

Mass layoffs in US healthcare industry carried out to maximize profits

Benjamin Mateus
12 February 2024

Are you a healthcare worker? Tell us how your workplace has been affected by layoffs. All submissions will be kept anonymous.

The healthcare industry in the United States is laying off tens of thousands of workers to shore up profits, threatening to stretch a badly understaffed healthcare system past the breaking point.

According to a report by Challenger, Gray & Christmas, the healthcare sector laid off 58,560 jobs in 2023, a 91 percent increase over 2022. The sector only trailed the tech and retail sectors for most jobs wiped off the slate.

Overall, 721,677 jobs were cut last year in the US, nearly double the number in 2022. This is a deliberate class policy, aimed at smashing growing working class opposition through mass unemployment. High inflation monetary policy and the use of major advances in automation and artificial intelligence are the two principal weapons in this assault on jobs.

The latest healthcare layoffs come from Amazon, which recently announced several hundred cuts at its One Medical and Amazon Pharmacy operations. Across all of its divisions, the tech giant has cut more than 27,000 jobs in the recent period.

Mark Zandi, chief economist at Moody's Analytics, candidly observed in the *Washington Post* about the mass layoffs, "That is the way the American capitalist system works. It's ruthless when it gets down to striving for profitability and creating wealth. It redirects resources very rapidly from one place to another."

But the layoffs in healthcare are particularly sinister because they are taking place amid the second-highest wave of the coronavirus pandemic, while the government has shut down all public health measures. The elimination of federal coronavirus funding has only exacerbated the cuts. This is an attack on the basic social right to healthcare, which the ruling class increasingly views as a wasted expense.

Even the figures cited by Challenger, Gray & Christmas are a vast undercount of the real staffing situation because they do not include the countless healthcare professionals who have been driven out of the system entirely by impossible and dangerous working conditions.

The attack on healthcare is also aimed at one of the most active segments of the working class which is striking against stagnant pay and worsening working conditions. According to figures collected by the Bureau of Labor Statistics, 16 out of the 43 major strikes last year were by healthcare workers, involving more than 112,000 workers combined. Cornell University's Labor Action Tracker found 192 strikes and labor protests last year by healthcare workers. The trade union bureaucracy, however, fought tooth and nail to limit these strikes and impose sellouts, as it did in the strike by over 70,000 Kaiser Permanente workers late last year.

A review by *Becker's Hospital CFO Report* last month found that 105 hospitals and healthcare systems have cut jobs across the United States. Job cuts over the last six months include:

Illinois

In Chicago, two major medical centers, University of Chicago (UoC) and Rush, have let employees go, citing financial struggles for these decisions. UoC has terminated 180 workers (2 percent of its medical staff). Its president, Tom Jackiewicz, noted, "Outside pressures, including higher supply and labor costs, are converging as healthcare delivery rapidly evolves. Additionally, we grew our staff to address the pandemic, which was necessary for that moment but cannot be maintained."

Rush has not disclosed how much of its staff has been axed but said in a written statement, "In response to financial headwinds affecting healthcare providers nationwide, Rush has undertaken a restructuring resulting in elimination of some administrative and leadership positions." Notable, however, in 2022, the medical giant earned \$2.6 billion, with net income increasing \$18 million, according to tax documents.

Alivo Medical Center in Pilsen, which provides healthcare for migrants and asylum seekers, has slashed pay for its workers by at least 20 percent with a drastic reduction in hours.

Ollie Idowu, president and chief executive officer of the Illinois Primary Health Care Association, told *Chicago Sun Times* that many clinics across the state are struggling financially with the ending of the COVID-19 relief money and "instability of federal funding."

California

Kaiser Permanente is laying off an additional 79 administrative employees after cutting 115 tech positions in December and 49 more administrative positions in October.

John Muir Health laid off 164 employees in Concord, after it sold its home health services division to Joliet, Illinois-based Cornerstone Home Healthcare last month.

Tri-City Medical Center in Oceanside let go nearly 100 employees to align operations with the decline in hospital volume, "which has been 25 percent lower than historical trends."

Southwest Healthcare's Palmdale Regional Medical Center suspended its maternity services and fired 87 workers.

Kaiser Foundation Hospital has notified the state it cut positions in Pleasanton and Oakland in Northern California. Additional cuts are planned in Pasadena, Rancho Cucamonga, San Diego and Burbank in Southern California.

Maine

St. Mary's Health System, part of Covenant Health in Lewiston, Maine, is terminating 31 employees, while reducing hours for many other workers.

Pennsylvania

Tower Health in West Reading sacked 30 employees in December to "streamline operations" and outsourced much of its information technology department to an external vendor.

Florida

Sixty employees at Coral Gables of Florida-based Baptist Health were "voluntarily" separated in November.

River Medical Center, part of the Dallas-based Steward Health Care, has reduced its workforce, claiming, "This is a reflection of hospital volume and normal market fluctuations." More than 80 people were let go in 2022. The 178-bed facility has a medical staff of approximately 100 physicians and 500 nursing and ancillary staff.

Arkansas

Baxter Health in Mountain Home has cut 155 positions.

New York

Rome Health, located in the upstate city of the same name with a population of 32,000, restructured its workforce by terminating 32 positions and reducing hours for other workers.

Minnesota

The Community Memorial Hospital cut 30 positions at its nursing home facility, which operates on the hospital campus.

Minneapolis-based Fairview Health Services terminated 250 positions to curb what it called "ongoing challenges, including inflation, high labor costs and lagging payment rates from insurers."

Missouri

Boone Health in Columbia shuttered its home care and hospice service line, resulting in the loss of employment for 26 employees in November.

Pemiscot Memorial Health Systems terminated 10 of its 100 or so workers in October.

Washington

In October, Vancouver's PeaceHealth informed the state that it was closing its Sacred Heart Medical Center University District hospital in Eugene, Oregon, impacting 463 caregivers. The healthcare system said it would try to offer jobs to 325 of them, while the remaining 129 will have to search for new positions.

Ohio

Toledo-based ProMedica laid off 122 people in October from its home health agency. They also closed facilities in Clyde, Ohio, and Dundee, Michigan.

North Carolina

Novant Health in Winston-Salem let go 160 of its 36,000 employees in November as part of an "organizational redesign plan."

Texas

Southwestern Health Resources disclosed it was laying off many of its workers, although it was careful not to disclose the exact figures.

In August, Vibra Healthcare let 76 employees go at its specialty hospital in DeSoto, Texas. Additional firings took place in late September at its critical access facility.

Iowa

West Burlington-based Southeast Iowa Regional Medical Center is laying off 67 people across two hospitals.

Massachusetts

Tufts Medicine, located in Burlington, cut hundreds of positions from its diagnostics labs in August and outsourced these to Labcorp, a corporate giant that operates the largest clinical laboratory networks in the world.

The profit-driven crisis in American healthcare

Many news outlets have emphasized that the cuts in healthcare are falling predominately on administrative staff and upper-level management under the auspices of reducing redundancy and improving organizational efficiency. But these job cuts signal a deepening of the merger, acquisition and monopolization of the healthcare industry which will see a further deterioration of quality of care at the expense of profit.

Meanwhile, the COVID-19 pandemic continues to rage completely unimpeded. Healthcare economists have computed that the “endemic COVID-19” policy could result in additional annual healthcare costs of \$137 to \$379 billion, based on scenarios analyzed by McKinsey’s COVID-19 Epidemiological Scenario Planning Tool. This is based on reasonable estimates of 110 to 220 million COVID-19 infections per year, with an “upper-bound” estimate of 20 million Long-COVID cases per year in the US. The stress on the healthcare sector will be made even worse by short-term cost-cutting measures to maintain quarterly earnings reports.

While any rational society would respond with a vast increase in public health resources, the complete subordination of healthcare to the financial sector in the United States is leading to the exact opposite. Moody’s Investors Services is expecting many overleveraged healthcare companies—including those involved in pharmaceuticals, medical devices, outpatient care and hospitalization—to begin to default on their debt payments, according to *Bloomberg News*. “More than half have weak liquidity,” Bloomberg added. “Ten companies, including Air Methods, Envision, and Mallinckrodt, saw their rating downgraded to default this year (2023) and many more will do so in 2024.”

These defaults are a byproduct of the era of “aggressive private equity-backed mergers and acquisitions in the decade following the global financial crisis” that saw debt climb. Inflation now is driving up costs and wages with intense pressure on firms to “shrink the bills.”

Furthermore, 41 companies, including Bausch Health, Cano Health and Biosolutions, have been ranked one level above junk. As Moody noted, “Against a background of excessive leverage, elevated interest rates and expiring interest rate hedges, we believe that many healthcare companies on the B3N [credit rating] List will likely have no other options but to restructure their debt in 2024 to regain much needed financial breathing room.”

In the most basic terms, the entire healthcare sector, which will take with it the entire financial apparatus, is on the verge of imploding at any moment. These will have massive social implications and potential for significant social convulsions.

This corporate vandalism poses the need for the healthcare system, as well as Wall Street and the financial system, to be expropriated and placed under public ownership, under the democratic control of the working class, in order to meet human need, not private profit.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact