82
00:09:36.270 --> 00:09:40.869
Morgan Moore she/her: All right. Thanks for joining us, everyone just giving folks a couple seconds to join,

83
00:09:41.930 --> 00:09:44.430
Morgan Moore she/her: making sure everyone's in from the waiting room.

84
00:09:47.800 --> 00:09:49.010
Morgan Moore she/her: All right,

85
00:09:49.210 --> 00:10:02.119
Morgan Moore she/her: uh welcome, everyone, and thanks so much for joining us tonight. Uh! My name is Morgan Moore, and I'm. The executive director of uh physicians for National health program. The New York Metro Chapter Um, We have a full program, so we'll be diving right in

86
00:10:02.360 --> 00:10:04.990
Morgan Moore she/her: um. First, a few logistics.

87
00:10:05.220 --> 00:10:25.190
Morgan Moore she/her: We are recording this session, and the recording will be shared in a follow up email to everyone who Oursvp. Um, Everyone is muted. So please introduce yourselves into the chat uh by typing in your name, pronouns and location. The chat can be opened by clicking the chat icon in your zoom toolbar, which is usually found at the bottom of your screen.

88
00:10:25.470 --> 00:10:32.640
Morgan Moore she/her: You can also access closed captions in English by clicking the closed caption icon in your zoom toolbar.

89
00:10:33.210 --> 00:10:45.099
Morgan Moore she/her: We will be having A. Q and a session following the presentation. So please put your questions for our speakers and any comments into the chat or email them to Pn. Hp: questions at Gmail dot com

90

00:10:45.840 --> 00:10:55.550
Morgan Moore she/her: uh. You can also please feel free to take screenshots or post on social media about the things you learn tonight and tag us at Pnhp Andy Metro,

91
00:10:56.220 --> 00:10:59.219
Morgan Moore she/her: and we'll be dropping a link to that in the chat as well.

92
00:10:59.770 --> 00:11:09.979
Morgan Moore she/her: All right. Um, thanks, everyone. So now we'd like to take a quick poll to learn a little bit more about the people in the room and your relationship to health care. So please go ahead and fill that out.

93
00:11:12.940 --> 00:11:17.720
Morgan Moore she/her: And as you're filling that out, i'd like to start us off with a land acknowledgment

94
00:11:17.990 --> 00:11:37.030
Morgan Moore she/her: while we recognize that people are perhaps joining this forum from all over. Given that this is being hosted by the New York Metro. Chapter of P. And Hp. We think it's important to acknowledge the land on which we are based, the up, the occupied and unseeded territory of the Wopinger, Munsey, Lanopi, Canarsi, and Rockaway peoples

95
00:11:37.220 --> 00:11:56.160
Morgan Moore she/her: with that recognition must come an unwavering commitment to decolonize and unsettle not only the physical spaces we create and share, but our hearts, minds and politics as well wavering commitment to critically. Challenge the conditions we have been socialized to accept, and an unwavering commitment to pursue collective liberation

96
00:11:56.250 --> 00:12:00.709
Morgan Moore she/her: we need to fight for reparations and invest in systems that are life-affirming,

97
00:12:01.290 --> 00:12:05.540
Morgan Moore she/her: to which the work of health, justice, and equity is intimately linked.

98
00:12:05.970 --> 00:12:15.419

Morgan Moore she/her: Now I would like to Introduce Dr. Oliver Fine, who is the chair of the New York Metro Chapter of Physicians for National Health program to begin tonight's program. Take it away, Ali:

99
00:12:15.900 --> 00:12:29.739
oliver fein: Okay, Thank you. Good evening. My name is Dr. Oliver Fine board chair of the New York Metro. Chapter of Physicians for a national health program.

100
00:12:29.960 --> 00:12:39.250
oliver fein: We work to build the movement for universal single-payer, publicly financed health, care

101
00:12:39.340 --> 00:12:43.730
oliver fein: for all and health justice.

102
00:12:43.950 --> 00:12:48.480
oliver fein: Thank you all for joining us this evening

103
00:12:49.120 --> 00:12:58.560
oliver fein: Tonight we will be talking about the growing role of private equity and other for-profit investor controlled health care,

104
00:12:59.170 --> 00:13:12.550
oliver fein: even as more Americans and doctors support national health insurance. This growing financialization, across many sectors of health care

105
00:13:12.560 --> 00:13:26.200
oliver fein: threatens both quality and cost of care, and increases the challenges we face in our united efforts for political and policy change.

106
00:13:26.320 --> 00:13:34.299
oliver fein: We hope you will join us for our next Educational Forum on November the fifteenth,

107
00:13:34.500 --> 00:13:41.020
oliver fein: which will focus on native American health and health care.

108
00:13:41.270 --> 00:13:57.780
oliver fein: Further details will be announced by email. So please make sure you are on our email list.

109
00:13:57.790 --> 00:14:06.960
oliver fein: Pn. H. P. N. Y. M. E. T. R. O. R. G. Backslash join.

110
00:14:07.810 --> 00:14:17.539
oliver fein: Now i'd like to introduce our moderator for tonight's Forum, Judy, Esther Quest, Ph. D.

111
00:14:17.750 --> 00:14:23.850
oliver fein: Judy, along with Dr. Steve Auerbach and the rest of our planning team

112
00:14:24.030 --> 00:14:29.200
oliver fein: has worked hard to craft Tonight's important program

113
00:14:29.700 --> 00:14:45.980
oliver fein: before her active advocacy for the New York Health Act. She worked over two decades as a management consultant. After teaching at Harvard Business School.

114
00:14:46.300 --> 00:14:51.009
oliver fein: Judy is also the Health Issues Specialist.

115
00:14:51.090 --> 00:14:55.160
oliver fein: The New York State League of Women voters

116
00:14:55.710 --> 00:14:57.870
oliver fein: this summer

117
00:15:00.070 --> 00:15:10.599
oliver fein: team to update the National Leagues

118
00:15:11.600 --> 00:15:13.120
oliver fein: Position

119
00:15:13.220 --> 00:15:14.530
health care,

120
00:15:15.010 --> 00:15:17.269
Dr. Judy, take it away.

121
00:15:17.640 --> 00:15:20.999
Judy Esterquest: Thank you, Ali, and good evening to all of you.

122
00:15:21.090 --> 00:15:28.210
Judy Esterquest: Um! Tonight We are delighted to have three eminent speakers uh Professor Roseberry Bat

123
00:15:28.220 --> 00:15:45.640
Judy Esterquest: and Dr. Robert Mcnamar and Richard Mallet. I'm. Looking for some slides. There are years of research, writing, teaching, and advocating will bring sunlight to an otherwise opaque and esoteric subject that is, private equity and health care two

124
00:15:45.650 --> 00:15:52.369
Judy Esterquest: and its effect on patients, their families, doctors, health care workers, and our health care system.

125
00:15:52.620 --> 00:15:57.920
Judy Esterquest: Although you may be outraged or even terrified by what you learn here tonight.

126
00:15:58.020 --> 00:16:02.389
Judy Esterquest: Please join our calls for action. You can make a difference

127
00:16:02.450 --> 00:16:06.600
Judy Esterquest: before we hear from Rose. I'd like to set the stage.

128
00:16:06.690 --> 00:16:20.850
Judy Esterquest: Now, many of you have seen this, this next slide. It's one of Pnhps classics. It shows the cost of health care as a percentage of Gdp increasing between one thousand nine hundred and sixty, and today,

129
00:16:20.860 --> 00:16:37.200
Judy Esterquest: and it shows particularly how the cost of American health care is increased at a more rapid rate than Canada's cost after Canada adopted a single-payer system, and the Us. Introduced hmos which supported and corporatized our health care

130
00:16:37.300 --> 00:16:47.159
Judy Esterquest: in one thousand nine hundred and seventy-three health care costs were eight percent of Gdp and politicians warned us that costs might some day hit ten percent unless we acted.

131
00:16:47.230 --> 00:16:52.730
Judy Esterquest: Note that health care cost as a percent of Gdp reached twenty percent this past year.

132
00:16:53.280 --> 00:17:06.239
Judy Esterquest: What do we mean by privatizing health care? It's introducing market, based rewards on the promise of reducing costs, which means these reforms have not something. These reforms have not done.

133
00:17:06.250 --> 00:17:17.190
Judy Esterquest: What they have done is deny health, care, delay, health, care, discourage patients from seeking vital health care and demoralize our health care providers. Next slide

134
00:17:17.290 --> 00:17:36.280
Judy Esterquest: in one thousand nine hundred and ninety-seven we got Medicare choice as part of a balanced budget compromise, and in two thousand it was rebranded Medicare advantage. When drug plans were introduced in two thousand and ten, the Aca created a mandate for private insurance, a further bonanza for privatization,

135
00:17:36.290 --> 00:17:41.520
Judy Esterquest: and most recently we have Dc's and their rebranding as aco reach,

136
00:17:41.580 --> 00:17:59.400
Judy Esterquest: and today we're talking about private equity. Once called Lbo leveraged buyouts. I've been asked to explain that private equity, meaning private ownership as an owning shares in a company refers to ownership that is not traded on public stock exchanges.

137
00:17:59.410 --> 00:18:18.030
Judy Esterquest: When companies shares are traded publicly, it's regulated by the Sec. Which, among other things, requires transparency, for example, through regular filings of financial statements. If shares are traded privately, there are a few regulations and even less transparency. One hundred and fifty.

138
00:18:18.040 --> 00:18:24.289
Judy Esterquest: Our first speaker has spent years in research to shine light on this opacity.

139
00:18:24.900 --> 00:18:37.780
Judy Esterquest: Her research shows that private equity controls four point five trillion in funding globally, and that eighty percent of the largest private equity firms and transactions are Americans.

140
00:18:37.790 --> 00:18:45.289
Judy Esterquest: They have targeted health care for two decades, investing four point eight billion in two thousand

141
00:18:45.480 --> 00:18:49.939
Judy Esterquest: and one hundred and five billion in into two thousand and twenty.

142
00:18:50.500 --> 00:19:05.250
Judy Esterquest: Now let's make this a tiny bit more tangible. In the past two decades private equity firms have bought, sold, and dismantled all of these famous American companies, some with storied past dating back a century or more.

143
00:19:05.260 --> 00:19:10.580
Judy Esterquest: These businesses are now history, even if sometimes their brands live on.

144

00:19:10.780 --> 00:19:16.169
Judy Esterquest: I want to thank Morgan Moore for these riveting shark and octopus graphics. Well done

145
00:19:16.410 --> 00:19:26.729
Judy Esterquest: last year Eileen Applebaum, who is Rose Bat's long-term research partner testified of the hearing. On Senator Warren stopped Wall Street saying:

146
00:19:27.030 --> 00:19:43.050
Judy Esterquest: The rising tide of capital flowing into pe funds has left them sitting on piles of dry powder. They are now in a better position than ever to buy up and hollow out large parts of the Us. And global economies.

147
00:19:43.180 --> 00:19:58.150
Judy Esterquest: But what do huge private equity investments mean for health care. Next slide Private equity has bought and controlled an astonishing range of health care services. Health care is a lucrative target for private equity,

148
00:19:58.160 --> 00:20:03.989
Judy Esterquest: and Professor Bat and Apple Baum's estimates over the past of the past two years that the

149
00:20:04.040 --> 00:20:19.679
Judy Esterquest: estimate that two years ago the dry powder available to private equity firms to aim at us. Businesses was between one point five and two trillion dollars. That's ten percent of the Us. Economy.

150
00:20:19.880 --> 00:20:23.160
Judy Esterquest: This will be what Professor Bat will discuss

151
00:20:23.710 --> 00:20:32.299
Judy Esterquest: Rosemary Bat is the Alice Hanson, Professor of Women and work at the Cornell University School of Industrial and Labor Relations.

152
00:20:32.310 --> 00:20:50.279

Judy Esterquest: She is co-director of the center for economic and policy research, with Eileen Appleba, her research collaborator for over a decade about the increasing role of private equity in health care and in other sectors of our economy. She has a book on the subject pending.

153
00:20:50.290 --> 00:20:57.720
Judy Esterquest: She received her Ba. From Cornell University and her Phd. From the Sloan School of management mit

154
00:20:57.740 --> 00:21:01.309
Judy Esterquest: Welcome, Professor, Back! The floor is yours.

155
00:21:03.100 --> 00:21:04.689
Judy Esterquest: You are muted

156
00:21:08.370 --> 00:21:29.610
Rosemary Batt: there we are. Thank you so much, Judy, and thank you to Steve and Mandy and and Morgan for all of the work you've done in putting this together, and i'm going to jump right into my presentation because we have a lot to cover, and i'm also going to tie myself so that there's plenty of room for other people as well,

157
00:21:29.620 --> 00:21:56.099
Rosemary Batt: so let me start uh private equity and healthcare um it. I've done all this work um with I mean apple bomb as Judy mentioned, and we've been working on this for ten years. So i'm bringing together evidence based um research. That shows exactly what um private equity uh has done over the last Um uh several years.

158
00:21:56.110 --> 00:22:10.490
Rosemary Batt: Let me jump in and first begin by saying, We view private equity as the most extreme form of shareholder capitalism. And what we mean by that is that the mentality of um

159
00:22:10.860 --> 00:22:33.449
Rosemary Batt: corporations as only meeting the needs of their shareholders through uh maximizing profits, is one that has taken hold across the United States, and now is moving into health care as well, and so we view private equity as a more extreme form the for Profit Corporation and i'll outline Why, that's true.

160

00:22:33.950 --> 00:23:02.850
Rosemary Batt: Private equity creates a private investment fund and promises it's investors outside uh outsized returns, and to provide those outside returns in by some healthcare providers, such as hospitals to extract well not to provide healthcare services. And how does it do this? It extracts um. It cuts staffing, supply services, reduces service access, sales, assets you

161
00:23:02.860 --> 00:23:21.289
Rosemary Batt: uses monopoly power to charge higher rents, and it has penetrated virtually every aspect of health care as Judy mentioned, and it is almost completely unregulated, so it goes beneath the radar of our regulators and the public.

162
00:23:21.440 --> 00:23:22.660
Rosemary Batt: Um,

163
00:23:22.670 --> 00:23:45.059
Rosemary Batt: Now, what does it do to really change health care? I argue that it turns health care from a social good into a financial asset. So these are Wall Street finance years, who view companies as pure financial assets, or almost lego chips to be bought and sold, and the visual that I have that, I think,

164
00:23:45.070 --> 00:24:14.809
Rosemary Batt: reflects this is, You can think of this as a hospital beforehand before private equity, and this afterwards, so they call apart organizations and pull off or buy the most uh lucrative parts, or they buy the whole hospital, and then get rid of the less uh profitable parts, in order to piece together those pieces that are the most profitable for them. So it extracts wealth through financial strategies,

165
00:24:14.820 --> 00:24:26.619
Rosemary Batt: not by providing health services. Uh Now let me go and give up an example before I go into the model. Um, the

166
00:24:28.170 --> 00:24:30.160
Rosemary Batt: aren't aren't I sharing them.

167
00:24:37.480 --> 00:24:40.209
Judy Esterquest: I'm: sorry. That's okay.

168
00:24:41.430 --> 00:24:45.619
Judy Esterquest: Oh, you have a new set. So do you want to put them up?

169
00:24:48.460 --> 00:24:51.710
Rosemary Batt: Okay, let me um see if this works

170
00:24:51.840 --> 00:24:57.120
Rosemary Batt: again? I'm: very sorry about this. That's okay. It happens

171
00:25:14.060 --> 00:25:15.830
Rosemary Batt: now. Can you see that?

172
00:25:16.710 --> 00:25:17.890
Judy Esterquest: Not yet

173
00:25:17.990 --> 00:25:20.630
Rosemary Batt: this Can you see this? It looks like It's coming.

174
00:25:20.800 --> 00:25:21.890
Rosemary Batt: Okay,

175
00:25:22.500 --> 00:25:25.930
Judy Esterquest: Can you make it present as you see that?

176
00:25:26.250 --> 00:25:30.000
Judy Esterquest: Yes, perfect. And now does it? Inflow?

177
00:25:30.130 --> 00:25:49.449
Rosemary Batt: Yes. Okay, I'm: Very sorry. Okay. I'm going to continue. And say that it is the most extreme form of shareholder capitalism, as I said, and i'm, these are the um points that I just made, and so I will continue with this line of argument.

178

00:25:49.460 --> 00:26:03.630
Rosemary Batt: Um. It turns health care from a social good into a financial chip, and you can see a visual here before and afterwards, and my point was that private equity, pulls apart

179
00:26:03.660 --> 00:26:19.759
Rosemary Batt: organizations and pulls out the most financially lucrative parts, maybe sells off the rest so that it can make the most profits, and it uh extracts mainly through financial strategies, not by providing health care.

180
00:26:19.770 --> 00:26:41.780
Rosemary Batt: Okay, here's an example to show you what I mean uh this is in nursing homes. It's a major study done recently, and the authors found that when private equity took over the nursing homes in and across the State through several years of New Jersey mortality rates and pe owned homes were ten percent higher

181
00:26:41.790 --> 00:27:00.119
Rosemary Batt: than the overall average. But Medicare billing was also eleven percent higher and front line nurses spend fewer hours with patients uh in order to cut costs from by the private equity firm and the homes made fifty percent more use of anti- psychiatric drugs.

182
00:27:00.130 --> 00:27:15.089
Rosemary Batt: So that's an example of where private equity is trying to squeeze profits out of the nursing home, and the results are that patients suffer. Uh and and Medicare bills go up at the same time.

183
00:27:15.140 --> 00:27:30.769
Rosemary Batt: Okay, So let me now go into the the business model of private equity. Um, And this is a little bit uh complicated, but i'm going to walk you through it. So don't be intimidated by this slide uh we can start with the private equity firm

184
00:27:30.780 --> 00:27:49.780
Rosemary Batt: uh which is um owned by general partners. They create a private equity fund, and they get their money from investors that are mainly pension funds in institutional investors or wealthy individuals, that is, ninety-eight percent of the fund

185
00:27:49.790 --> 00:28:06.100

Rosemary Batt: and the private equity firm. They only put in one or two of the money. So they are basically playing with other people's money. Then they require these partners limited partners to keep the money in for ten years,

186
00:28:06.110 --> 00:28:10.159
Rosemary Batt: and they require a two percent annual fee

187
00:28:10.280 --> 00:28:23.380
Rosemary Batt: from those investors and that money. So, for example, the average uh private equity fund is now one billion dollars. And so that means that two hundred million

188
00:28:23.800 --> 00:28:27.049
Rosemary Batt: two, two percent annually times ten

189
00:28:27.200 --> 00:28:33.850
Rosemary Batt: goes off the top directly into the pockets of the private equity firm, and they can do whatever they want with that money,

190
00:28:33.930 --> 00:28:51.880
Rosemary Batt: and it is there is no accountability. They they do not expense the money. This is purely gravy for the private equity firm. The rest of the money they invest in portfolio companies. They buy hospitals, they buy nursing homes, et cetera,

191
00:28:51.970 --> 00:29:10.619
Rosemary Batt: and they use only thirty percent equity which means their own money, their equity ownership, and they then borrow an additional seventy from banks or creditors, so that they are investing only thirty percent in buying out a company.

192
00:29:11.160 --> 00:29:26.640
Rosemary Batt: Then, when the um after five years they try to flip the company, and at that point they get twenty of the profits. So here you have their only investing two percent in the fund,

193
00:29:26.800 --> 00:29:45.220
Rosemary Batt: but they're getting twenty of the profits. So the the investors are actually getting considerably less disproportionately less than the private equity partners themselves. Now they do this several times over because they have

194
00:29:45.230 --> 00:30:04.460
Rosemary Batt: a fund. They're using a lot of debt so they can spread their own money over buying several companies, and they can set up another private equity fund. So here's another one. So Kkr, for example, now owns over a hundred companies at once,

195
00:30:04.470 --> 00:30:09.030
Rosemary Batt: And so if any one of those companies happens to go bankrupt,

196
00:30:09.040 --> 00:30:31.999
Rosemary Batt: they don't really care, because they they don't. They have many other companies, and the debt that they have put on. The company is on the Portfolio Company. It is not on the private equity firm, so it's like having a mortgage, but having someone else responsible for paying your home mortgage. You're not held responsible.

197
00:30:32.190 --> 00:30:44.369
Rosemary Batt: Um. And so this ends up being bad for the companies and bad for the stakeholders. But the private equity firms make a lot of money in this process.

198
00:30:45.200 --> 00:30:52.300
Rosemary Batt: So let me go further. Here is a a strategy where they start with a high level of debt,

199
00:30:52.310 --> 00:31:08.530
Rosemary Batt: and now they have to figure out how to make money, how to make outsized returns. So one way they can do it is operational. That's what all hospitals do they cut? They cost as they need to. They um, and try to get higher revenues.

200
00:31:08.540 --> 00:31:20.800
Rosemary Batt: So that's pretty typical. But private equity tends to do this on steroids. In addition, they have what we call financial engineering strategies. That Um, i'll explain in a minute,

201
00:31:20.810 --> 00:31:31.120
Rosemary Batt: and then the outcomes are, they are managing for cash flow. They want to increase the flow of cash in order to service the debt

202
00:31:31.320 --> 00:31:44.110
Rosemary Batt: that they have put on the company, but also to extract cash for the re, The investors, and then the jobs and sustainability of the company are uh, to be seen

203
00:31:44.930 --> 00:31:51.559
Rosemary Batt: now what our financial engineering strategies. The first that I've said is excessive use of debt

204
00:31:51.680 --> 00:32:07.180
Rosemary Batt: uh that is loaded on the provider, and that means that there increases the risk of bankruptcy or poor financial performance. Then there's also the forces cost cutting in order to service the debt, as I've just mentioned,

205
00:32:07.280 --> 00:32:17.850
Rosemary Batt: a second way that there is financial engineering is charging Portfolio company fees. In other words, i'm going to charge the company

206
00:32:17.860 --> 00:32:27.479
Rosemary Batt: mit ctl. And for advisory services that i'm providing. And i'm the one who is in charge of the company to begin with, so I can kind of double dip, if you will, one hundred and fifty.

207
00:32:27.920 --> 00:32:43.050
Rosemary Batt: Third uh dividend recapitalization. Now, that's a very fancy word for simply meaning taking more debt, more loans out and loading it on the provider, loading it on the portfolio Company,

208
00:32:43.060 --> 00:32:52.030
Rosemary Batt: and when I do that, rather than using that money, maybe to make improvements in the hospital, I use it to pay myself a dividend,

209
00:32:52.310 --> 00:33:00.919
Rosemary Batt: and so i'm going to take money, extract money essentially from the provider, and pay myself a dividend,

210
00:33:00.930 --> 00:33:14.520
Rosemary Batt: and these these loans are considered junk bond status, but essentially means they have to pay very, very high interest rates again loaded on the Portfolio Company or on the health Care provider.

211
00:33:14.800 --> 00:33:30.580
Rosemary Batt: Then there is another way of doing, of sucking money out of portfolio companies, and it's called a sale lease back. Here is where the the private equity firm sells the property underneath a medical provider

212
00:33:30.860 --> 00:33:45.409
Rosemary Batt: and uses that money again to pay itself a dividend. So it doesn't use that money, maybe to again improve technology or improve services. It uses it for its own personal gain.

213
00:33:45.430 --> 00:33:56.790
Rosemary Batt: The providers. The health care of the hospitals, for example, are saddled with long-term debt, inflated rents with escalators on property they once owned one hundred and fifty.

214
00:33:57.030 --> 00:34:17.679
Rosemary Batt: Okay. And then finally, monopoly power. They uh target markets with potential market monopoly power. They buy more providers and create a change. So, for example, I uh buy up position practices, and then I buy up some more, and I I load them into one corporation,

215
00:34:17.960 --> 00:34:28.350
Rosemary Batt: and they're all in a local or region a regional area, so that I can control the market and extract higher rents in that way.

216
00:34:28.409 --> 00:34:47.710
Rosemary Batt: Um, the buyouts and health care tend to be so small, like one hundred million, which is a lot of money, but a small enterprise, that they go below the radar of the antitrust monitoring of the Federal government, because

217
00:34:47.739 --> 00:34:53.400
Rosemary Batt: they only monitor um buy outs if they're like two hundred million or more

218
00:34:53.900 --> 00:35:03.830
Rosemary Batt: um and private equity is responsible for forty-five of the mergers and acquisitions in health care, even though they're very, very small players.

219
00:35:03.930 --> 00:35:11.799
Rosemary Batt: Okay. Now, how do private equity owned companies differ from for for profits? This is important.

220
00:35:11.810 --> 00:35:25.669
Rosemary Batt: I've already mentioned capital structure. And so here private equity uses seventy percent debt. But for profit corporations, maybe only thirty percent. So the for profit corporations are not as financially vulnerable.

221
00:35:25.680 --> 00:35:42.989
Rosemary Batt: Then the regulatory oversight, the transparency, the accountability, are all little to none under private equity, and that's because they are almost not accountable at all to the Uh Securities and Exchange commission,

222
00:35:43.000 --> 00:35:58.990
Rosemary Batt: whereas for Profit Co corporations have to uh submit very substantial uh reports to the Uh. Sec. And finally risk taking, as I said, is very high under private equity, not so much under for profit corporations.

223
00:35:59.280 --> 00:36:17.159
Rosemary Batt: Then, in addition, there are assets, sales which I just mentioned that, uh, are very, very frequent under private equity ownership, but not but quite rare under for profits, because they want to hold on to their their organizations, and they're not going to sell them.

224
00:36:17.170 --> 00:36:33.019
Rosemary Batt: The debt used for dividends is very frequent in private equity. Not so in for profits. The fees paid by the um enterprise are large. There are no fees charged by pro for profit corporations.

225
00:36:33.030 --> 00:36:43.879

Rosemary Batt: The taxes under private equity are a low cap of the gains rate as opposed to corporate income tax, and then the reputational risks are low one.

226
00:36:44.400 --> 00:37:02.519
Rosemary Batt: When people see a hospital that is poorly run, they make the attribution to the hospital, but it may very well be run, as in the steward case. I'm about to show you by a private equity, for who's hiding behind the name of the hospital. So we never see

227
00:37:02.530 --> 00:37:09.109
Rosemary Batt: who is really owning the hospital and the the kind of shenanigans they're pulling behind scenes.

228
00:37:09.460 --> 00:37:15.640
Rosemary Batt: Okay, here, I'm going to give you a few cases to illustrate what I just said.

229
00:37:16.140 --> 00:37:30.740
Rosemary Batt: First of all, sequel youth, um and family services. They provide residential treatment centers, autism, mental health programs and operate in fifteen States forty facilities.

230
00:37:30.820 --> 00:37:46.689
Rosemary Batt: This is private equity, buying and horse trading in two thousand and ten. They were bought out by a private equity firm called Levin Likeman, two thousand and thirteen, That private equity firm sold it to another one called Alaris,

231
00:37:46.700 --> 00:38:10.169
Rosemary Batt: two thousand and sixteen Alaris does a dividend recapitalization. That's where they load a lot of debt on the sequel Youth services, and they take out a dividend for themselves, and then two thousand and seventeen, they go ahead and sell it to another private equity firm.

232
00:38:10.250 --> 00:38:21.469
Rosemary Batt: So how does it make money? Well, it's a hundred percent funded with tax payer dollars by Medicaid and Medicare. That charge very high rates per per day per child.

233
00:38:21.480 --> 00:38:36.659

Rosemary Batt: And this is a quote from the owner. He says We get paid on time, and it's government money, and there's plenty of it, and that's what makes this an ideal business to invest in. So we're doing this all on the backs of taxpayers.

234
00:38:36.670 --> 00:38:56.060
Rosemary Batt: Um! I'll go on a little further. Um! What's the impact on healthcare staff? They hire unqualified low cost labor, no background checks, low staff patient ratios. And here's again the owner saying, You can make a lot of money in this business. If you just control staffing,

235
00:38:56.200 --> 00:39:23.820
Rosemary Batt: they will fully have failed to report patient abuses to the authorities. Um! And then the impact on children is absolutely horrible. This is a case that has been in the news. It's been well researched by a number of organizations, patients, rights, groups, and State investigators found widespread abuse in eighteen States. The foster children moved to out of state locations around the country.

236
00:39:23.830 --> 00:39:30.819
Rosemary Batt: Verbal, mental, and sexual abuse, improper restraints, rampant violence, and in one death

237
00:39:30.900 --> 00:39:49.810
Rosemary Batt: uh a tragic uh story Um, where a Conner was terrifically brutalized, sexually, physically, and emotionally by other residents, because it wasn't supervision. So this is a really horrific example of what private equity can get away. With.

238
00:39:49.820 --> 00:40:06.949
Rosemary Batt: Um! And there are suits now going after them. But uh it it doesn't matter, because sequel um! While their contracts have been canceled, they just move on. They move on to other States, and they're still in the operation. Big time. Okay,

239
00:40:06.960 --> 00:40:09.850
Rosemary Batt: hospitals. Here's an example of steward,

240
00:40:10.170 --> 00:40:27.570
Rosemary Batt: and we find that um the in two thousand and eleven. A private equity firm named Servers, bought six hospitals in Um Massachusetts Catholic hospitals, and they were required by the Massachusetts Attorney General

241
00:40:27.580 --> 00:40:39.469
Rosemary Batt: to hold on to them for five years, and do charity care and invest because they were nonprofits, being converted to for-profit status.

242
00:40:39.630 --> 00:40:59.609
Rosemary Batt: Once they did that for five years. Then the Massachusetts uh Ag stopped monitoring, and what happened? Well, in two thousand and sixteen they did one of the sale lease backs, So they they sold all of the property for one point, two, five billion dollars

243
00:40:59.620 --> 00:41:18.529
Rosemary Batt: from under the hospitals, and then server is paid itself five hundred million off the top in dividends. Then it went on Um! The hospitals were saddled with long term leases on property they used to own, and their leases increased at three percent a year.

244
00:41:18.830 --> 00:41:26.700
Rosemary Batt: This is hospitals that had owned their places since the one thousand eight hundreds. And now we're paying inflated rent in Boston.

245
00:41:27.180 --> 00:41:46.109
Rosemary Batt: Um two thousand and sixteen through nineteen steward went on a national buying spree, and got thirty-three hospitals in in total through horse trading so they could get bigger and bigger for their monopoly power, and in two thousand and nineteen steward was found to be the worst performing

246
00:41:46.130 --> 00:42:00.950
Rosemary Batt: system in Massachusetts highest debt, higher than average patient falls. Infections, patient read missions, investigations, found vendors were not paid, understabbing, et cetera, so that steward,

247
00:42:00.960 --> 00:42:20.290
Rosemary Batt: and finally it exited by selling the whole system to a group of doctors, and it made pure profit of seven hundred million dollars. Now, I'm going to give you just a couple of more examples, and close here is prospect medical. Now it

248
00:42:20.480 --> 00:42:29.060

Rosemary Batt: focused on safety net hospitals. So in between these eight years it bought twenty safety net hospitals.

249
00:42:29.090 --> 00:42:36.180
Rosemary Batt: It use extensive debt, cut costs, cut labor, stripped real real estate just like Steward.

250
00:42:36.460 --> 00:42:45.590
Rosemary Batt: It collected six hundred and fifty-eight million in dividends and fees despite telling the Regulators in the State, it was not going to do that,

251
00:42:45.850 --> 00:42:51.549
Rosemary Batt: and it received over three hundred million and cares relief in two thousand and twenty. One

252
00:42:51.700 --> 00:43:06.099
Rosemary Batt: uh the Rhode Island Ag has set conditions for its conversion. But that is still pending, and the Senate oversight hearing, delve deeply into prospect. And um that is still pending.

253
00:43:06.160 --> 00:43:25.280
Rosemary Batt: Okay, Now I want to move to a couple more points. Um surprise medical billing. Maybe you've heard of that. It's where um patients find that they go to an emergency room and they get stuck with a very large bill that they didn't expect, because they thought their insurance would cover it.

254
00:43:25.290 --> 00:43:28.340
Rosemary Batt: And this has emerged because

255
00:43:29.070 --> 00:43:30.220
Rosemary Batt: um

256
00:43:31.410 --> 00:43:51.380
Rosemary Batt: hospitals have needed to outsource or say they need to outsource their emergency rooms because of the costs. So this has become a trend across the United States.

But what many people Don't know is that the leading emergency room staffing companies are owned by private equity,

257
00:43:51.390 --> 00:44:05.710
Rosemary Batt: so forty percent. There are two companies in vision and team health, and and Dr. Um Mcnamara will talk about them employee. Ninety thousand healthcare employees control forty percent of the market,

258
00:44:05.720 --> 00:44:22.509
Rosemary Batt: and they are the leaders in supplies, Medical Bill charging thousands uh to patients that didn't expect it. Uh, in two thousand and twenty. They spent millions to try to prevent legislation that would ban a surprise billing,

259
00:44:22.520 --> 00:44:31.950
Rosemary Batt: and in two thousand and twenty-one doctors the California doctors filed suit, and this is what Dr. Um Mcnamara is going to talk about.

260
00:44:31.980 --> 00:44:43.350
Rosemary Batt: Okay, uh the same for emergency error ambulances. There are two private equity owned carriers that control sixty-five of The market

261
00:44:43.540 --> 00:45:00.790
Rosemary Batt: uh They have average charges per ride of forty-eight thousand dollars, far more than any other competitor they are not covered by the may be unsurprised Medical bills and they particularly affect, of course, rural towns where hospitals have closed.

262
00:45:01.290 --> 00:45:12.670
Rosemary Batt: So let me just show you. This is the uh graph that Judy was referring to about the rise in private equity funding. It has risen twenty-five fold

263
00:45:12.850 --> 00:45:23.349
Rosemary Batt: in uh just twenty years, and so it is a very serious actor in the healthcare space that We need to be very concerned about,

264
00:45:23.500 --> 00:45:37.029

Rosemary Batt: uh? And so finally wrapping up uh it in it. Uh is interested in market uh opportunities because of the market is fragmented, and market demand is rising,

265
00:45:37.470 --> 00:45:49.420
Rosemary Batt: and there are niches like outpatient and behavioral health that they're very interested in. And on the supply side there are hospitals that have these financial pressures.

266
00:45:49.520 --> 00:46:05.330
Rosemary Batt: So, in conclusion, private equity shifts the primary goal from serving patients to extracting wealth or outsized returns, leverage debt, property, sell off, give it, and recapitalizations undermine financial stability

267
00:46:05.520 --> 00:46:24.170
Rosemary Batt: targets, our hospitals, nursing house patients, and finally, most importantly, hot markets are mental health, hospice and home care where many people are dying. Um, and they uh have, and they extract wealth at taxpayers expense.

268
00:46:24.180 --> 00:46:28.430
Rosemary Batt: And we'll talk about this later. I'll just put up these a general

269
00:46:28.440 --> 00:46:55.999
Rosemary Batt: points. These are examples of how we could regulate private equity. So by increasing transparency, limiting leverage, discouraging these financial tricks, closing tax loopholes, holding private equity firms, accountable as employers, and updating the employment bankruptcy and pension laws, as well as then health care, specific legislation.

270
00:46:56.010 --> 00:47:04.060
Rosemary Batt: So i'm going to stop and turn it back over to my friends, and i'm very sorry for the uh slow start that we got.

271
00:47:04.330 --> 00:47:11.400
Judy Esterquest: That's perfectly well, thank you, Rose. I have to tell you a completely riveting. I'll be it frightful.

272
00:47:11.750 --> 00:47:16.129
Judy Esterquest: The uh chat is filled with questions and hair exploding.

273
00:47:16.220 --> 00:47:26.699
Judy Esterquest: We're now going to hear from Dr. Robert Mcnamara about how all this affects physicians, and why we must take medicine back.

274
00:47:26.810 --> 00:47:44.899
Judy Esterquest: Uh. Robert Mcnamara is a leader of Take medicine back, which advocates which advocates to remove corporate interests from medicine interest that exploit patients and physicians alike. He currently serves as the Chairman of the Emergency Medical Medicine

275
00:47:44.910 --> 00:48:04.860
Judy Esterquest: at Temple University Hospital, and he's a founding member and past President of the American Academy of Emergency Medicine, which seeks to preserve Physician owned practices in emergency medicine, and which has honored him with its master of American Academy of emergency medicine, award one hundred and fifty.

276
00:48:04.870 --> 00:48:07.359
Judy Esterquest: So take it away. Robert.

277
00:48:08.450 --> 00:48:10.159
Robert McNamara: Okay, Thank you.

278
00:48:10.470 --> 00:48:20.540
Robert McNamara: Uh, I'm. Also. So we stand. So i'm missing the game for this. Okay, I'm saving it all right. So um you heard my background uh roll to the next slide.

279
00:48:22.190 --> 00:48:26.740
Robert McNamara: So why is it an emergency position speaking while you just heard some stuff from

280
00:48:26.770 --> 00:48:34.349
Robert McNamara: uh. The prior speaker, I am is, uh, unfortunately, the specialty that open the door to private equity,

281
00:48:34.550 --> 00:48:50.339

Robert McNamara: and as with a lot of things. We were our own worst enemy, uh, so called leaders of specialty actually helped us along, but we're also leaving the fight against it through what we just heard a couple of different organizations and the litigation

282
00:48:50.670 --> 00:48:51.700
Robert McNamara: next

283
00:48:53.170 --> 00:48:54.729
Robert McNamara: All right. So, briefly.

284
00:48:55.240 --> 00:49:13.130
Robert McNamara: Looking at the E. M. Angle for envision which was just mentioned, This started to have this company called, and Care uh. It was founded by the nineteen eighty president of one of our professional society, so that's a blade law in ninety-six moving emergency medicine into like ownership.

285
00:49:13.140 --> 00:49:26.249
Robert McNamara: And then later it turned over to Te when late lost so to onyx in two thousand and four, there was a merger with answer to the surgery centers in two thousand and seventeen, and the most recent acquisition.

286
00:49:26.300 --> 00:49:31.480
Robert McNamara: You can look at the number here, nine point nine billion for Kkr, taking over two thousand and eighteen

287
00:49:31.940 --> 00:49:32.899
Robert McNamara: next.

288
00:49:33.560 --> 00:49:50.709
Robert McNamara: So our specialty doesn't look that good um, These large companies uh, in addition to team health and a vision. There's called the Schumacher Group. We're completely controlled by private equity. And there's a major stake in a lot of other Lords staffing companies,

289
00:49:50.740 --> 00:50:08.949
Robert McNamara: and we turn. We're told, and not. I tend to believe that if he's investing in you they have control, they're not going to put their money somewhere that they they can't really

control it. So sms over forty. Sometimes people say fifty of the Eds in the country are controlled by corporate

290
00:50:08.960 --> 00:50:11.390
Robert McNamara: groups who ties to private equity next.

291
00:50:12.660 --> 00:50:18.510
Robert McNamara: So again, we just heard this um short term high profit for investors.

292
00:50:19.070 --> 00:50:32.560
Robert McNamara: This conflict with doctors, you know. We swear the oath to to put the patients first, and the core methods that we just heard about can cause patient hearts. They want to maximize revenue, minimize expenses next.

293
00:50:34.090 --> 00:50:45.959
Robert McNamara: Okay, So on the revenue side. It's clear, and this is There's a lot of evidence out there when he comes in. Takes over a a physician don't practice that the charges go way up.

294
00:50:46.010 --> 00:51:04.210
Robert McNamara: They go from a typical position, charging, you know, rates of three to four times Medicare to to eight, to nine times the Medicare rate. So they set high charges. They pursue the patients for these high charges. Team else was caught suing the poor and uh Tennessee. That was the

295
00:51:04.230 --> 00:51:23.750
Robert McNamara: you know, publish an Npr. And then they pressure the the caregivers. How many cases for our zoom are you wearing tests to help inflate the uh the charges that the level of service you know making is. He heard of metrics making sure we put everything on the chart possible to generate the most money.

296
00:51:23.760 --> 00:51:32.140
Robert McNamara: The surprise building crisis that came about emergency medicine had a huge hand in that. I won't go further. But the the research

297
00:51:32.170 --> 00:51:36.320
Robert McNamara: clearly showed that this was a business strategy for this to back firms

298
00:51:36.580 --> 00:51:37.529
Robert McNamara: next.

299
00:51:38.930 --> 00:51:57.399
Robert McNamara: Alright. So the expense side is really that has a great deal of concern among physicians. Um minimizing staffing. We just saw this happen in nursing homes. What is happening in your local emergency department? You know. They want to have the maximal cases per hour seen by those giving the care,

300
00:51:57.410 --> 00:52:06.440
Robert McNamara: and then also kind of expensive. What's the most expensive equation of emergency medicine? It's the paying a board Certified emergency position.

301
00:52:06.640 --> 00:52:20.700
Robert McNamara: Um, and we know that they'll replace doctors with non physicians. They'll eliminate costly positions, the most experienced actors, because well, they begin to pay race every year, and they'll use non emergency medicine specialists

302
00:52:20.960 --> 00:52:28.519
Robert McNamara: and then creating on staff arrangements where you have a doctor on, but they're required to quote unquote supervised

303
00:52:28.600 --> 00:52:35.899
Robert McNamara: nonsense about pa's and T's four or five of time, and they really can't do that. We call that notional supervision

304
00:52:35.980 --> 00:52:37.000
Robert McNamara: next.

305
00:52:37.910 --> 00:52:51.530
Robert McNamara: So I mean, this is, for example, here's an envision. Add uh, put out the hospitals, contact us. Uh we. We're gonna hire atps, you know. Pa's and Mps. They cost two thirds of what a doctor does next.

306

00:52:52.830 --> 00:53:04.529
Robert McNamara: This is a slideshow from an envision position. Uh that we're able to get a hold of again. How to staff your emergency department use the least expensive resource to accomplish the mission.

307
00:53:04.650 --> 00:53:08.260
Robert McNamara: Non-specialist fabric practitioners Intern is,

308
00:53:08.320 --> 00:53:26.190
Robert McNamara: they go on down and last full of to say that if you're going to use residents just use one that you can exploit those that are further along under training where you don't have to teach them as much, and they can see a lot of patients. So this, obviously, you know, has physicians to scroll down with these companies next.

309
00:53:28.420 --> 00:53:44.719
Robert McNamara: Now, more importantly, you know, for the patients Um, you count on your doctor to be your advocate, and it is fairly clear that in this situation emergency assistance cannot speak on behalf of the patient, because their contract. Say we can terminate you

310
00:53:44.730 --> 00:53:49.859
Robert McNamara: at any time with no reason given. Uh, you will give up your

311
00:53:49.980 --> 00:54:09.949
Robert McNamara: any rights you had under the medical staff to join him as a requirement to have what's called due process. Uh, I club was a paper on this, where we asked physicians. This was actually a prompted by Cms: We're trying to get to change the code of fighter regulations to not allow third party dial to do Process hasn't happened yet,

312
00:54:09.960 --> 00:54:29.840
Robert McNamara: but we sold it. Corporate groups versus other raises hospital employed. This was much more likely to happen. Uh and hospital administrators, you know they have the power to. You know fire that doctor who's complaining about inadequate nursing staff. Um, You know too much boarding in the emergency far,

313
00:54:30.060 --> 00:54:36.710
Robert McNamara: and we saw, unfortunately, that em heroes were fired during the pandemic for advocating for patient safe

314
00:54:36.740 --> 00:54:44.509
Robert McNamara: um for safety, the staff safety of themselves, their families, and certainly in cases with protective equipment, a couple of high profile cases

315
00:54:44.840 --> 00:54:46.020
Robert McNamara: next slide.

316
00:54:47.060 --> 00:55:06.450
Robert McNamara: And then, if you wanted to see something further that I really disturb you. This is a emergency medicine day story that Steve Croft gave in two thousand and thirteen on sixty minutes, called the cost of admission Atma. Now the fump colluded with envision to coerce emergency positions to admit to a quote,

317
00:55:06.460 --> 00:55:24.020
Robert McNamara: It's an elderly patient came in. We expect fifty of them to be admitted, otherwise you could lose your job, or you will lose your job if you don't enforce this. The directors were pressured. This is a classic example of profits overp. It is a danger to obviously admit

318
00:55:24.030 --> 00:55:35.829
Robert McNamara: a patient to the hospital Who doesn't need to be admitted. Um hospital acquired infections just stress. You can't get sleep in the hospital. Um lot of complications can happen, And next

319
00:55:37.790 --> 00:55:39.439
Robert McNamara: right. And you know,

320
00:55:39.990 --> 00:55:44.269
Robert McNamara: if you look at the burnout rate in emergency medicine. Uh, we're number one,

321
00:55:44.360 --> 00:55:58.009
Robert McNamara: and we have a high infiltration of of private equity, and I got involved in this as an educator. I uh, we train residents here. We take my students and teach them emergency medicine, and hopefully go out and serve the public.

322
00:55:58.440 --> 00:56:17.249
Robert McNamara: It's a difficult specialty. We're there twenty, four-seven. We work nice weekends, holidays, We see things that you you you couldn't imagine we see young people die. Here at Temple we see high rates of penetrating trauma, violent death Forefront of the opioid crisis.

323
00:56:17.260 --> 00:56:35.000
Robert McNamara: Um. It's extremely difficult to to take care of patients in emergency medicine, and if you feel you're being taken advantage of that some private Equity company is is taking money out of your pockets. It's just you're not going to survive. And this is a a big contributor to the position. Burnout,

324
00:56:35.010 --> 00:56:54.589
Robert McNamara: and then along the way. You know, before that, doctor. Besides, you're going to leave. They're not at their best, right. They're not taking care of the cases. The best, because they're disillusioned. They're angry. They're not thinking clearly. And of course, from our perspective, this physicians that burned out that you doesn't like going to work is angry when you come home from work. It affects them. Their family.

325
00:56:54.660 --> 00:57:04.100
Robert McNamara: This is suicide. Rates are high. Uh, we've seen a couple of in Docs during the pandemic take their lives all very concerning to us next.

326
00:57:04.600 --> 00:57:08.849
Robert McNamara: So we're fighting back. And uh,

327
00:57:09.030 --> 00:57:20.360
Robert McNamara: this was mentioned by Rosemary. You know there are in most states some pro vision on the corporate practice in medicine which essentially states businesses can't employ physicians,

328
00:57:20.500 --> 00:57:37.249
Robert McNamara: because it puts that financial interest between the doctor and the patient. Lawyers have the same thing. They have the the the legal prohibition on laying Chris owning them. Um. So we currently have a suit in California where strong prohibition exists

329
00:57:37.260 --> 00:57:49.319
Robert McNamara: the way. All of these private equity companies get around in an emergency. Medicine is, they get a friendly captive doctor, what we call the paper owner to own the contract, and these are really just.

330
00:57:49.500 --> 00:58:04.119
Robert McNamara: We hope we're going to be able to pier this at our litigation. Uh, we have already in a court ruling in this case, where Dr. Ray brovant and student vision for wrong, for termination about speaking up about poor staffing.

331
00:58:04.130 --> 00:58:18.050
Robert McNamara: Uh, There was one envision doctor who testified that he owned two hundred and seventy-five to three hundred professional corporations, and over twenty States, on behalf of envision, that's a sham we hope. To break that down

332
00:58:18.260 --> 00:58:19.229
Robert McNamara: next.

333
00:58:21.060 --> 00:58:30.700
Robert McNamara: And then you know the other things going on right? Investigated reporters. You heard some of this stuff going on shining the light. Bring it out to the public forums like this that we're having tonight

334
00:58:30.930 --> 00:58:36.509
Robert McNamara: uh the Ftc. Doj. Just announced an investigation of a very similar group

335
00:58:36.580 --> 00:58:50.399
Robert McNamara: in anesthesia, Us. Anesthesia partners that has private equity investment. Um, we're trying to pressure State Attorney generals and boards of medicine, and who theoretically are supposed to be forcing these corporate practice laws.

336
00:58:50.460 --> 00:58:58.019
Robert McNamara: Legislative efforts will be key uh we just saw uh represented Pest grow from Jersey

337

00:58:58.150 --> 00:59:17.179
Robert McNamara: basically call for oversight of the Eca and vision joint venture. So we you know the Hm. A sixty minutes show. We think the same kind of pressures are going on with a game of vision in terms of, and many patients uh, that a hospital for more more lucrative arrangements for Ac. Next.

338
00:59:17.800 --> 00:59:31.190
Robert McNamara: So basically, uh, this is how what we believe to take medicine back in the American Academy that private equity cannot be an accepted part of medicine. Their goals conflict with our oceanifications.

339
00:59:31.380 --> 00:59:32.799
Robert McNamara: Thank you for your attention.

340
00:59:34.000 --> 00:59:47.369
Judy Esterquest: Thank you, Robert. That's that. That's an amazing story. It's exciting to hear how you're fighting back, and we i'm sure many of us want to join your your campaign

341
00:59:47.380 --> 00:59:59.299
Judy Esterquest: um next. The next speaker is Richard Mollett, who will talk about long-term care, how nursing private equity and nursing homes affect patients and their families.

342
00:59:59.310 --> 01:00:16.119
Judy Esterquest: He is a lawyer. He is the executive director of the long-term care, community coalition, a non-partisan non-profit organization it's dedicated to improving care for individuals in nursing homes and other residential care settings one

343
01:00:16.430 --> 01:00:22.179
Judy Esterquest: they do this through legal and policy, research, advocacy, and education,

344
01:00:22.290 --> 01:00:36.300
Judy Esterquest: Richard has researched and published on a variety of long-term care issues, including dementia care, missing home and assisted living standards and nursing home finances. Richard. The floor is yours.

345
01:00:36.920 --> 01:00:51.479

Richard Mollot: Great. Thanks very much, Judy, and thanks, Steve, for inviting me. Um! I'm going to talk about myself is going to focus, and she's been on nursing homes. But I think a lot of the themes that I heard from Robert and from Rose. Um.

346
01:00:51.490 --> 01:01:00.069
Richard Mollot: They? They You see them through nursing homes. And I think, uh, conversely, a lot of what I talk about, Ted. I'm a dig a little bit deeper into a specific

347
01:01:00.080 --> 01:01:13.159
Richard Mollot: will. Um resonate for people who are working in hospitals, hospice, et cetera, are the places where private equity and private enterprise are um are investing. So. Um,

348
01:01:13.170 --> 01:01:41.579
Richard Mollot: i'm not gonna talk about the organization. We already do that. Our website is nursing home for one dot org. So some of the things I talk about. All about work is available on the website for free. But I will talk about is i'm going to give a little bit of a background about the nursing system, how it works or doesn't work, and then some um insight into nursing home financing and accountability, as well as some about recommendations for improving the financial and quality accountability of nursing homes,

349
01:01:41.590 --> 01:01:57.669
Richard Mollot: and then less obviously off with some of the resources that we have on our website related to nursing homes. Uh so importantly. And I think this really uh gets to a lot of what we know we think about in healthcare, and uh, also why

350
01:01:57.680 --> 01:02:26.250
Richard Mollot: health care, and especially nursing homes, are so prone to This kind of investment. Is Um. Your nursing home residents are, of course, as you can imagine, very vulnerable. They depend upon the nursing home for all of their care, all their quality of life services. And we actually have really strong laws and standards to protect nursing home residents, and to ensure that they get good care in our nation's nursing home uh the nursing. We form law passed in one thousand nine hundred and eighty-seven

351
01:02:26.260 --> 01:02:39.070
Richard Mollot: Erez Agmoni. Every single nursing on this country that participates in other words takes any amounts of money from either Medicare or Medicaid agrees to meet or exceed all of the standards in the Reform law and in its regulations one hundred and fifty,

352
01:02:39.080 --> 01:03:08.639
Richard Mollot: and importantly, participation in Medicare, Medicaid is entirely voluntary. So if a nursing home doesn't want to participate in Medicare or Medicaid, it can run a private facility, and there are a few of those. I think There are two in New York, and there are a few here and there around the country, not very many. Why? Because, as Rose and Robert were saying, there's there's big money and setting money in government funding. So that's what people want. That's what what investors have long realised and upgrades of one utilized.

353
01:03:08.650 --> 01:03:17.309
Richard Mollot: But again, as i'll talk about the industry has gotten much more sophisticated. Uh. But importantly, just a few more things about the Reform law. Um,

354
01:03:17.320 --> 01:03:41.559
Richard Mollot: To my mind, It's a really special law, because, as I note in the first bullet here, it requires that every resident receives the care and services that they need to attain and maintain their highest practicable physical, emotional, and psychosocial. Well, being so unlike other types of industries, I think about car manufacturing or uh looking at my desk desk manufacturing uh

355
01:03:41.940 --> 01:03:51.259
Richard Mollot: um regulations tend to focus on the output of what's what an industry providing the nursing home rules and requirements focus on

356
01:03:51.270 --> 01:04:21.120
Richard Mollot: providing care for an individual um, providing an assessment for them on a regular basis, making a care plan around that assessment. And there are a lot of rules and regulations to ensure that the nursing home is really taking, that those responsibilities, uh seriously and performing and recognizing again, as I mentioned earlier, that residents are so vulnerable. It's not like someone who goes into a restaurant and you have a copy meal. You don't feel too good. Afterwards you can you write something up online, or you can.

357
01:04:21.130 --> 01:04:43.239
Richard Mollot: Um, you know you can call and complain, or you and you can never go back to that restaurant facing home. Residents are pretty much sucked. So these rules are really important. So the question is, and I actually use the side when I speak to families and to uh advocates as well as if the laws and standards are so strong, Why are nursing homes, decent places to live and to work?

358

01:04:43.250 --> 01:04:52.549
Richard Mollot: And the reason for that is because loss and standards can only make a difference if they are enforced. And I want to include that here, because it's really important to

359
01:04:52.560 --> 01:05:20.009
Richard Mollot: why nursing homes have been so attractive to private equity and and other types of of investment vehicles. So the problem is is that the laws are largely uninforced. We have really poor oversight in this country on both the State and the Federal level, and there have been numerous study. Numerous reports you can see from Forbes to our own study, to numerous government accountability and office of inspector general reports and audits over the years.

360
01:05:20.430 --> 01:05:32.870
Richard Mollot: So this is a quote from the New York Times. Long-term care continues to be understaffed, poorly regulated, and vulnerable to predation by for-profit conglomerates and private equity firms.

361
01:05:33.740 --> 01:05:46.250
Richard Mollot: I thought that was interesting. So why is that and then just a little bit of a background. How we've moved in this direction. So uh, before I started I've been here with the coalition, for it'll be twenty years next month. But

362
01:05:46.260 --> 01:06:14.200
Richard Mollot: early on prior to my time most nursing homes were what we call Mom and pop operations. They were single owner, oftentimes families. Oftentimes they would be Andrew over from generation to generation in a family, and we moved on that, especially after, and I don't want to get Don't have time to give a tutorial on Medicare and Medicaid funding, but as those funding streams became available again, the dollar signs and the steadiness of government funds, corporations, limited liability companies went in

363
01:06:14.210 --> 01:06:23.009
Richard Mollot: uh part of that was to seek profits. Part of that was also uh to hide accountability, for when nursing homes would be sued because they

364
01:06:23.020 --> 01:06:46.559
Richard Mollot: substantial care was so poor that the resident really suffered and died. If you hide behind an Llc. By definition, of course, limit a liability company you are hiding you. You are putting distance between yourself and the operations, and we saw, we will say, Investment

Trust. Come in. That was around the time that I started, and now more, I would say, over the past ten years private equity and very sophisticated private investment.

365
01:06:49.250 --> 01:07:14.979
Richard Mollot: So when I talk about now in the next couple of slides is really what I pinted up before is that in the absence of meaningful enforcement, your system operators can largely provide any level of staffing and any quality of care and quality of life services that they choose, as Robert mentioned before. And what are the slides that focus on or directed the operators to focus on less um less experienced staff,

366
01:07:14.990 --> 01:07:43.120
Richard Mollot: less uh professional staff. This is what we see in nursing homes, over and over and over again, cutting of staff, and especially cutting up professional staff, such as our ends, and very little involvement, and, I would say, decreasing involvement of medical directives. I'm. Going to give one quick example of this is staffing. Staffing is the most important corollary for quality of care. It's also the most expensive component of or of the cash centers

367
01:07:43.130 --> 01:07:52.570
Richard Mollot: to cost. The typical resident needs a little over four hours of nursing care staff time per day, just to meet their clinical needs.

368
01:07:52.580 --> 01:08:03.140
Richard Mollot: In fact, the adversary home in this country provides about three point six, two hours so substantially below just what's needed to provide decent clinical care. One,

369
01:08:03.200 --> 01:08:16.940
Richard Mollot: although short staffing is pervasive, it's rarely cited by either the states of the Federal government, and even when it is cited it's almost never identified as causing harm to residents or putting them immediate jeopardy of all.

370
01:08:16.950 --> 01:08:27.729
Richard Mollot: And that's important, because unless harm is identified or immediate, jeopardy is identified by the inspector, the surveyor is virtually no chance of any financial penalty.

371
01:08:27.740 --> 01:08:57.510
Richard Mollot: Conversely speaking, is that you can provide low stepping with impunity there by saving a lot of money in your operations and reaping a lot of money uh outside of it. So we

did a study on this. I'm not going to go into it here, but we looked at, you know, act three years of Federal and State data on citations. And so everything we do with the organization. As I mentioned, the start is really backed up, and with data from the Federal Government with data that's reported by facilities

372
01:08:57.520 --> 01:09:11.059
Richard Mollot: Erez agmoni, and of course predicated on the law and the rules, I I thought it was important to get it a couple of things one regarding financing before I move on. Unless things i'll talk about is some of our recommendations and resources one hundred and fifty.

373
01:09:11.069 --> 01:09:38.650
Richard Mollot: But the nurse from industry has two very large lobby associations on the national level, both of them, if you look up. There. One thousand and ninety-nine are sitting on around thirty million dollars each, and assets Um, Most of the States, including the States, like New York and California, Florida and Texas, which have very big um Sectors also have very active lobby associations. They perpetuate this myth, that nursing homes

374
01:09:38.660 --> 01:09:40.370
Richard Mollot: um don't make enough money,

375
01:09:41.170 --> 01:09:43.600
Richard Mollot: and, in fact, there is nothing

376
01:09:43.770 --> 01:09:58.029
Richard Mollot: independent to substantiate that. And as you saw from Rose's presentation, as well as Roberts there, but especially with, I think, in Roses um presentation. There is a lot of ways in which money and assets could be shuffled around,

377
01:09:58.040 --> 01:10:14.609
Richard Mollot: so i'm gonna just skip ahead um here. We've looked at Medicaid, funding as well as Medicare funding again the two primary streams uh by which nursing homes get public dollars um medicaid funding, as you can see from this graph here has gone up steadily

378
01:10:14.970 --> 01:10:16.540
Richard Mollot: over the years

379

01:10:16.550 --> 01:10:43.419
Richard Mollot: and Medicare funding, which pays for medicaid, as most of you probably know, pay for most long-term care in this country. Medicare pay for most We have services uh, according to the Medicare Payment advisory commission red pack which is a non parson um a commission that advises Congress. The marginal proper rate for Medicare nursing on patients two thousand and twenty was sixteen point five,

380
01:10:43.470 --> 01:11:12.940
Richard Mollot: and the average Medicaid proper margin have mixed the Medicare proper margin has been in the double digits for over twenty years, and year after year Med Pack advises Congress to cut those rates, and year after year Congress refuses again because the lobby associations are so powerful. Porton, as I know here on the side these profit margins Don't take into into account profits hidden in administrative costs or related party transactions, which is a huge issue, especially in this sector

381
01:11:12.950 --> 01:11:20.940
Richard Mollot: about seventy-five of nursing homes, use related party transactions to further hide profits.

382
01:11:20.990 --> 01:11:39.350
Richard Mollot: Uh, I thought this was really important to mention so, and this was one of the most shocking um Studies reports that I've read in my career is um Medicare, as I noted on the previous slide uh is, as the facilities themselves report double digit profits for twenty years now,

383
01:11:39.360 --> 01:12:04.140
Richard Mollot: and as I mentioned a couple of slides before that, the nursing home sector argues over and over again to our legislators both the State and Federal level that they just, and to the public, including to families and residents. They just don't get enough money to hire more staff. They just don't get enough money to provide better care or better services. And what the O. Ig. Did was the the office of Inspector General for Hhs. They looked at

384
01:12:04.150 --> 01:12:33.669
Richard Mollot: Medicare beneficiaries. These are the again, the residents for whom the nursing home is making double digital profits, and consistently makes double digit profits by its own reckoning and its own pub published book bookkeeping with all Ig found was that one-third of residents go into a nursing home. For Rehab are harmed with an average of two weeks fifteen point five days, to be precise, almost sixty, fifty-nine, to the exact other injuries were preventable,

385
01:12:33.720 --> 01:12:51.819
Richard Mollot: and attributable to poor care. In other words, even when they get a ton of money by their own calculation, they still fail at residents, and in a shockingly quick manner. If I don't care if they get six of those residents who are harmed died,

386
01:12:51.830 --> 01:12:58.780
Richard Mollot: and more than half what we hospitalize again, costly to the system costs through the taxpayers, but not costly to the nursing homes.

387
01:12:59.510 --> 01:13:27.210
Richard Mollot: So i'm going to just uh quickly go over a few of our recommendations. Um, I have three slides here. One is focused on ownership, transparency and accountability, and we are advocating for increased ownership, reporting for private companies, including parent companies to property, because, as I think, Rose Rose said in her presentation, a lot of times. What What nursing also do is they'll buy. A company will come in private. Equity will come in, and they will buy and nursing home, and then they'll sell the underly

388
01:13:27.220 --> 01:13:49.580
Richard Mollot: property. It's one great example. That was the um. They remember the the private equity group, David Rubenstein's group. I just um, don't remember the name of hand about fifteen or so years ago. Now that did exactly that with one of the major nursing home uh chains in this country, and essentially drove it out of business. But they come in, you know. So we want to make sure that anyone who is related

389
01:13:49.590 --> 01:13:52.969
Richard Mollot: to the national operations is um

390
01:13:52.980 --> 01:14:21.269
Richard Mollot: uh is has a responsibility in terms of both transparency, financial transparency, as well as financial accountability. Uh, we also have recommendations regarding quality, uh, and how that quality gets to financing. Here is um two sets of recommendations. One is, there should be a direct care spending requirement, meaning that the nursing home should have to provide A should have to excuse me, use a certain amount. Certain percentage of the money they receive

391
01:14:21.280 --> 01:14:23.530
Richard Mollot: for care actually on care.

