THE BUSINESS OF MEDICINE

The impact of corporatized medicine on patients & providers.

Theresa Hacsi, Attorney & Patient Advocate
Col. Michaela Shafer, Ph.D. RN, Medical Ethics Expert

LANDSCAPE

WHY ARE WE DISCUSSING THE BUSINESS OF MEDICINE?

LHHS is studying the causes and recommending solutions to the national provider shortage.

- Largely due to baby boomers retiring and needing care of their own.
- How do we attract and retain providers in a landscape that undermines their professional judgement?

We're entering a budget session.

- It's critical to understand the nature of our investments- where do they go & what is their effect on patient care?
- Are we helping or exacerbating the situation?

Taxpayer dollars are patient dollars.

- LHHS heard from many other stakeholders. We welcome the opportunity to advocate for the families of our state.
- Myriad of investments. We must:
  - Invest responsibly.
  - Center NM families.
  - Build in safeguards to ensure accountability to the public when corporations receive money.
  - Enforce oversight of existing law.

STATE OF HEALTHCARE

$1.4T

Hospital revenue in the U.S. in 2022 alone.

- 56% are non profit.

#1

New Mexico has the highest % of private equity owned hospitals in the nation.

$3.7T

Private equity cash/ liquidity in 2022 alone.

$18B

Insurance industry revenue 2023 (mid year)

75%

of healthcare providers will leave the profession by 2033.

STATE OF HEALTHCARE

$195B

Patient Medical Debt ($88B in collections)

- $881M New Mexico patient debt

700+

Patients Sued by hospitals in NM

- After effective date of Patients Debt Collection Protections Act (2022)
- 98% of those lawsuits are in southern NM & rural areas where patients already lack care.

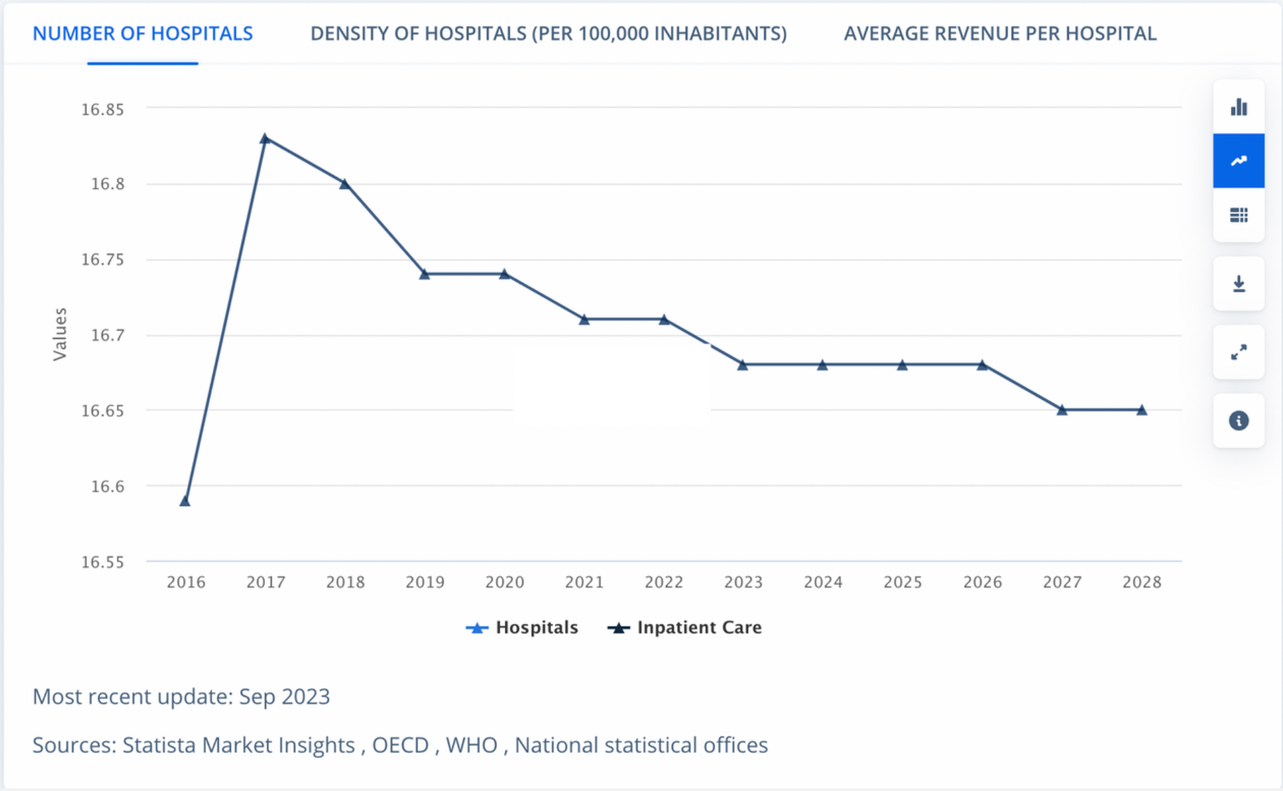
$129B

in patient injury due to provider "moral injury".

HEALTH CARE ACCESS DECLINING. HOSPITAL REVENUES SKYROCKETING.

When compared globally, in the United States is forecasted to generate the highest revenue in the Hospitals market. (Statistica, 2023)

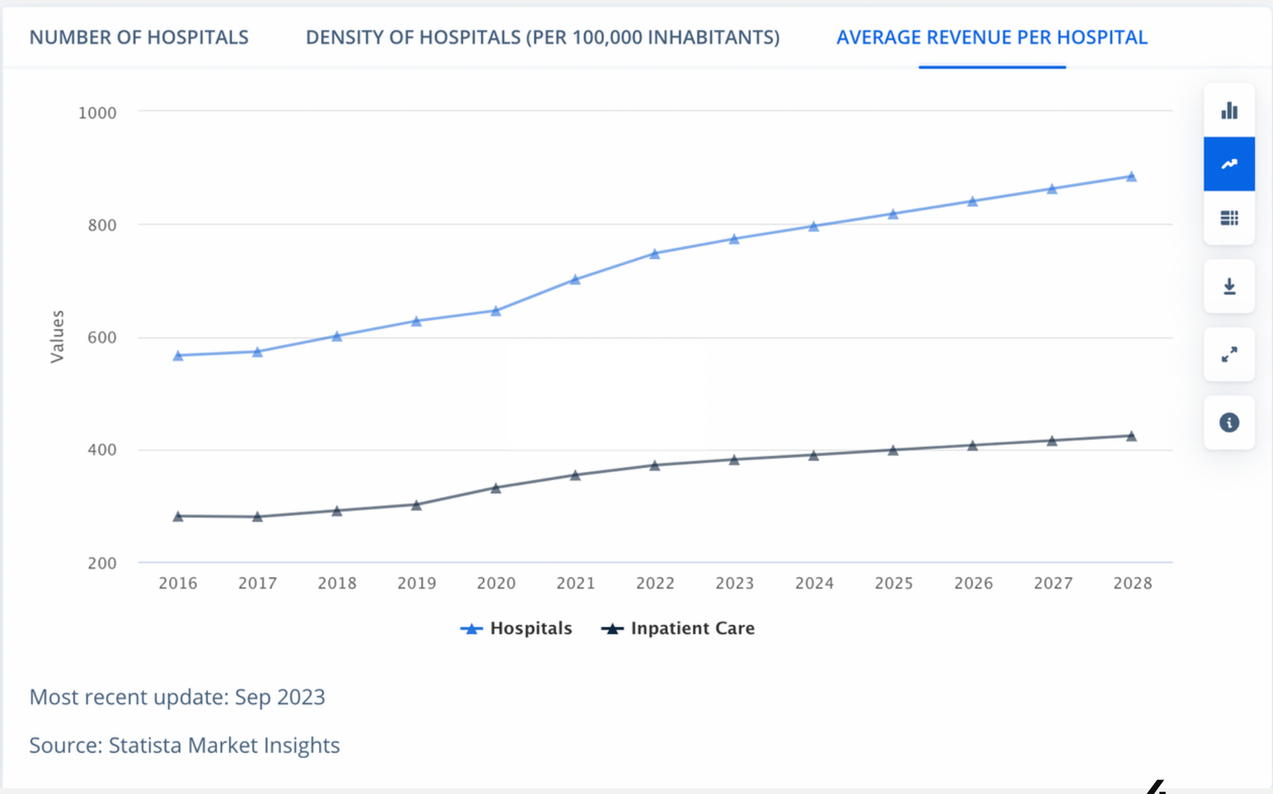
Number of NM Hospitals (Sept 2023)



Most recent update: Sep 2023

Sources: Statista Market Insights , OECD , WHO , National statistical offices

New Mexico Hospital Revenue (Sept 2023)



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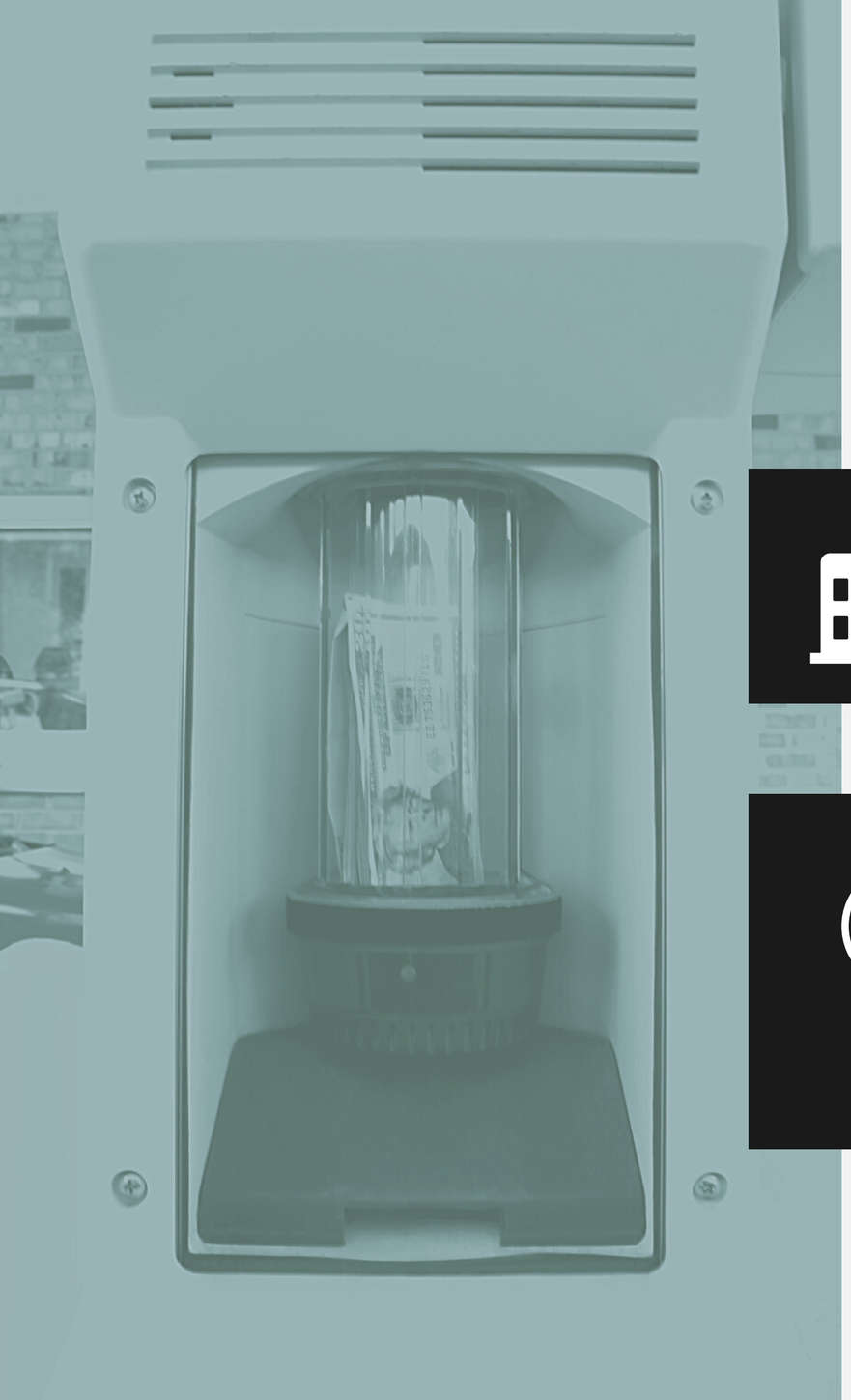


WHERE DOES NM TAXPAYER MONEY GO?

2019: NM Hospital Association reports that hospitals spent $11.6 Billion in expenditures that help NM economy.

When money goes to multi-billion dollar out-of-state hospitals, management companies or private equity firms, the money is often transferred every 24 hours.

WHAT DOES HOSPITAL PROFIT HAVE TO DO WITH THE NM LEGISLATURE?

Three examples from recent legislative sessions:

$ 139M

of a $171M 2022 healthcare appropriation (NMHA, LHHS 2022)

$ 70M

in backpay to the Patient Compensation Fund on behalf of debt largely caused by hospitals. (HB2, 2021, 2022)

$ 18M

Rural Healthcare Delivery Fund (2023)

We must ask ourselves: are we allocating money to providers, or the hospitals they work for? Are patients seeing a decrease in cost?

NM HOSPITAL OWNERSHIP

Our hospitals are local... right? A small handful are locally owned and operated, but the vast majority in our state are not. Here is an example of three hospitals who are Rural Healthcare Delivery Fund recipients.

Mimbres Memorial

Parent Company: Quorum Health Corporation (For Profit)
State: Tennessee
Revenue: $1.7B
CEO: ? (private)

Filed for Bankruptcy then acquired by 5 Private Equity Firms

- GoldenTree Asset Mgmt.
- Davidson Kempner Nashville Capital Network Brentwood Capital Advisors
- Grant Ave Capital

Rural HC grantee: to expand behavioral health services

Gerald Champion Regional

Merger w/ Christus St. Vincent ("Non-Profit")
State: Texas
Revenue:
CEO: $18M

Christus St. Vincent Pays DOJ $12M settlement over medicaid fraud- a fund intended for rural communities

Rural HC grantee: to expand labor & delivery- no abortion care.

Covenant Health Hobbs

Parent Corporation: Providence Health ("Non-Profit)
State: Texas
Revenue
CEO: $10M+

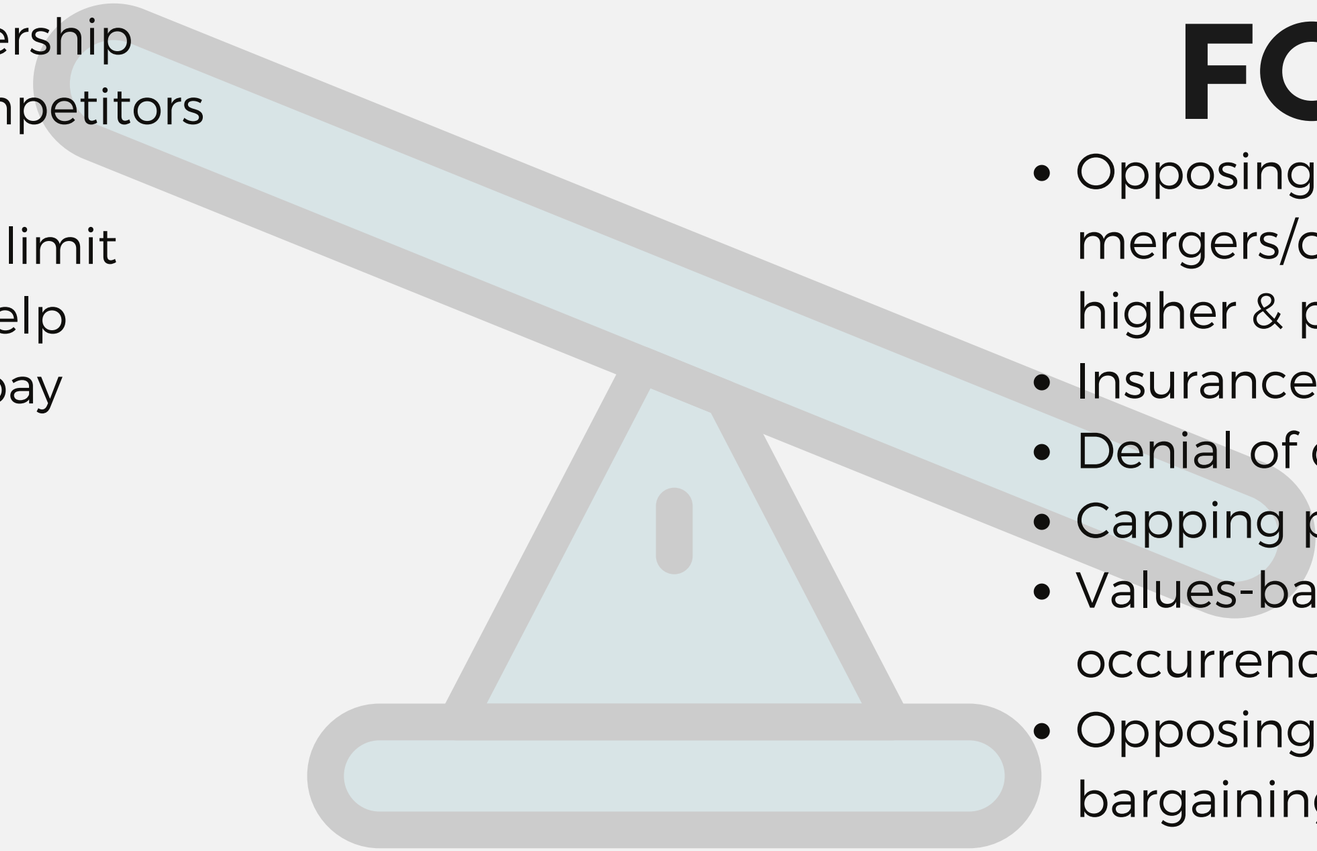
CEO is also Chair of American Hospital Association

Providence Health Pays DOJ $22M settlement over unnecessary surgeries

Rural HC grantee: to expand labor & delivery, reduce maternal mortality- no abortion care.

DRIVING UP COSTS FOR PROFIT

- Charging patients more
- Fee for service/volume
- Horizontal ownership
- Eliminating competitors to control costs
- AMA lobbied to limit residencies to help boost provider pay



MITIGATING RISK FOR PROFIT

- Opposing hospital mergers/consolidation (costs are higher & patient safety decreases)
- Insurance industry red-tape
- Denial of claims and procedures
- Capping patient compensation
- Values-based care (lowers occurrence of medical malpractice)
- Opposing provider collective bargaining

HUMAN HEALTH AS A BUSINESS TRANSACTION

- Rushed and insufficient care
- Transformed medicine into a producer and a consumer
  - Commodity of trade= the consumer's health
  - Health & well-being should never be perceived as a commodity

A position paper of the American College of Physicians' noted it's primary concern:
the corporatization of the healthcare market.

(Crowley)

HOW PROFIT DRIVEN MEDICINE IMPACTS PROVIDERS

Providers are seen as expendable and their labor is outsourced

- Short term contracts- 90 days
- Traveling nurses, doctors
  - Paid 2x as much as locals
  - Increased severity of errors in ERs, healthcare quality
- 49.7% of doctors are considering leaving in the next 2 years

Money is flowing to hospitals- not "trickling down" to providers.

- Tax credits to 1099 employees, hospitals, but not our own, local healthcare providers.
- Salaries are not keeping up with increased workload, increased hours, increased administrative burdens.
- Pay is not equal across all systems.

Difficult to maintain standards of care

- Corporate buyers of healthcare systems (U of AZ, 2020)
- Implement higher workload while decreasing compensation
- Forced to see more patients in smaller window with less staff (assembly line care)
- Forced to divide loyalty between patients and hospitals we work for.

HOW PROFIT DRIVEN MEDICINE IMPACTS PROVIDERS

Physicians aren't broken, the health care system is.

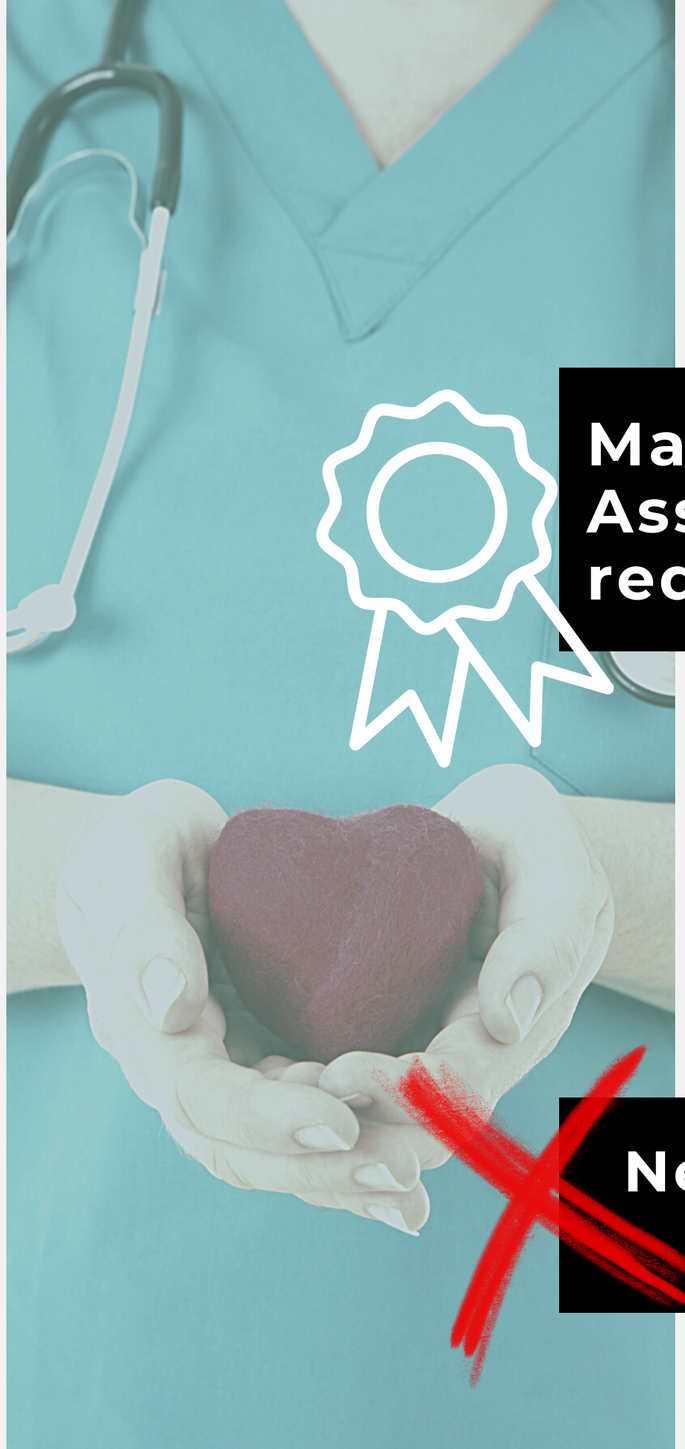
What is "Moral Injury"? "...moral injury exists when a physician or health care provider is asked to choose between the needs of patients, their personal families, their own wellness, the profits of the hospital, the growth of their practice, demands of insurance, the health care system, the laws within their state or country that interfere with the patient/physician relationship and their own productivity metrics — in addition to political and social factors that have caused many people to question the science of medicine or credibility of health care professionals. " -Eric Griffey, UNT School of Health Professions

Doctors believe this moral tug of war is antithetical to the physician's oath, which demands patients be the No. 1 priority.

The administrative costs of our complicated coding and billing are untenable for many small practices, and physicians spend hours of their day on extensive documentation for purposes of reimbursement, justifying orders for routine services and equipment, and insurance-related activities like obtaining preauthorization for tests and treatments...

....the stark reality is that our broken medical system does not allow clinicians to practice as we were trained, to be responsible for the best care of our patients. We are dealing with MORAL INJURY. We do not have enough time to deeply connect with our patients, keep relevant medical records, and deal with different requirements of numerous insurance plans. In fact, we feel betrayed by a system which interferes with our professional integrity. Corporate interests are now undermining our ability to deliver the care that our patients expect and deserve.

Kathy Mezoff, MD
Gallup, NM (LHHS 7/10/23)



MAGNET HOSPITALS:
A COLLABORATIVE HEALTHCARE MODEL

Magnet status awarded by American Nursing Association to facilities that meet certain requirements for excellent care.

- Quality indicators and benchmarks compare facilities locally & nationally.
- Have 14% fewer errors, lower mortality rates, fewer falls and fewer failures to rescue as the entire team is empowered to make choices & challenge decisions as their loyalties are ethically bound to patients.
- Physicians & nurses seek out these hospitals for the quality of their work environment.

New Mexico is one of only two states without a magnet hospital.

HOW PROFIT DRIVEN MEDICINE IMPACTS PATIENTS

Costs Rise

- “Chargemaster” (variable) costs from hospitals
- Surprise billing
  - (ie: contracted out-of-network providers in the ER)
- Unnecessary charges
  - (ie: OB Emergency Department)
- Unnecessary procedures

Injuries Occur

- Safety “corner-cutting” to save money
- Care tailored to insurance needs
- Mediocre patient care with missing backbone of human connection
- Providers (out of necessity) shift focus from patient toward meeting corporate demand

Steps NM Can Take to Value Patients & Providers Within a Profit Driven System

1. **Support policy that encourages more options for healthcare and employment decisions.**
   a. Encourages in-state competition to attract doctors, allows employers to think more holistically about provider pay, moral injury, workplace environment, patient safety, etc.
   b. Provides patients more health care options that are not bound by insurance limitations.
2. **Require transparency with taxpayer dollars.**
   a. Questions to consider: When an entity receives taxpayer money, what accountability should they have to the public? What does the public need to know about safety? Are New Mexicans investing their money in out-of-state corporations? What is the pay gap between local providers and traveling contractors? What is the pay gap between providers and non-clinician management/CEO's? How much is spent on costs associated with parent companies or horizontal ownership?
3. **Providers are not hospitals. Put taxpayer money into the pockets of providers.**
   a. Require non-profit and government-owned hospitals to invest minimum percentages of state financial allocations in their staff who are practicing clinicians.
   b. Stipend rural providers for resident rounds.
   c. Substantially back loan forgiveness and down payment assistance for health care providers.
4. **Invest in independent provider clinics.**
   a. Create programs to financially back new, locally owned, independent clinics. Provide business mentoring and support to start the clinic and programs to relieve administrative burdens.
5. **Require more oversight of the insurance industry.**
   a. Limit preauthorizations - a healthcare provider decides course of treatment, not a corporation.
   b. Limit cost shift to patients: The largest share of household health spending was out-of-pocket, increased 10% in 2021.

Steps NM Can Take to Value Patients & Providers Within a Profit Driven System

6. **Require safe staffing.**
    a. Patients need it. Providers deserve it.

7. **Reward workplaces that shift administrative burdens away from their providers.**

8. **Require site-neutral payment.**
    a. The same medical service should cost patients the same amount of money, no matter the location at which care was received.

9. **Attach funding to reduced rates of provider mistreatment and reduced rates of patient injury and morbidity.**

10. **Attach funding to truly exchangeable electronic health records.**

11. **Reduce drug pricing by creating a drug purchasing collective/consortium**

12. **Invest in hospitals seeking “magnet” status.**

“The more we are tasked with the impossible, and blamed when unable to achieve it, the more keenly aware…that we are overwhelmed, we are burned out, we cannot help everyone who needs our help. People are dying that would not be dying, if we only had the time and resources to our jobs as we were trained to.”

The Unspoken Reason

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