

US hospitals raise prices, cuts costs and lay off staff in midst of COVID-19 crisis

Warren Duzak and Douglas Lyons
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In yet another example of the irrational state of the for-profit US health care system, many hospitals across the country are responding to the COVID-19 crisis—not by increasing services and bringing on more staff—but by *raising* rates for patients on procedures ranging from surgery to childbirth in an effort to offset lost revenue due to an onslaught of COVID-19 patients.

Along with banning temporarily elective procedures, hospitals have been furloughing skilled, essential staff, including:

- * Trinity Health, based in Livonia, Michigan, laid off 2,500 employees.
- * Boston Medical Center eliminated 700 staff members or 10 percent of its workforce.
- * Bon Secours Mercy Health, based in Cincinnati, Ohio, cut 700 jobs and instituted a wage freeze of all nonclinical workers.
- * Essentia Health in Minnesota cut 500 nonclinical staff.
- * Connecticut Children's Medical Center eliminated 400 workers.
- * Kansas-based Clay County Medical Center cut 25 percent of its workforce.

Maryland hospitals get go-ahead to raise rates

As of Monday, confirmed cases of the COVID-19 disease in the state of Maryland numbered 4,045, up 436 cases from Sunday, with a death count of 91. Seventeen cases have now been confirmed in the Maryland prison system, ranging from inmates, to contractual workers and correctional officers. The state has a confirmed COVID-19 case in every county.

On Saturday evening, Dr. Deborah Birx, coordinating official of the White House coronavirus task force, told news reporters that the Washington, DC region, which includes significant portions of the state of Maryland, could become a “hot spot” for infections as the number of cases increase.

In addition to expanded medical staff and affordable services for vast numbers of the afflicted, health centers will need extra beds, ventilators, masks, intensive care units and personal protective equipment (PPE) as more and more people report positive diagnoses of COVID-19.

However, funds to purchase necessary health equipment and increase operating capacity will come by raising the already

extortionist rates for procedures and medicine, while telling those individuals who want “elective” care they will have to wait, potentially causing a life-threatening situation.

“Hospitals in Maryland will be allowed to temporarily raise rates charged to all patients as a means of funding emergency and ongoing care for patients during the coronavirus pandemic,” the *Baltimore Sun* reported last week.

Some regulatory and licensing barriers have been removed by other state agencies to add much needed beds at hospitals, with plans being announced by Mercy Medical Center and Northwest Hospital, in Baltimore and Randallstown, respectively. State officials are also scrambling to be approved for federal funding, according to Maryland health secretary Robert Neall.

Hospital prices are regulated in the state of Maryland by the Health Services Cost Review Commission (HSCRC), which was created in 1971 for rate regulation to ensure profitability and thus stability. It oversees 47 acute general hospitals, three specialty and three private psychiatric hospitals, with regulated revenue above \$16 billion annually.

On Monday, March 30, Maryland belatedly issued a shelter-in-place order. Republican Governor Larry Hogan said that in the coming weeks scenes in the state and region could be identical to those in New York City, the current epicenter in the US and globally, in which doctors and nurses lack even the most basic supplies to keep themselves safe and bodies of loved ones have been laid on the streets waiting to be loaded into refrigerated trucks.

Following Hogan's order, the Maryland National Guard hastily erected a 250-bed field hospital in the Baltimore Convention Center to provide emergency basic care for coronavirus cases. The state still is unable to test everybody who has symptoms or those in close contact with an individual who has tested positive, as tests are limited to those who have a referral from a doctor.

Before the catastrophic COVID-19 pandemic, Baltimore, the largest city in the state, was already experiencing a public health crisis, which will only be exacerbated under current conditions. The city has never recovered from deindustrialization and the Great Recession. Over 300 Baltimoreans have been victims of homicide for each of five consecutive years.

Lead contamination has barred many public school students from drinking fountain or tap water. Mold, asbestos and bed bugs infest public housing, while many buildings and complexes are abandoned in almost every neighborhood and are on the verge of

collapsing. According to Baltimore mayor Bernard C. Young, a Democrat, the city will end the fiscal year with a \$42.3 million deficit.

