

Merger between Beaumont Health and Advocate-Aurora Health collapses amid expanding staff opposition

By Kevin Reed
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After five months of negotiations, Beaumont Health announced on October 2 that plans to merge with Advocate-Aurora Health based in Milwaukee had been called off. The collapse of the deal comes amid a growing chorus of opposition from medical staff and others connected with Beaumont, which is based in Southfield, Michigan.

In a conversation with news media, Beaumont CEO John Fox said the two companies mutually agreed to call off the deal in order to focus on “local market priorities.” The planned merger would have created a single \$17 billion entity, uniting Beaumont’s eight Detroit-area hospitals with Advocate-Aurora’s 26 hospitals in the Milwaukee and Chicago areas under a board of directors made up of an equal number of representatives from each organization.

The deal between the two health care systems—announced in June amid a resurgence of coronavirus infections in Michigan, Illinois and Wisconsin—was widely opposed by Beaumont employees. The health care staff made it known early on in the negotiations that the executive leadership was placing financial considerations above the quality of health care being provided to patients.

In his statements to the media, Fox acknowledged the opposition, declaring that “we’ve listened to the perspectives” of physicians, nurses, staff, donors, elected officials and community members and “their concerns about a partnership with Advocate-Aurora,” and “we very much appreciate their candid feedback.”

However, Fox added dismissively: “All of that, frankly, was overshadowed by both COVID issues and non-COVID issues.” He then went on to complain about how the pandemic hindered face-to-face meetings

between the corporate representatives. “Our boards have never physically met yet,” Fox said.

But the fact that opposition from staffers, and the danger that this opposition could quickly escape their control amid a wave of strikes by healthcare workers across the country, played a major role in the ending of talks was revealed in comments from Advocate-Aurora management that the talks ended due to “internal issues” at Beaumont.

The opposition of the medical staff first emerged in July, when a group of Beaumont physicians began circulating a petition among the hospital’s 5,000 doctors declaring no confidence in CEO Fox and others on the executive team, including COO Carolyn Wilson and CMO David Wood. The doctors called on the board of directors to remove these individuals.

The doctors said that they were concerned with the “continual erosion of the standard of patient care” and that the current leadership team had been preoccupied with the increasing “the financial status of the organization.” In spite of Beaumont’s status as a “non-profit,” CEO Fox earns a salary of \$6 million annually.

The opposition to the merger among the doctors, in the face of a culture of retaliatory firings by Beaumont management of employees who spoke out against conditions in the facilities, galvanized opposition among other staff and, once the objections became public, the board of directors agreed on August 17 to postpone a vote on the deal until these concerns were addressed.

The board’s decision was followed on August 19 by the circulation of a survey among staff about their confidence in the management of the hospital. The survey results showed 76 percent of the physicians who

responded said they strongly disagreed or somewhat disagreed with the statement, “I have confidence in corporate leadership.”

The survey also showed 70 percent of physicians said they strongly disagree or somewhat disagree that, “The proposed merger with Advocate Aurora Health is likely to enhance our capacity to provide compassionate, extraordinary care.”

A second survey of nurses conducted on August 20 showed that 650 nurses had no confidence in the hospital leadership and that they were also opposed to the merger with Advocate-Aurora.

By this point, the hospital donor community and those connected to the board of directors began to voice their opposition to Fox’s merger plans. On September 10, Mark Shaeovsky, a former Beaumont Health board vice chair and trustee, sent a letter to Michigan Attorney General Dana Nessel objecting to the merger and calling for Fox, Wilson and Wood to be fired.

One week later, twenty Beaumont donors sent a letter to the board of directors which said, “The loss of (medical) staff as well as recent surveys, including those by doctors and nurses, demonstrate something is seriously amiss. This situation must be addressed and improved immediately and with an immediate sense of urgency. This must be your primary focus.

“Among other things, we believe this requires that the proposed transaction with Advocate Aurora Health should not divert your attention or even be considered unless and until the current crisis at Beaumont is fully addressed.”

Lastly, on September 29, three legislators from Royal Oak, Michigan—where Beaumont’s largest hospital is located—released a joint statement warning that the merger with Advocate-Aurora would be “harmful to the community” if allowed to go through.

US Senator Andy Levin, Michigan State Senator Mallory McMorrow and state Representative Jim Ellison, all Democrats, wrote that the overwhelming majority of Beaumont staff and donors opposed the merger.

The letter makes clear that Democrats, in a state where wildcat strikes shut down the auto industry earlier in the year and mass opposition is growing to the re-opening of schools, fear that the proposed merger could touch off a social explosion. “During a global pandemic that has acutely impacted our region and

claimed more than 7,000 Michigan lives, we call on the leadership of Beaumont to do what is in the best interest of patients, not earnings, address the issues raised by medical staff concerning their ability to offer excellent care—and promptly reevaluate this proposed merger.”

The collapse of the merger plans between Beaumont and Advocate-Aurora is the primarily the result of the action of the staff in opposition to it. Doctors, nurses and other employees can only defend their interests against the financially motivated business maneuvers of management—which are always connected to an intensification of the attacks on working hours, health and safety conditions, salaries and benefits—by organizing and articulating their own demands.

With the end of the talks with Advocate-Aurora, like the collapse of the previous negotiations with Summa Health in Akron and Henry Ford Hospital in Detroit—Beaumont management is only biding their time. They will no doubt announce new plans for a merger with one or another different hospital group.

This fight can only be taken forward by establishing workplace committees that are politically independent from the Democratic Party and the official labor movement. This independence can only be established on the basis of the fight against the capitalist profit system, including the adoption of a socialist program that will take the healthcare system out of the hands of financial interests and run it as a public service under the democratic control of health care workers, nurses and doctors.



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