

Hospital merger between Beaumont and Advocate-Aurora Health faces internal opposition

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The planned merger between Detroit-area Beaumont Health and the Chicago-Milwaukee-based Advocate-Aurora Health has been delayed amid growing opposition among Beaumont staff as well as a group of donors who are calling for the current management team to be fired.

On Friday, *Becker's Hospital Review* reported that Mark Shaevsky, a former Beaumont Health board vice chair and trustee, sent a letter to Michigan Attorney General Dana Nessel calling for the removal of CEO John Fox, COO Carolyn Wilson and CMO David Wood. Shaevsky, who was a board member at Beaumont for 17 years, said in an interview with *Crain's Detroit Business* that patient safety concerns raised by staff had not been sufficiently addressed.

Meanwhile, *Becker's* reported that a group of Beaumont donors met with the health system board of director's vice chair to express their views and that they are preparing a letter calling for more physicians and nurses to be added to the board. The letter will also call for a halt "to the merger with Advocate-Aurora for at least one year and fire the system's CEO, COO and CMO and bring in an interim management team."

The Beaumont board confirmed that a vote on the planned merger with Advocate-Aurora had been delayed pending a detailed review of the results of a staff survey that showed significant lack of confidence by doctors and nurses in the leadership of the eight-hospital system in the Detroit Metropolitan area.

As reported by the WSWs in early August, a group of Beaumont doctors circulated a petition denouncing the elevation by management of financial considerations above patient care. The physicians' "no-confidence" petition called on the 16-member

Beaumont board of directors to remove CEO Fox and CMO Wood.

In a cover letter that accompanied their petition, the Beaumont doctors described "a continual erosion of the standard of patient care that we all have worked so hard to maintain," while noting, "changes instituted by the current leadership have been done to increase the financial status of the organization." The letter also stated that the physicians and the community "now face the imminent threat of a merger with a Chicago-based hospital system which would remove any local control of our hospitals."

Many members of the Beaumont staff were reluctant to sign the petition or participate in the surveys given management's record of retaliation against employees who speak up. Doctors reported that Beaumont management had fired top doctors who objected to its decisions.

According to a statement from the author of the petition, "Employed doctors don't know what to do. They are worried about retaliation. So many private doctors now are sending their patients elsewhere, Henry Ford, Michigan Medicine, Cleveland Clinic. The feeling is Beaumont is more concerned with profits than quality."

The doctors are opposed to a series of decisions by Beaumont management, including: a new physician contract as part of the Advocate-Aurora deal that would drastically cut salaries and implement an onerous non-compete clause in the Midwest; outsourcing of anesthesiology services to a third party vendor and the replacement of more than 100 certified registered staff nurses; and hundreds of layoffs to cut costs and make the deal more attractive.

The mergers and consolidation of hospital networks are part of a corporate trend across the country and represents the subordination of critical health care services to the financial performance upon which the massive salaries of top executives are based. Beaumont's Fox has a \$6 million annual salary, Wood garners \$2 million and Advocate-Aurora's CEO Jim Skogsbergh makes \$11.7 million.

These executive compensation programs are based on the intensification of the exploitation of doctors, nurses, technicians and hospital support staff, which is borne out by the details of the new salary program being pushed at Beaumont. According to the doctors, the CARTS 2.0 (Clinical, Administrative, Research, Teaching and Strategic) pay system would cut the income of 1,300 staff physicians by up to 50 percent.

One doctor told *Modern Healthcare*, "Beaumont is trying to wiggle out of what I think is fair compensation. They have all sorts of excuses to pay us at the 25th percentile instead of the 80th percentile where many of us are at based on our productivity. They are offering way below market value for us."

Several doctors also said that Beaumont told them the salary cuts were due to the DOJ corporate integrity agreement, but they do not believe this explanation. The dramatic drop in compensation is far below any concerns that the DOJ would have over excessive pay.

The non-compete clause that doctors are required to sign states that they cannot leave and go to another hospital system within a 35-mile radius for three years. Responding to the objections by doctors about the non-compete language, Fox said in typical corporate-speak, "We have set the criteria for the non-compete that's where Beaumont is providing extensive value to employed doctors for their practice."

Another cost-cutting measure that comes at the expense of the doctors is Beaumont's elimination of teaching stipends. One doctor told *Modern Health*, "The employed clinical faculty had been told to help develop the medical school curriculum, provide teaching and serve on committees and support research with medical students — all without any additional compensation."

While the corporate executives at Beaumont are looking at every dime they spend and cutting costs for critical staff involved directly in providing patient care, the hospital spent a reported \$1.8 million to hire "labor

consultants" to prevent a union organizing effort among nurses by the Michigan Nurses Association (MNA) dating back to 2019.

According to a report in the *Guardian*, Beaumont management hired the union-busting firm Kulture Consulting, which was co-founded by James Hulsizer, the former director of labor relations for Donald Trump's casino properties in Atlantic City, New Jersey. This strategy has turned out well for Beaumont as Trump's National Labor Relations Board worked with hospital management to whitewash the company's intimidation tactics and drive the MNA off of its premises.

Beaumont doctors, nurses and staff must rely upon their own strength and not place any confidence in the politics of the official labor movement, which centers on making appeals to the Democrats in Lansing to protect their interests.

Meanwhile, nothing that the corporate decision-makers say or offer, including the Beaumont Board of Directors, should be accepted. Their interests are incompatible with those of health care workers. Behind closed doors, the board is preoccupied with determining the size of the golden parachute for CEO Fox and his team, which has been estimated at as much as \$20 million.

The solution to the crisis of the health care system, which has been starkly revealed for all to see during the coronavirus pandemic, cannot be found within the capitalist system. The financialization of hospitals and other providers of medical services—whether they are in the for-profit or non-profit category—is a demonstration of the way that society's critical infrastructure has been ever more converted into a money-making operation for the parasitic elite.



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