



Medical Properties Trust

October 28, 2025

Massachusetts Health Policy Commission
50 Milk Street
8th Floor
Boston, MA 02109

VIA E-MAIL

RE: Request for Written Pre-Filed Testimony for the 2025 Annual Health Care Cost Trends Hearing

Dear Massachusetts Health Policy Commission:

Medical Properties Trust, Inc. ("MPT") hereby submits the attached responses to the Massachusetts Health Policy Commission's October 7, 2025 request for written testimony in preparation for the 2025 Health Care Cost Trends Hearing, "*Working Together to Safeguard the Commonwealth's Commitment to Health Care Affordability, Access, and Equity*," scheduled for Wednesday, November 12, 2025 at 8:30 AM.

As Senior Legal Counsel, I am legally authorized and empowered to represent MPT for the purposes of this testimony. I acknowledge through my signature below that MPT is providing this testimony under the pains and penalties of perjury.

If you have any questions regarding this submission, please contact me by phone at (205) 397-3920 or by e-mail at lmcwilliams@medicalproptiestrust.com.

Best Regards,



Leanne McWilliams
Senior Legal Counsel

2025 Pre-Filed Testimony



As part of the
*Annual Health Care
Cost Trends Hearing*

Massachusetts Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

INSTRUCTIONS FOR WRITTEN TESTIMONY

If you are receiving this, you are hereby required under M.G.L. c. 6D, § 8 to submit written pre-filed testimony for the [2025 Annual Health Care Cost Trends Hearing](#).

On or before the close of business on **Friday, October 31, 2025**, please electronically submit testimony as a Word document to: HPC-Testimony@mass.gov. Please complete relevant responses to the questions posed in the provided template. If necessary, you may include additional supporting testimony or documentation in an appendix. Please submit any data tables included in your response in Microsoft Excel or Access format.

Your submission must contain a statement from a signatory that is legally authorized and empowered to represent the named organization for the purposes of this testimony. The statement must note that the testimony is signed under the pains and penalties of perjury. An electronic signature will be sufficient for this submission. All submissions are public record and will be posted to the [HPC's website](#).

If you have any difficulty with the template or have any other questions regarding the pre-filed testimony process or the questions, please contact HPC General Counsel Lois Johnson at HPC-Testimony@mass.gov or Lois.Johnson@mass.gov.

THE 2025 HEALTH CARE COST TRENDS HEARING: PRE-FILED TESTIMONY

The Massachusetts Health Policy Commission (HPC), along with the Office of the Attorney General (AGO), holds the Health Care Cost Trends Hearing each year to examine the drivers of health care costs and consider the challenges and opportunities for improving the Massachusetts health care system.

The 2025 Health Care Cost Trends Hearing offers a critical opportunity to discuss the pressing issues challenging the stability and sustainability of the Commonwealth's health care system. These include mounting affordability issues, workforce constraints, financial volatility, increasing prescription drug costs, and threats to health care access and coverage – and the ongoing efforts to address them.

Recent federal action has created uncertainties about the health care landscape in Massachusetts. It will require a renewed commitment among stakeholders and policymakers to work together towards a health care system that is more affordable, accessible, and equitable for all residents. The 2025 Health Care Cost Trends Hearing will convene industry leaders, clinicians, and community members to reflect on recent policy actions and invite further collaborative action in Massachusetts, advancing the Commonwealth's health care goals and values.

Amid the federal activity, Massachusetts is still contending with existing affordability hardships facing the Commonwealth's residents. Massachusetts now has the highest family health insurance premiums in the country. In 2024, the average annual cost of health care for a family exceeded \$31,000 (including out-of-pocket spending). As health care spending grows as a portion of household income, more and more families incur medical debt and avoid using needed care. These rates become particularly dire when health care premiums and out-of-pocket spending reach 25% of total income – a reality that 41% of Hispanic families and 26% of black families in Massachusetts faced in 2023 compared to 9% of white families. Furthermore, the average annual cost sharing per person grew from \$849 in 2019 to \$1,049 in 2023 (a 29% increase), and residents paying \$5,000 or more annually in cost sharing doubled from 2019 (1.5%) to 2023 (3.1%).

This is the first hearing since the enactment of two significant health care laws earlier this year (Chapters 342 and 343 of the Acts of 2024), which strengthen the health care market, address rising prescription drug costs, and enhance the public transparency and accountability of the Commonwealth's health care system – including requiring additional health care market participants to provide public testimony. As the HPC, the AGO, and other state agency partners continue implementation of these new laws, the 2025 Health Care Cost Trends Hearing will focus on working together to safeguard the Commonwealth's commitment to health care affordability, access, and equity.

The pre-filed written testimony affords the HPC and the AGO, on behalf of the public, an opportunity to engage with a broad range of Massachusetts health care market participants. In addition to pre-filed written testimony, the public hearing features in-person testimony from leading health care industry executives, stakeholders, and consumers, with questions posed by the HPC's Board of Commissioners about the state's performance under the [Health Care Cost Growth Benchmark](#) and the status of public and industry-led health care policy reform efforts.

QUESTIONS FROM THE HEALTH POLICY COMMISSION

1. The sale-lease-back mechanism that was a critical factor in the bankruptcy and dissolution of the Steward Health Care system has focused attention on the role of real estate investment trusts (REITs) in the health care market in Massachusetts and nationally. Please describe the role of your organization, as a REIT, in ensuring that Massachusetts residents have equitable access to affordable, high-quality health care services.

