

# Mercy Hospital to close on Detroit's east side

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Shortly before Christmas Michigan's largest health care provider, Mercy Health Services, announced the closure of Mercy Hospital, located in the heart of Detroit's impoverished east side. Approximately 1,300 jobs will be eliminated.

On the same day Mercy reported the final closing of the hospital a national report was released citing Detroit with the largest percentage of low-weight babies of all large cities in the US.

Mercy, a building surrounded by poverty and blight, opened in 1983, making it one of the newest hospitals in the state. The 268-bed facility provides care for close to 200,000 patients annually with a staff of 1,350 full-time workers. The closure of the hospital will have a devastating effect on the poor in Detroit. Mercy is the third hospital in Detroit to close within the past two years.

Eighty percent of Mercy's patients rely on Medicare, Medicaid or other government-sponsored programs for health care. The hospital has stated that the cuts in these programs to Detroit residents created a financial pressure that was too difficult to withstand. Hospital spokesmen have said the plan is to phase out departments in stages, with final closure to take place by March 1.

Mercy Health Services employees 35,000 people in its network of medical facilities, 28,000 in Michigan alone. The agency owns 39 hospitals, 200 clinics, 17 nursing homes, 23 home care offices and 10 hospice centers, located primarily in Michigan and Iowa. The Detroit hospital is the only facility Mercy has proposed to close.

Stephen Shivinsky, spokesman for Mercy Health Care Services, told the *World Socialist Web Site* the Detroit facility was losing \$2.5 million a month, with projected loses of \$10-15 million a year. "It was a very difficult decision [to close the hospital]," stated Shivinsky, "one that was delayed while we looked for

options during a yearlong process."

The crisis was precipitated by the massive cuts in medical programs for the poor by the state Medicaid and federal Medicare programs. The hospital lost \$20 million last year, \$11 million from cutbacks in the Medicaid program alone. In addition, the Medicare program cut \$22 million from the hospital during the past five years.

Since 1990 the hospital lost \$215 million, an amount Shivinsky said the Catholic-based nonprofit service could not continue to absorb: "We kept the facility open because the rest of the system was subsidizing the hospital. Our total revenue at the hospital last year was \$117 million. The Medicaid cuts alone were 10 percent." Shivinsky said the cuts in Medicare and Medicaid and a 30 percent increase in pharmaceutical prices made operation of the hospital financially inviable.

The closure of the hospital will create enormous pressure on other city hospitals to meet the needs of the poor. News reports have stated that local and state government officials became concerned about the possible closing and looked for ways to keep the hospital open. One proposal was to send the area prison mental health cases to the hospital. Another was the possible merging of Mercy with the Detroit Medical Center, a conglomerate of Detroit hospitals near Wayne State University.

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All sides asked Mercy for 30 to 60 days to finalize a plan to keep the hospital open. The owners of Mercy reportedly walked out of talks stating they could no longer continue accruing the debt. A proposal by a doctors group to rescue the hospital was also rejected.

In July the hospital cut its staff by 185 full-time employees to stay afloat. A staff member of Mercy told the *WSWS* that Mercy's decision to finally close the

hospital came as a shock to the staff who learned about it from news reports before they heard it from management.

Eight-five percent of Mercy's patients are on Medicaid with half of the remainder indigent. The latest reports have placed the uninsured population at 44 million in the US, the majority of whom are children.

Every hospital in Detroit has suffered major cuts placing added stress on the hospital systems that remain open. With the cuts at Mercy, 4,500 hospital positions in area hospitals have been cut since January 1999. The Detroit Medical Center eliminated 2,000 full-time positions in January 1999 after suffering losses of \$106 million. Sinai Hospital, owned by the DMC, was closed in September 1999. Ford Health System has eliminated over 500 jobs, with losses of \$43.8 million in 1998, and St. John Hospital cut 500 jobs in June when they expected losses of \$5 million.

The massive cuts in medical care, combined with the privatization of state health care facilities, has created an untenable medical situation for millions of the working poor. Donald Potter, president of the Southeast Michigan Health and Hospital Council, commented, "Mercy does not suffer from a shortage of patients; rather, it serves the wrong kind of patients in terms of the ability to pay for medical services.... We have Lansing [Michigan's capital] and Washington to blame for this tragic circumstance."



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