Nashville's HCA Healthcare puts some workers on "pandemic pay"

Nashville-based HCA Healthcare Inc. announced plans Tuesday to cut costs in an effort to avoid layoffs.

Nashville's public radio station WPLN reported: "Over the past few weeks, we have experienced significant drops in patient volume as a result of COVID-19," CEO Sam Hazen wrote in a letter to employees. "Many of our outpatient facilities, clinics and departments have closed. These circumstances have created situations where we do not have enough patients to support our workforce."

Last week, Tennessee Gov. Bill Lee banned elective surgeries.

"HCA is not laying off workers, but those who can't be put in a new role within the company will be eligible for 'pandemic pay,' which gives them 70 percent of their base salary through mid-May, when the hospital chain expects to restart elective procedures," the *Nashville Business Journal* reported.

NBJ added: "To pitch in, senior leaders are taking a 30 percent pay cut until the pandemic passes. Directors have also given up their compensation for the year. And Hazen, who made nearly \$27 million last year, said he plans to donate all of his compensation for the next two months to the company's charitable fund that supports HCA employees."

What does that mean? What do the glowing reports of "sacrifice" by "senior leaders" mean?

"Senior leaders" are making seven figures in total compensation a year. Even with a 30 percent pay cut they would be left as multimillionaires.

Based on a salary of \$27 million reported for last year by the NBJ, Hazen was making roughly \$2.25 million a month, \$560,000 a week, or \$11,000 a day in a five-day week, at \$1,400 an hour during a 40-hour week. His two-month pay cut of \$4.5 million will leave him only about \$22.5 million to live on.

Pity the poor rich.

It is worth noting that last year the NBJ pegged Hazen's 2018 starting salary at \$21.4 million after he took over from the HCA's previous CEO Milton Johnson. That would suggest a \$5.5 million pay raise in two short years. The median income for HCA employees then was almost \$56,000 a year, meaning one of HCA's average workers would have to work almost 100 years just to equal the raise Hazen received in two years!

In terms of the ratio of CEOs' compensation to median worker pay for Nashville's major employers, HCA's was freported as ourth highest, at 383 to 1. HCA is the country's largest hospital company and Nashville's largest publicly traded company. Last year it managed 185 hospitals and 119 freestanding surgery centers in the US and the UK.

What does the promise of "pandemic" pay mean for workers

who, despite what the company says, are effectively laid off? They will receive 70 percent of their "base salary" through the middle of May. No promise of a return to work at full pay, only that HCA expects to begin "elective procedures" again. That is only about \$39,000 in a city that requires twice that much to live.

HCA's gesture to its workers is particularly obscene if one knows a little history of the healthcare giant and its crimes and gluttony at the public tax spigot.

After receiving tens of millions of dollars from Nashville in tax breaks, in 2003 the corporation paid "over \$2 billion in criminal fines and civil penalties for systematically defrauding federal health care programs," according to Justice.gov. *Fortune Magazine* referred to the investigation as the longest and costliest investigation for health care fraud in US history.

In 2018, when Nashville teachers were battling for a tiny raise and basic classroom necessities, the WWSWS reported this local news story:

"Among the incentives Metro provided HCA to move three of its subsidiaries into a headquarters building downtown was \$1 million for the company to buy office furniture," CBS affiliate NewsChannel 5 reported recently. "But less was said about the \$66 million incentive package Metro gave HCA to build the headquarters for three of its subsidiary companies."

The furniture the city paid for with money that could have gone to the schools was a "premium wood finishes" table for \$8,321.25, a "Guitar Pick Table" (Nashville is also known as "Music City") for \$4,190.18 and, for the executive lounge, a "Tuxedo Sofa" for \$6,540.45.

Nashville Mayor John Cooper said because of COVID-19 and last month's tornado there will be a huge increase in the city's property tax and cuts in social services. It will be Nashville's poor and working class who will pay to save the rich in the "It" city.



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