

# Detroit-area hospitals slash jobs and close facilities to cut costs during COVID-19 crisis

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While the number of confirmed coronavirus cases in Michigan surpassed 30,000 on Thursday, the privately-owned for-profit hospital chains in the Detroit area are laying off hundreds of doctors, nurses and other staff and, in the case of Beaumont Wayne Hospital, management has closed down the facility entirely.

Under conditions where thousands of people remain sick and are dying from COVID-19—many of whom are unable to get to a hospital or are being turned away because they do not yet exhibit sufficient coronavirus symptoms and cannot be tested—corporate decision makers at the major hospitals in Michigan and across the US are focused on cutting costs and managing their bottom lines. In most cases, staff reductions are in medical service areas not immediately related to coronavirus patients and others needing critical care.

The pandemic in Michigan is concentrated in Wayne, Oakland and Macomb Counties where 23,279 have tested positive and 1,859 have died from the virus, 77 percent and 83 percent of the state totals, respectively. The Detroit metropolitan area has a population of approximately 3.7 million and there are several large privately-owned hospital systems in the region operating dozens of for-profit medical facilities.

According to the Michigan Health and Hospital Association (MHHA), Michigan hospitals have lost an estimated \$600 million through April 3 and spent \$150 million on equipment and supplies associated with caring for coronavirus patients. Ruthanne Sudderth, a spokeswoman for the MHHA, told the local press, “Hospitals have had to make very difficult decisions because of staffing because of these huge financial strain on them. At the time we need staff most, hospitals are having to make difficult decisions about what they can afford.”

On Wednesday, the Detroit Medical Center (DMC),

which is owned by Tenet Healthcare and operates nine hospitals and major medical facilities in the Detroit area, announced that it would furlough 480 employees. DMC Chief Medical Executive Officer Audrey Gregory insisted, “These actions do not impact direct bedside nursing care for COVID-19 and do not impact emergency or medically necessary care access for patients with other medical conditions. We remain appropriately staffed to provide our full support to treat patients in greater Detroit.”

However, DMC manages Sinai-Grace Hospital in northwest Detroit where nurses have reported on the horrendous conditions facing staff as they battle the impact of the pandemic on the population of the city.

For example, a group of nurses organized a sit-in at midnight on Sunday, April 5, to protest the unsafe and understaffed working conditions. These nurses were told to leave the hospital by management. On March 27, Kenisa Barkai, a Sinai-Grace nurse for eleven years, was fired by management because she spoke out against the dangerous and severe shortage of staff treating coronavirus patients.

McLaren Health Group, which operates two dozen medical facilities in the northern suburbs of Detroit, the Flint area and into the Michigan “thumb” region, announced on Wednesday that it would be cutting the hours of 500 doctors, physician’s assistants, nurse practitioners and nurse midwives. In the case of McLaren, corporate management relied on Jeff Morawski, president of Office and Professional Employees International Union Local 40, to explain the layoffs to the public.

“Some nurses that work in departments such as our operating room, because of the decrease in surgeries and elective surgeries, the hospital deemed that they’re not needed so they are going to furlough approximately

15 to 18, or 20 nurses,” Morawski explained.

Trinity Health, which operates eight hospitals in the Detroit and Ann Arbor areas and is listed as a “not-for-profit Catholic health system,” announced plans to furlough approximately 10 percent of its workforce. In a statement, the company said, “The proportion of furloughed staff is far less than the 50%–60% loss of revenues the health system has withstood since the crisis began—driven by the loss of elective and routine medical care, and the pausing of many administrative functions.”

Although Henry Ford Health System has not disclosed its cost-cutting plans, Chief Operating Officer Bob Riney told the local news media on Monday that canceled surgeries were affecting hospital finances. “About 40 percent of our total revenue comes from the ambulatory” side of the business, “and most ambulatory components are virtually at a standstill now,” Riney said.

The most draconian measures have been taken by Beaumont Health which announced that, as of March 31, its net income was a negative \$278.4 million, a decrease of \$407.5 million over the same period in 2019. Operating revenues fell by \$78.2 million as compared to the first quarter of 2019.

Beaumont Health Chief Financial Officer John Kerndl said in a press release, “The Beaumont Health team remains focused on caring for our COVID-19 patients and the many other patients we serve with other diagnoses. Right now, we have the resources, staff and personal protective equipment to care for our COVID-19 patients.”

However, Kerndl and the rest of the Beaumont leadership decided to completely shut down their hospital in Wayne, Michigan, on Tuesday and lay off all 300 of its employees. According to reports from former employees of the Beaumont facility, the hospital was shut within hours of the last COVID-19 patient being flown by helicopter to another local hospital. The staff was notified by email that their jobs were being eliminated.

A statement from the company said, “Yesterday, the few remaining patients at Wayne were safely discharged home or transferred to other hospitals. The hospital is now temporarily paused and not serving any patients. Most staff are being redeployed to other Beaumont sites where they can provide care for more

patients. Others will be temporarily laid off and could potentially participate in enhanced state/federal unemployment programs.”

Wayne, Michigan, is located in Wayne County along with the city of Detroit. The entire county is a hotspot of coronavirus and all but one of its towns has suffered fatalities from the pandemic. The closure of the hospital has outraged workers and residents alike. Some took to Facebook to express their views of Beaumont’s decision.

In response to a company post about COVID-19 testing, a former surgical technologist said, “You guys can do this, but you can’t even pay your employees right who have their lives on the line every day fighting this disease. We ALL know what Beaumont is really about.” Another reader wrote, “Beaumont should be ashamed of the way they are treating their employees. Closing the Wayne hospital and not keeping them informed.”

Jason Bradford, a Beaumont Wayne employee, posted an angry video on YouTube in which he said, “Officially Beaumont Wayne has gone on the record by stating they will not be closing their Wayne campus. They have no services for patients, not a single thing. Correct me if I’m wrong that means closed. So even when they’re not closed, they’re closed. ... Bulls\*\*t, they are closed. So, what the hell is Beaumont Wayne doing?”

The layoffs and closures in Detroit are part of nationwide wave of similar measures being taken by the for-profit health care industry. Pointing to the obvious contradiction in the present situation, Dr. David Himmelstein, professor of public health at Hunter College and a lecturer in medicine at Harvard medical school, said, “The hospitals—exactly during a time of greatest need—are saying they don’t need these people. We have a healthcare system where you excel in normal times by stressing what’s needed the least, and then when we have an emergency and the need is greatest, you’re in financial trouble because you’re geared to do what’s profitable.”



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