

Ochsner Health lays off nearly 800 in Louisiana and Mississippi

Cordell Gascoigne
29 May 2023

The United States' health care system is crumbling amid soaring inflation and skyrocketing costs of living, all amid the ongoing coronavirus pandemic. As medical personnel and hospital staff work long hours for paltry wages, their jobs are not safe despite an increase in hospital admissions. In a mass email sent May 11, Ochsner Health CEO Peter November announced the layoff of 770 employees, approximately 2 percent of Ochsner's workforce.

November wrote, "For some time, we have all been working hard to address our financial and workforce challenges. We are not alone in this: healthcare providers across the country have experienced increased labor costs, a shortage of patient care clinicians, high inflation and the end of pandemic relief funding from the government." November claimed, "Impacted positions are management and primarily non-direct patient care roles."

To add insult to injury, the layoffs occurred during Nurses Week, the theme being "Nurses Make a Difference: Anytime, Anywhere—Always." It is unclear how many nurses are affected by the layoffs.

The email did not specifically state why the layoffs were necessary, only stating, "Despite progress and our significant efforts to reduce expenses, we need to do more to ensure we can continue to deliver on our mission and meet the needs of the patients and communities we serve." The layoffs are expected to save the hospital system \$125–150 million per year.

According to Ochsner's website, the health system "operates 46 hospitals and more than 370 health and urgent care centers across Louisiana, Mississippi, Alabama and the Gulf South."

Ochsner reports that it lost \$96 million in 2022, with its expenses exceeding revenue by 1.5 percent. Company officials said that in 2019 through 2022 the

health system's cost of medical supplies, equipment and drugs rose by 10 percent and labor costs rose by 9 percent, with an eightfold increase in labor costs for travel nurses. Prior to the announcement of the layoffs, the hospital system had nearly 800 nursing positions unfulfilled. Since 2014, Medicaid reimbursements rose by only 1 percent on average, while Medicare rates increased by 2 percent.

In 2019, before the pandemic, Ochsner had total revenue of \$3.74 billion. In 2020, revenue increased to \$4.21 billion, with executive compensation increasing to \$27 million, \$4 million over 2019 figures, according to tax filings. Due to delays at the Internal Revenue Service in processing nonprofit filings, little to no information is available on revenue earnings in 2021 and 2022. Compensation for Ochsner executives ranges from \$1 million to \$2 million.

At least eight hospital systems have left the Mississippi Hospital Association (MHA) in the recent period. While the reasons for the exodus are not entirely clear, they took place after the MHA's board of governors voted to donate \$250,000 to Democratic gubernatorial candidate Brandon Presley through its Political Action Committee (PAC). The donation is the largest in the history of the MHA. While the PAC is separate from the MHA, it is controlled by the same board members.

Presley has pledged to support the expansion of Medicaid in the state, a position that is divisive along party lines with Reese, along with many Republicans opposing the policy. Although Presley has presented himself as a defender of the poor, the agreement between President Joe Biden and House Speaker Kevin McCarthy on cuts to social programs in the federal debt limit talks makes it clear that the Democrats cannot be counted on to defend any of the benefits workers

require.

The MHA, a member of the American Hospital Association, advocates for Mississippi's hospitals and has a long history of supporting both Democratic and Republican candidates.

The departures include some of the state's largest health care providers, with University of Mississippi Medical Center being the first, according to an April 28 letter. Forrest General Hospital, George Health System, Memorial Health System, Merit Health, North Mississippi Health Services, Ochsner Health Services and Singing River Health System followed suit.

In a May 17 press release, Presley said, "When [Mississippi Governor] Tate Reeves finally wakes up and realizes another hospital in this state has closed, he will only have himself to blame. This healthcare crisis lies squarely at the feet of Tate Reeves, who has blocked Medicaid expansion, which has left hospitals across Mississippi scrambling to keep their lights on and 220,000 Mississippians without life-saving healthcare."

Presley continued, "As governor, I'll fight to expand Medicaid so we can keep rural hospitals like Promise Hospital in Vicksburg open, provide healthcare to 220,000 working Mississippians, and create thousands of good-paying jobs."

According to former University of Mississippi Chancellor Dan Jones, Governor Reeves, who has largely abandoned the city of Jackson in its water crisis, admitted in a discussion that it was in his "personal political interest" to oppose Medicaid expansion, as he has for the past decade, despite supposedly acknowledging the positive impact expansion of the program would have on the state's population.

What Presley does not address is the inability of capitalism to meet the social needs of the population. The debt ceiling agreement announced May 27 by President Biden and Speaker McCarthy is the outcome of a bipartisan conspiracy. It freezes discretionary spending for fiscal year 2024 at current 2023 levels and caps any increase for FY 2025 at 1 percent.

With the war in Ukraine taking on an ever more disastrous and international character, Biden has proposed \$1 trillion in cuts to social spending, plundering the coffers of health care, education and Social Security to fuel the proxy war against Russia in Ukraine, which carries the risk of nuclear annihilation.

According to an April report from the Center for Healthcare Quality and Payment Reform, approximately one-third, or 27, of Mississippi's rural hospitals are at risk of closure. In an effort to stave off closure, Mississippi's first rural emergency hospital, Alliance Healthcare System, announced in March the end of inpatient care.

Greenwood Leflore Hospital has requested donations from the public, which is largely comprised of impoverished workers and their families. Hospital staff at Greenwood are being overwhelmed with a large volume of patients dealing with severe health issues, particularly those that could have been prevented, like COVID-19.

This trend of hospital closures will continue to have a devastating impact on the populations of Louisiana and Mississippi. Both states share roughly the same poverty rate, at 19.6 and 19.4 percent, respectively. According to Statista, in 2021 approximately 8.5 percent of the population of Louisiana was uninsured, numbering nearly 400,000 people. In Mississippi, nearly 11 percent, or approximately 325,000, were uninsured.

The latest figures from the Louisiana Department of Health show that in the week ending May 21 there were 1,243 new cases of COVID-19 in the state. In Mississippi, in the week ending May 9, 800 new cases were confirmed, along with 4 deaths and 43 outbreaks of the disease in long-term care facilities. At the same time, a compliant media, which wholeheartedly supports the war effort, continues to spread the myth that "COVID is over."

Hospital closures, cuts to staff and stagnant wages are the product of the criminal policies of the ruling financial and corporate oligarchy, whose salaries and stock portfolios continue to soar. However, this is being met by an upsurge of struggles of workers in all industries, including health care workers, who refuse to accept the attacks on their living and working conditions.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact