Nurses outraged over US hospital chain bailouts, layoffs and bloated CEO pay

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15 June 2020

The 60 wealthiest health care and hospital chains in the United States have compensated their top executives hundreds of millions of dollars while laying off tens of thousands of health care workers throughout the United States in recent weeks according to June 8 article in the *New York Times*.

The richest hospital combines, some of which used their non-profit status to avoid federal tax obligations, have slashed life-saving services at a time of great health care need in the midst of the coronavirus pandemic. The Trump administration, meanwhile, has funneled billions of dollars to the corporations, monies obtained in the CARES Act (Coronavirus Aid, Relief, Economic Security Act) and signed into law March 27.

One of these hospitals, the prestigious Cleveland Clinic, received a $199 million federal grant this spring, while last year it sat on $7 billion in cash which generated a $1.2 billion investment return, a tidy sum for having paid an investment firm $28 million to manage its largess.

"The bailout of major hospitals completely breaks down this narrative that the hospital CEOs love to promote that 'we are all in this together,'" a nurse at Cleveland Clinic told the WSWS. "The $199 million they received will never drift down to nurses, nurse assistants, janitors or physical therapists.

"While there haven't been mass layoffs at Cleveland Clinic as there have at other hospitals, we were told recently that we must use a certain amount of our paid time off by the end of the summer. For some this means that vacations that were scheduled in the fall will have to be cancelled. They explained this policy to us in an email that makes it sound like employees have to do their part and give back."

The *Times* examined regulatory, securities and tax documents from 60 health care corporations that received over $15 billion without so much as having to apply for the monies—funds received with almost no strings attached. The swift disbursement occurred virtually overnight for the most powerful health care corporations and tycoons, apparently because industry lobbyists were directly colluding with the secretary of the Department of Health and Human Services, Alex Azar, II and his deputy Eric Hargan in authoring the formulas to pump funds into the already overflowing coffers of the conglomerates.

Seven of the largest health care combines in the US were handed $1.5 billion in bailout funds, while they laid off and furloughed over 30,000 workers. They are Trinity Health, Beaumont Health, and Henry Ford Health in Michigan, SSM Health and Mercy in St. Louis, Missouri, Fairview Health in Minneapolis, Minnesota, and Prisma Health in South Carolina.

HCA Healthcare, headquartered in Nashville, Tennessee, saw $7 billion in profits the last two years, with a total wealth of over $36 billion, while the company received approximately $1 billion in CARES funds this late winter. HCA's CEO Samuel Hazen obtained $26 million in compensation in 2019, and in an effort to deflect public outrage let it be known he was donating the first two months of his annual salary, $237,000, to a fund for compensating stressed company health care workers, or 0.009 percent of his direct pay, stock options and bonuses.

CARES is said to forbid use of the federal funds for compensating health care executives, with the vital exception of bonuses, which are by far management's wider dollar pipeline in the first place.

While federal officials stood aside and permitted the coronavirus pandemic to penetrate counties across the country, health care workers authored long lists of complaints about HCA and the other health care giants that were all but ignoring requests for adequate work protections for doctors, nurses, nurse assistants, janitors and cleaning personnel.

In May, HCA executives threatened health care staffs with layoffs if they did not agree to pay freezes and other concessions. Dozens of the workers' complaints noted that the company put the greatest financial stress on the lowest paid employees, such as food workers, cleaners and nursing assistants. Staffs at 19 HCA hospitals filed complaints with the Occupational Safety and Health Administration for lack of respiratory masks and the forced reusing of medical gowns.

Celia Yap-Banago, a nurse at an HCA hospital in Kansas City, Missouri, died of COVID-19 in April, and had complained with her colleagues about lack of protective gear. The following month, Rosa Luna died at the HCA hospital in Riverside, California where she cleaned rooms, and after her co-workers had emailed executives with complaints about inadequate and unsafe work protections.

At the same time, HCA management was threatening the Service Employees International Union (SEIU) and National

Nurses United (NNU) with layoffs of 10 percent of their workforce if they did not press memberships for agreement to wage freezes and abolishment of company pension contributions.

