the working class against for-profit healthcare, as part of a general fight against the profit system itself.

The now-bankrupt Prospect Medical Holdings, which at its peak employed around 18,000 people and operated 17 different hospitals in five different states, was created by a small group of Orange County, California physicians in 1986. It served as a catalyst for the company's growth in the trillion-dollar healthcare industry.

Leonard Green & Partners: a vulture capitalist firm

In 2010, LGP also entered the picture. LGP specializes in leveraged buyouts, a notoriously predatory financial practice in which private equity firms buy smaller or financially struggling companies, often through accruing massive debt. The assets of the company being bought are then used as collateral to pay off the debt. This often leads to the stripping of a company, plundered for its most valuable assets, and then its eventual discarding and bankruptcy.

The private equity firm holds substantial investment stakes in dozens of companies. Some of Leonard Green & Partners' most profitable or well-known investments include:

• SRS Distribution: Sold to Home Depot in 2024 for $18.25 billion, marking one of the largest private equity exits in US history.
• Whole Foods Market: LGP acquired a significant stake in 2009 and later sold shares for substantial gains.
• Thrifty Payless: Merged and sold to Rite Aid in the 1990s, netting a gain of $420 million.
• Activision Blizzard: Early investment in the world's largest independent gaming company, known for its Call of Duty and World of Warcraft franchises.
• The Container Store: A well-known retailer, acquired in 2007.

LGP purchased a 61 percent stake in Prospect Medical for $363 million in 2010. This included $158 million in Prospect's already-existing debt.

The company was active in other states as well. In 2014, Prospect Medical pledged in a Rhode Island court that it intended to make substantial investments in the state's health system. It pledged to refrain from making any outsized payouts to its investors as had occurred in the years 2012 and 2013, when dividends of $88 million and $100 million were distributed. The company pledged it had "no plans to make a similar distribution in the foreseeable future" and was awarded its licenses.

In 2018, Prospect Medical reported a $244 million loss, financial records show. Despite this, that year Prospect paid LGP and its stakeholders a whopping $457 million from its coffers, in a predatory financial maneuver often employed by private equity firms called dividend recapitalization. This maneuver involved

Prospect taking on new debt and then using some of the borrowed money to pay itself fees and dividends. In the process, this meant saddling Prospect with more debt.

In 2019, LGP was forced to pump $41 million into Prospect after it ran out of cash. This self-created financial problem was also addressed by Prospect selling much of the land it owned, only to have it leased back to them. In the short term, the sale created a cash supply, but the rent that Prospect had to pay on the leases further contributed to its ultimate bankruptcy.

Still, these financial maneuvers were not sufficient, and the same year Prospect began to close all of its facilities in San Antonio, Texas, leaving 1,000 workers jobless and gutting the community's access to healthcare.

Prospect's owners cash in during the COVID-19 pandemic

While the COVID-19 pandemic was overwhelming ICUs and killing patients, Prospect Medical was busy taking advantage of the crisis to save a few dollars.

As the pandemic swept the globe in 2020, Prospect began taking advantage of federal funds to the tune of $283 million. That year, the state of Connecticut granted several hospitals, including Rockville Hospital (owned by Prospect), waivers for certain medical services that the hospitals provided.

The purpose of these waivers was to allow hospitals to free up more space and resources so that they could manage the large influx of pandemic patients. Prospect is accused of having cut far more services than was allowed, including surgeries and the closure of ICUs. These actions by Prospect triggered years-long investigations and fines by the state government.

By 2020, LGP and its minority owner partners had raked in nearly $658 million in total dividend payments from its healthcare cash cow.

The vast sum of wealth was created through financial maneuvering and socially destructive management practices. This included saturating the company with debt and pulling out whatever cash they could grab: all at the expense of people's jobs and lives.

Prospect's bankruptcy

By 2021, LGP tried to sell off its remaining ownership of its cash-strapped hospitals to their minority owners and Prospect executives.

LGP attempted a sale of its hospitals in Rhode Island, but the sale was held up by the state's attorney general on the grounds that the hospital was in far too dire a financial situation, and that an amount of $120-150 million needed to be placed in an escrow account to stabilize the financial position of the hospitals.

This upset LGP executives, who held the community for ransom by threatening to close the network of hospitals instead of selling it. This bullying tactic worked, and the Attorney General lowered the escrow amount to $80 million.

2022 was marked by more layoffs and closures. Prospect began to steadily close down many of its services, including a maternity ward at Delaware County Memorial Hospital, Springfield Hospital's emergency department, and Taylor Hospital's hospice unit. This was also accompanied by hundreds of layoffs at Crozer-Chester.

These cost-reducing actions still led to the closure of two more hospitals in Delaware County, leaving the county with only two remaining hospitals.

Prospect began to seek a complete sell-off for its multi-state network of hospitals. At the beginning of 2025, Prospect filed for bankruptcy protection, which Judge Stacey Jurnigen approved in a northern Texas bankruptcy court. This approval prompted the immediate mass layoffs and closure of the last two remaining hospitals in Delaware County, leaving the community of more than half a million people with zero hospitals.

In Pennsylvania, Prospect left behind a trail of potentially numerous laws and regulations violated, numerous state investigations being initiated, thousands of workers left jobless and a population without local treatment options. The Pennsylvania attorney general is investigating the company for its practice of cutting services and funding to its hospitals while diverting hundreds of millions of dollars in funds to its own stakeholders. Delaware County itself is claiming that Prospect owes $13 million in unpaid taxes.

Regardless of the final court determination, the roots of Prospect's practices lie in the operations of finance capital and the capitalist system as a whole, which are incompatible with public health. Under the Trump administration, this is being taken a step further, with the wholesale attack on science by Health and Human Services Secretary Robert F. Kennedy Jr. and by other quacks and anti-vaxxers in the government.

Only by eliminating the profit motive entirely, over public health and society as a whole, and its replacement with a social system prioritizing human need, can the vast resources of the American and world economy be leveraged to improve health and save lives, not destroy them. That system is socialism.