As a real estate investment trust (“REIT”), Medical Properties Trust, Inc.’s (“MPT”) primary business is making long-term investments in hospital real estate. MPT plays a valuable role in the healthcare ecosystem because its real estate investments enable operators to access immediate capital that is available for the operator to invest in patient care. Critically, however, MPT is not a hospital operator. MPT does not (and, by law, cannot) play any role whatsoever in the operations or business decisions of the hospitals it invests in. MPT is also not, by definition, a private equity investor. MPT is a publicly-traded company that is owned by many thousands of individual and beneficial shareholders, including retail shareholders, mutual funds, and public pension plans, who depend on MPT and the dividends that its investments generate for savings and retirement income.

MPT’s business model is focused almost solely on providing capital support for licensed hospital real estate—the critical community infrastructure needed to deliver acute healthcare services. A hospital operator’s land and buildings are often its single largest expenditure, which must be funded with some form of capital—whether it be mortgage debt, ownership equity, sale leaseback arrangements, or something else. Regardless of how a hospital operator decides to fund its real estate, that funding carries a cost to the operator.

For example, even if a generously endowed not-for-profit hospital system uses its endowment cash to acquire and fully own its real estate assets outright, there is nonetheless an economic cost to this decision because that cash is no longer available to fund patient services. This may be an appropriate capital allocation strategy for hospital systems with excess available capital, but very few hospital operators enjoy that luxury. For others, MPT provides a financing alternative, one that is relatively inexpensive compared to other choices.

The primary way in which MPT provides financing to its tenants is through sale leaseback transactions, which are routinely used on an enormous scale throughout virtually every industry where real estate plays a significant role. MPT’s strategy, in short, has been to use this well-accepted and longstanding concept to enable hospital operators, regardless of their ownership structure, to realize the full value of their land and buildings. By unlocking this permanent and affordable capital, operators are immediately able to fund the improvement of patient services, expansion of services to additional patients, development of new facilities, employment of staff and physicians, investment in cutting edge technologies and equipment, and permanent repayment of expensive debt. In other words, this sale leaseback strategy allows hospital operators to redirect the substantial cash resources that would otherwise be used for real estate to the operator’s primary mission—serving patients.

MPT recognizes that a hospital's services must be delivered in a specific facility and that each operator must have confidence that its business will remain efficient, affordable and within the operator's control. As a result, MPT's hospital leases generally include the following terms that favor the hospital tenant (in contrast to leases with non-healthcare operators which tend to have terms that favor the landlord):

- First, MPT's hospital leases are generally for very lengthy periods (20-plus years)—hospital operators need to know that they will not be forced to move their operations.
- Second, rent payments under MPT's hospital leases are calculated such that total annual rent payments by the operator to MPT represent only a small percentage (single digits) of the hospital's total sustainable reimbursement revenue. MPT has no incentive to "over rent" its facilities because MPT's primary interest is long-term, sustainable receipt of rent payments that are well-covered by normal hospital cash flows.
- Third, during the entire lease period, the annual rent payable to MPT is fixed, usually increasing only with some limited measure of inflation. What this means practically is that the hospital operator is not subject to increases in occupancy costs (i.e., rent) due to the ever-increasing value of real estate.
- Fourth, unlike a mortgage loan or other debt alternative to funding, the operator is not obligated to "repay" MPT or otherwise re-acquire the real estate from MPT. Standard mortgage loans often mature during periods of high interest rates, lower appraisal values, constrained availability of debt, and other market conditions that result in unexpected and significant costs and risks to the operator / homeowner.
- Finally, through sale leaseback transactions, MPT funds up to 100% of the hospital's real estate value on a permanent capital basis, while a mortgage loan or other debt financing strategy would likely be limited to 60% and would carry a shorter term (typically 5-7 years), resulting in significant refinancing risk to the operator if conditions worsen or interest rates rise (for example, if a mortgage has a floating rate, then the interest rate risk is immediate).

These unique and specific terms are designed to provide predictability, stability, and control to hospital operators and remove large uncertainties from a hospital's future projected expenses. Indeed, as stated, rent payments resulting from an MPT sale leaseback transaction typically equate to a small percentage of a hospital's net revenue, and pale in comparison to labor and supply costs that typically equate to 65% or more of revenue, have no limits on inflationary increases, and have in fact increased rapidly since the onset of the COVID-19 pandemic. In other words, if a hospital is struggling financially, it is virtually *never* the consequence of its rent obligations; it is because hospital operations are not generating sufficient revenues to offset aggregate costs.

Accordingly, MPT emphatically denies the Health Policy Commission's allegation that "[MPT's] sale-lease-back mechanism" was "a critical factor in the bankruptcy and dissolution of [Steward]." Indeed, as an investor in hospital real estate, MPT is committed to, and has an

overwhelming strong interest in, keeping each of its hospitals open and providing patients equitable access to affordable, high-quality healthcare services.

2. Massachusetts now has the highest family health insurance premiums in the United States. In 2024, the average annual cost of health care for a family exceeded \$31,000 (including out of pocket spending). This reflects the growth in underlying health care costs. As health care spending grows as a portion of household income, more and more families incur medical debt and avoid using needed care. Collaborative, urgent action across market participants is needed to reverse these trends. How can your organization contribute to this effort?

MPT's business model is designed to improve patient access to affordable, high-quality healthcare services, as discussed in greater detail in response to Question No. 1.