Nursing staffs fought back and held demonstrations at over a dozen HCA hospitals. Kathy Montanino, a nurse treating coronavirus patients at Riverside, told reporters, “We don’t work at a jellybean factory where it’s ok if we make a blue jellybean instead of a red one. We are dealing with peoples’ lives and this company puts profits over patients and their staff.”

A company spokesman Ed Fishbough responded that HCA “provided appropriate PPE, including a universal masking policy … requiring all staff in all areas to wear masks, including N95s in line with CDC guidelines.” When queried about the HCA threats of layoffs, Fishbough claimed that HCA “has not laid off or furloughed a single caregiver due to the pandemic.”

Clearly anticipating strike action, HCA formed still another company to hire replacements, with tentative weekly scab compensations exceeding that of the company’s current work force.

The *Times* reported that the top five executives in each of the 60 largest companies were paid about $874 million, according to the most recent tax information filed. The corporations that control access to thousands of hospital beds are sitting on billions of dollars.

The giant for-profit and publicly traded Tenet Healthcare based in Dallas, Texas has furloughed 11,000 workers since April and received $345 million in federal grants. CEO Ron Rittenmeyer’s compensation package totals $24 million, of which he reported he was donating 1.5 percent to stressed health care staff.

Providence Health Systems, a Catholic-sponsored non-profit, compensates its CEO Rod Hochman $10 million annually. Hochman announced he was accepting a 50 percent pay cut, constituting less than 20 percent of his compensation package. Hochman’s team has put doctors and nurses on notice for a 10 percent pay cut next month, including staff caring for COVID-19 patients.

Providence, headquartered in Renton, Washington sits on a $12 billion cash reserve and received a $509 million CARES grant. The company administers a Wall Street portfolio profitable enough to garner another billion in a good year via hedge fund investments and in other equity outfits such as the Carlyle Group, which is heavily wired into military procurements. Providence also administers two venture capital funds with assets of over $300 million for cutting edge start-up proposals.

Mayo Clinic of Rochester, Minnesota, with an eight-month cash reserve, was handed $170 million in CARES grants while it cut hours and furloughed 23,000 employees, including the initial spokesman for the *Times*’ report.

St. Louis-based Ascension Health Care owns 150 hospitals in the US and received a $211 million federal grant while in possession of $15 billion cash.

Unsurprisingly, the CARES granting formula overwhelmingly favored the very richest corporations, based on past Medicare and private insurance revenues. The more they charged and collected in the past, the more they were handed in April, for free.

Not so for the hospitals taking care of the low income, Medicaid and uninsured persons. The Kaiser Family Foundation (KFF) posted study results of CARES disbursement this spring in an analysis of 4,564 hospitals, including 3,242 short-term care facilities and 1,322 so-called critical access hospitals.

The 10 percent richest facilities received CARES grants at a rate of $44,321 per bed while the bottom 10 percent obtained $20,710 per bed. The wealthiest 457 hospitals had fewer teaching beds, at 10 percent, while the least compensated 457 facilities had 38 percent of beds available for health skills instruction. The richest 457 units had operating margins at 9 percent, and the bottom group of 457, 4.2 percent.

The nurse from Cleveland Clinic added:

“Over the past decade or so the pay for hospital CEOs has shot up while the pay for health care workers like nurses has stayed the same or decreased. COVID-19 has exacerbated this process. It’s the same pattern that is happening in other industries, but it is especially sickening, in my opinion, when it happens in an industry like health care that advertises itself as this beacon of health and compassion.

“Most people go into nursing or other health care jobs because they want to help people. They want to ease pain, they want to educate, they want to be there for people during the worst days of their lives. Laying off these workers or forcing then to work in unsafe conditions is criminal, and it is the working class who will pay for this crime.

“Patients will get less attention from nurses who are stretched between six to eight patients or they won’t get physical therapy or speech therapy or other services that are required to make a full recovery. Imagine, you go to the hospital because you’ve had a stroke. Because of a lack of resources, because of masses of laid-off health care workers, you hardly get the help you need.

“You spend most of your day sitting in the hospital bed. Without the proper therapies or guidance or attention, you hardly get any better and maybe you even get worse, developing pressure sores or malnutrition because no one is there to help you eat.”