

# Beaumont Health lays off 2,500 and eliminates 450 jobs in Metro Detroit

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Beaumont Health, the largest hospital and health care system in Michigan, announced on Tuesday that it was laying off nearly 2,500 employees and permanently terminating 450 positions in the midst of the coronavirus pandemic.

In a press release, the company said, “The financial consequences of the COVID-19 pandemic has forced Beaumont Health, like other health care organizations throughout the country, to adjust its workforce after the organization suffered significant losses during the first quarter.”

The decision, based entirely upon financial considerations, follows by less than one week the company’s shutdown of the 300-bed hospital in Wayne, Michigan. The job cuts are an attack on health care employees and the population of metropolitan Detroit, which is an area that has been among the hardest hit in the US by the pandemic.

As of Tuesday, the tri-county area around Detroit had 25,105 confirmed coronavirus cases and 2,229 deaths, which is 76 percent and 83 percent of the totals in the state of Michigan, respectively. While Democratic Governor Gretchen Whitmer has indicated a willingness to relax restrictions imposed in her April 1 emergency declaration closing all nonessential business operations in the state, Tuesday’s report of 232 deaths is the largest single-day number so far recorded since the beginning of the crisis.

The Beaumont Health announcement was accompanied by a video statement from company CEO John Fox, who said, “While many front-line employees have never been busier, other parts of our operations have drastically declined or ceased. We must make difficult, quick decisions now to protect and readjust to an uncertain future.”

Fox went on to say, “We also expect economic pressures on Beaumont and the health care industry to

continue well after the COVID-19 initial surge subsides, which is why we made the difficult decision to eliminate 450 positions. We must adjust the way we operate our organization moving forward.”

Responding to the announcement, a Beaumont Health nurse told the *World Socialist Web Site*, “I got word first thing this morning from a coworker—he was actually a ‘leader’ of the Environmental Services Department—that him, along with 20 others in EVS were laid off.

“In my opinion, the only thing that makes any kind of sense as to how or why they could be laying off this many very important people during this pandemic, would be because of money! And cooperate greed, as Mr. John Fox is so well known for.

“I personally wouldn’t be surprised to hear that most are being let go, or forced into retirement, so they can bring a much more cost-effective temp service in. That way they can pay them much less money per hour. No hazard pay, of course. No health benefits. And still get the same end result.”

The fact that CEO Fox is taking a “temporary” 70 percent pay cut—he had a reported annual compensation of \$5.6 million as of 2017—along with 45 percent reductions for the rest of the executive team, is being promoted heavily in the company’s announcement.

According to the financial information released by Beaumont, the company lost \$278 million in first quarter 2020 net income. The report said that the losses came from the impact of the coronavirus in only the last two weeks of March and that “The system expects the second quarter financials to be challenging as well.”

Beaumont Health has 38,000 employees and 5,000 physicians and runs 145 outpatient facilities in addition to its hospitals in Southeast Michigan. The company has \$4.7 billion in annual revenue and is considered a Michigan “not-for-profit” health care corporation.

Like other health care providers, Beaumont has grown

dramatically over recent years through mergers and acquisitions. In 2014, Beaumont absorbed Oakwood Healthcare of Dearborn, Michigan and Botsford Hospital of Farmington Hills, Michigan to create a \$3.8 billion organization that controlled 30 percent of the “inpatient market” in Detroit.

The Wayne hospital, which the company closed on April 15, was acquired by Beaumont in the 2013 deal with Oakwood. According to the official statement from the company, the Wayne facility “is not permanently closing.” However, the statement also said that the employees were “being redeployed to other Beaumont sites where they can provide care for more patients” when six days later, the company announced the layoffs and terminations.

There are other strategic corporate considerations that lie behind the Beaumont layoff announcement. Among them is the pending merger of Beaumont Health with the Akron, Ohio Summa Health that was initiated in January before the pandemic erupted. Under the terms of the deal, Summa Health—which had annual revenues of \$1.4 billion prior to the crisis—would become part of the Beaumont group of companies.

While Beaumont and the rest of the health care industry are looking to justify massive cost cutting in the midst of the greatest public health crisis in generations, the devastating impact of the pandemic on the working-class population of Detroit and surrounding suburbs continues.

The *Detroit Free Press* reported on Monday that Gary Fowler, a 56-year resident of Detroit, died from COVID-19 at home sitting up in his recliner. After he made three attempts to be tested for the virus at hospital emergency rooms and begged for assistance because he was having trouble breathing, Fowler was turned away.

As described by his son Keith Gambrell, Fowler had a fever, but “They tell him, ‘Sir, more than likely the fever is from bronchitis.’ And they tell him to go home. But they also give my dad a piece of paper saying to act like you have the virus.”

After weeks of escalating sickness and death from COVID-19, the Detroit-area hospitals are still not testing or admitting patients unless they “meet criteria.” A statement from Brenda Craig at Henry Ford Health System in Detroit—where Gary Fowler made his final attempt to get treatment before he died—said, “In the case of COVID-19, we have a multistep triage process. As patients arrive to our emergency department, all are screened for COVID-19 symptoms. Those with mild or moderate symptoms who do not meet admission criteria at

the time they present may be sent home with strict instructions to return immediately if symptoms worsen.”

By provocatively laying off 2,475 employees and terminating 450 others, Beaumont executive management is clearly attempting to put pressure on state and federal government representatives for a health care specific bailout. This money-driven campaign is combined with the push by corporate executives to reopen businesses before the pandemic has been adequately contained. Significantly, Beaumont CEO Fox is on Governor Whitmer’s Michigan Economic Recovery Council.

Jason Bradford, a former Beaumont employee at the closed Wayne Hospital, posted a video on YouTube. “I just watched John Fox give a live interview ... in this interview, he was asked about his salary, but he would not talk about his salary. ... In 2018, his salary was \$5.6 million, which was a pay increase of over 80 percent the year before. So, when you take into consideration the bonuses that he will be receiving this year for last year and his 70 percent ‘pay cut,’ he’ll still be sitting on millions of dollars.”

He questioned why Beaumont was stockpiling large amounts of PPE rather than distributing it to medical workers.

“Now, the entire laundry facility that was made into a makeshift morgue to hold 400 bodies has also become a warehouse storage facility for an incredible amount of PPE that is sitting there. There are full body gowns with masks and gloves. During the shortage, to think that that much is sitting there being unused by healthcare professionals, is just totally disgusting.

“This PPE has been confirmed to have been sitting there since April 3 and now this is the last week of April. So, why hasn’t this been shipped out to the people who need it? With the national shortage and people putting their lives at risk, not only has an entire campus closed its doors to the public during a pandemic, but now we’re sitting on all this PPE.”



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