Behind the California nurses' strike: putting profits ahead of patient needs

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A 10-day strike and lock-out that involves 4,500 nurses in northern California, members of the California Nurses Association (CAN,) which will end on March 31, clearly illustrates the reality of a healthcare system that exists primarily to generate profits at the expense of workers and patients.

The strike targeted 8 out of the 28 hospitals affiliated with the Sutter Medical Foundation, a company that is based in Sacramento, California. Five hundred nurses employed by another two northern Californian facilities in Yuba City and Marysville, operated by the Freemont-Rideout Health Group, were locked out for 10 days, after a one-day strike.

The key issue in this strike is a hands-free policy for lifting and moving patients. The nurses are also demanding improvements in their pension and healthcare benefits and oppose "medical redlining," a term that describes Sutter's systematic abandonment of medical services for the poor. For example, Sutter has shut down facilities in poor and working class neighborhoods in Oakland, San Francisco and Santa Rosa and plans to shut down San Leandro Hospital next year. Combined with the slashing of hospital beds at the Eden Medical Center in Castro Valley, this will force thousands of patients in the southern suburbs of Oakland to travel further for their medical care. Both San Leandro and Castro Valley are working class communities with pockets of poverty.

This is the third strike over these issues by Sutter nurses since their contract expired last summer.

Though Sutter presents itself as an embattled non-profit health network forced to resist nurses' unreasonable demands, it is a capitalist enterprise that, in order to retain its tax-free status, hides its profits by calling them costs. The Sutter health network is the largest hospital chain in northern California.

Throughout the 1990s, Sutter placed many hospitals, clinics, doctor groups, and health insurance companies under the Sutter umbrella through an aggressive policy of mergers, purchases and leases. In some communities in the agricultural Central Valley, patients have no healthcare choices other than a Sutter clinic.

According to a 1998 article in the *San Francisco Chronicle*, Sutter's network "includes offshore investments, real estate, insurance companies (including one located in the Cayman Islands, home of bank and corporate secrecy), and an array of stand-alone clinics and nursing homes. Its executives make hundreds of thousands of dollars per year at Sutter, the nonprofit, even as they have business ties to for-profit subsidiaries that contract with Sutter hospitals—a situation that virtually defines the terms 'self-dealing' and 'conflict of interest.' Sutter is a 'nonprofit' corporation that pumps as much as $500,000 a year into political campaigns."

As a result of two decades of business dealings, Sutter is now a $2.5 billion corporation in which profits are distributed both to its doctor/shareholders and to its managers in the forms of exorbitant salaries and bonuses.

Among its many profit-maximizing tactics are reducing the availability of medical services to poor people (redlining) and charging uninsured patients significantly more than insured patients—aggressively pursuing delinquent accounts while reporting them as "charity cases" to the state. In 2006, when Sutter took over San Leandro Hospital, it moved aggressively to replace traditional doctor/patient relationships with what Sudboroto Kundu, a neurologist at San Leandro, called a "factory-style" system.

Kundo told the *Oakland Tribune* that "My colleagues and I are resisting joining Sutter's doctor groups at

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Eden and San Leandro Hospital because we believe a doctor's primary task is strictly to decide what is good for patients." Kundu said, "At Sutter doctor groups, that criterion is often replaced with increasing corporate profits."

Last Wednesday, striking nurses and San Leandro residents organized a candlelight demonstration to protest the possible closure of the hospital.

By redlining hospitals and clinics and cutting services, Sutter is cleverly keeping charity cases at a minimal level that will just ensure its tax-exempt status. According to a 2006 statement by a watchdog group, Health Access California, Sutter's charity spending in 2003 was 30 percent below the statewide average for both profit and non-profit institutions. In at least one clinic, the amount budgeted for charity was substantially below what it paid its top executive.

According to California law, in exchange for these tax breaks, an exempt medical facility is expected to provide charity, or free, care. Federally, however, the simple act of owning and operating a hospital is enough to qualify for non-profit, tax-exempt status. Those loose standards allow the health network to still be considered a non-profit institution and retain its tax-exempt status. Sutter and the majority of its subsidiaries don't pay income or property taxes, and may borrow money through tax-free revenue bonds.

In December 2005, the California State Assembly's Revenue and Taxation Committee held a hearing that shed light on Sutter's practices. "It does not seem right that one single hospital's executive annual compensation is more than double the total charity care that the hospital provides that same year," declared Assembly member Johan Klehs, in reference to Sutter's Novato Community Hospital.

Its competitors, which include Catholic Healthcare West and Kaiser Permanente, also disguise their profits and gain profit from their nonprofit, tax-exempt status. The setting up of loose standards for tax-exempt corporations such as Sutter is part and parcel of a decades-long drive by state and county authorities to privatize public hospitals and clinics. Some 300 hospitals nationwide, 16 in California, have been privatized since the 1980's. These takeovers inevitably lead to hospital closures, the slashing of services and beds, and layoffs of hospital workers.

Sutter's profit-maximizing tactics also involve the speed-up of nurses. This includes understaffing nursing departments by refusing to provide back-ups when nurses are on legally mandated lunch or breaks, and by cutting back on specialized teams, such as those that help lift and transport patients. These measures contribute to the lowering of the nurse/patient ratio. Sutter's refusal to schedule registered nurses (RNs) to care for patients when nurses are at lunch leaves patients unattended and at risk for sentinel events, such as serious physical and psychological injuries and death.

The demand for safe non-manual lifting policies and the appointment of a specialized team with up-to-date equipment has become a key issue in this strike. Nurses point out that their profession is among the most injury-prone. Musculoskeletal injuries, including back, rotator-cuff (shoulder) and neck injuries, are a common result of repeatedly lifting patients and of making beds. Overworked nurses typically lift and move 20 or more patients a day, weighing more than 100 pounds each. Such intense activity contributes to the high rates of injuries and far exceeds what is expected of workers employed by other high-risk professions, such as truck drivers, warehouse workers and construction workers. National statistics indicate that 1 in 10 on-the-job musculoskeletal injuries happen to nurses.

Relying on data from US Bureau of Labor Statistics, the American Nurses Association estimates that nearly 12 out of 100 nurses in hospitals leave their profession each year as a consequence of musculoskeletal injuries that have resulted in chronic and painful injuries. This proportion is bound to increase as the average age of the nursing work force continues to rise.

Sutter's indifference to these statistics is not unique in California. Despite a current nursing shortage of nearly 150,000 RNs in the US and an anticipated shortage of 800,000 by the year 2020, the Sutter nurses and all healthcare workers are facing the same assault on their jobs, working conditions and wages that auto workers, screenwriters and every other section of the working class now confront.

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