392
01:14:23.810 --> 01:14:52.680
Richard Mollot: Uh, and the second part of that is to specifically limit administrative cost as well as profits. As I note here in New York actually was one of the more I wouldn't say ambitious. Um, because New Jersey, as you can see here, Massachusetts other States have done a little bit better in terms of percentage of of uh spending requirements. But New York was a little more comprehensive in perspective, both having a seventy percent spending requirement. You have to spend seventy percent of your reimbursement

393
01:14:52.690 --> 01:15:07.320
Richard Mollot: on resident care, forty percent of it on staffing and limiting profits to five percent. The nursing home industry, by the way, it has two lawsuits, one in federal court, and one in the State court to prevent those rules from going into place,

394
01:15:09.140 --> 01:15:36.610
Richard Mollot: and our last set of recommendations is regarding quality and accountability, and some of these I recommend. They actually all these recommendations here, as well as some of the recommendations I've talked about further, are reflected in President Biden's proposal, which he announced in the State of the Union speech last February to essentially Reform Nursing Home Care. But we've long called for establishing meaningful quantitative nursing on staffing standards, and the President did, in fact,

395
01:15:36.620 --> 01:15:48.359
Richard Mollot: specifically call for that, and then also ensuring that the minimum standards are met. Uh as I started off with my presentation talking about that. Although the rules are good, they're just not enforced,

396
01:15:48.370 --> 01:16:08.199
Richard Mollot: and therefore they're not meaningful. So we need to have enforcement. And i'm just going to. Lastly. Um! Oh, maybe sorry I have slide, but my conclusions so. Um just in in short, the Federal data numerous studies both our own studies, as well as the oijo, et cetera, have found that the nursing industry is increasingly run by for profit entities,

397
01:16:08.210 --> 01:16:29.669
Richard Mollot: and that these operators have become increasingly sophisticated in regard to both, moving from into re and private equity other sophisticated private investment, but also following money out to ever more sophisticated means of related party transactions, which, as I know, we're talking in the chat before, are extremely hard to find, even with

398
01:16:29.680 --> 01:16:36.409
Richard Mollot: supposedly better. Uh trans that better um better information provided by Cms. On the web

399
01:16:36.510 --> 01:16:48.459
Richard Mollot: Uh, importantly in regard to the industry. Arguments about their, you know, in defense of their long-standing problems, poor staffing core infection control poor conditions. Is that one?

400
01:16:48.470 --> 01:17:05.159
Richard Mollot: Their argument that there's not enough money is completely unsubstantiated, and second, it's irrelevant. As I said at the start, they're seeing homes voluntarily agree to participate in Medicare at Medicaid. It's not a warehouse. It's not a factory farm. It's some place where you are providing care to residents.

401
01:17:05.170 --> 01:17:26.630
Richard Mollot: Uh and I'm just gonna leave very quickly with some of our resources. This is our website. We have data which we publish on every single nursing on the country. It is self reported, but under the affordable Care Act it's required to be audited or audible; at least so we have some good information about nursing quality as well as tools and resources for residents. And thank you very much.

402
01:17:27.370 --> 01:17:40.069
Judy Esterquest: Wow. Thank you, Richard. Uh some extraordinary findings you outlined for something that most of us only know about from having a loved one rather than actually knowing about it.

403
01:17:40.080 --> 01:17:52.829
Judy Esterquest: Um! Before we move to Q. A. We're going to ask uh Steve Aerbach if he would do some calls to action, because it sure looks like a lot of you want something done about this.

404
01:17:52.910 --> 01:17:54.370
Judy Esterquest: Go for it, Steve,

405
01:17:57.860 --> 01:17:58.870

Steve,

406
01:17:59.130 --> 01:18:00.599
Judy Esterquest: are you muted?

407
01:18:01.390 --> 01:18:04.349
Judy Esterquest: And Steve needs to be spotlighted all right next slide.

408
01:18:05.880 --> 01:18:25.219
Steve Auerbach: So um! We've heard how bad it is, and I just want to point out that even even some senior members at the Ama Um, our good friends, that they may agree uh pointing out that uh private equity firms uh by practices, and their investors are expecting

409
01:18:25.490 --> 01:18:44.769
Steve Auerbach: uh the money back in a short term. Uh, he says, five to seven in some cases more like three to five years at twenty to thirty percent profit. And that's just not a situation uh which can ever lead to an expectation of long term relationships. Uh, in fact, quite the opposite uh, to say nothing of high quality care.

410
01:18:44.780 --> 01:19:02.049
Steve Auerbach: Um! And Dr. Steve chooses to summarize this more broadly as uh that you can never adding an additional for profit. Middleman cannot by definition save money, and it always worse. It's access to Google and quality of care next slide.

411
01:19:03.360 --> 01:19:13.059
Steve Auerbach: So, having said that we have a couple of national campaigns and national legislation addressing this issue. Uh, one of them is the um

412
01:19:13.080 --> 01:19:27.210
Steve Auerbach: uh protect Medicare. Uh, you see the link down there below Tech Medicare net, which is fighting against um what is now called aco reach uh this was a originally rolled out under trump.

413
01:19:27.220 --> 01:19:43.170

Steve Auerbach: Um, actually it's allowed under the Aca. This particular model was rolled out under trump uh referred to as Dc. E's uh has been rebranded with what some of us consider to be merely cosmetic changes. Um

414
01:19:43.310 --> 01:19:47.980
Steve Auerbach: as they go reach, and essentially amounts to.

415
01:19:47.990 --> 01:20:07.520
Steve Auerbach: For example, Medicare advantage, or some of us call it Medicare disadvantage is enrolling individuals into corporatized Medicare, whereas aco reach in effect, is enrolling the entire Uh Medicare practice of a physician group into Medicare at the practice level.

416
01:20:07.530 --> 01:20:15.410
Steve Auerbach: So um, please uh sign up at Medicare, Protect Medicare dot net uh, and take the actions there uh next.

417
01:20:17.170 --> 01:20:26.179
Steve Auerbach: So there is also a campaign to pass the Stop Wall Street Looting Act to address private equity broadly, including health care.

418
01:20:26.420 --> 01:20:36.439
Steve Auerbach: Uh, this is uh Senator Warren, and represented as folk under Giant Paul, please note In all of these slides the uh bill numbers are from the

419
01:20:36.450 --> 01:20:56.600
Steve Auerbach: twenty, one, twenty, twenty, twenty-two legislative um uh action, so they'll have new bill numbers uh, quite likely both the State and Federal ones. Uh, but the stop Wall Street uh looting dot org um is sort of the campaign um around this and other uh things to improve

420
01:20:56.610 --> 01:20:57.559
Steve Auerbach: um

421
01:20:57.790 --> 01:21:12.400

Steve Auerbach: Medicare, and is also uh put up by one of our co-sponsors. Uh afr uh, so please go there and sign up uh there, and again do links should be being dropped in chat. They'll be sent out afterwards uh next,

422
01:21:14.730 --> 01:21:29.770
Steve Auerbach: so the uh health care ownership Transparency Act would beef up the actual reporting, including for the nursing homes. Um, at the moment it's a House bill from Representative Jay. Paul. Um. I don't have

423
01:21:29.780 --> 01:21:38.439
Steve Auerbach: have any information at the moment about a Senate companion bill. Basically it won't matter till the two thousand and twenty-three session anyway. Um!

424
01:21:38.450 --> 01:21:58.940
Steve Auerbach: But um! Why, as Richard said, while there is some reporting uh by Cms. Aj. Js. Are currently on nursing homes according to public citizen Um, and we'll have the bibliographies for this it's grossly inadequate. A lot of private equity is able to hide behind uh unnamed black boxes and so forth.

425
01:21:58.950 --> 01:21:59.920
Steve Auerbach: Um!

426
01:22:00.300 --> 01:22:09.380
Steve Auerbach: So we need to, at the very least while controlling private equity on our way to single payer. Um, at least have honest transparency next, please.

427
01:22:10.830 --> 01:22:27.979
Steve Auerbach: So here in New York State, uh, we think we are protected because, uh, most types of health care facilities are not allowed to be for profit. Quote unquote um, and that includes the large hospitals um and um

428
01:22:28.370 --> 01:22:32.169
Steve Auerbach: the Some other kinds of health care facilities.

429
01:22:32.180 --> 01:22:52.649

Steve Auerbach: Um so-called diagnos and treatment centers um Unfortunately, there's already, even under existing law, too many workarounds. Um um. Richard Godfrey, Long time chairman of the Health Committee, has pointed out that the incursion of private equity or health care to spider loss is a profound danger,

430
01:22:52.660 --> 01:23:07.820
Steve Auerbach: uh compounded by the growing trends of vertical and horizontal monopoly integration. I love his phrase, rectangular integration. If you've gone vertical you've gone horizontal Well, it's now a rectangle, and it's a all monopoly box, and closed

431
01:23:07.830 --> 01:23:26.480
Steve Auerbach: um one of the ways they do. This is, they don't own the practice, for say they don't own the doctors per se, but they own everything else. They own the space the doctors practicing in they own, and or funded uh the uh equipment and supplies and the billing

432
01:23:26.490 --> 01:23:29.070
Steve Auerbach: uh behind the practice.

433
01:23:29.080 --> 01:23:47.550
Steve Auerbach: Um. So even though we ostensibly have this law against, not for profits. Um! I would point out that, uh, well known nationally. One medical is opening up new sites all over New York City. Uh, one medical has had venture capital. It has had private equity it is had publicly traded, and it's being bought up by Amazon.

434
01:23:47.560 --> 01:24:04.779
Steve Auerbach: Um! And that's right here in New York, as it is everywhere else. And So we have the New York State Legislature uh legislation that we are promoting. Of course, the New York health fact again. It will come back with new bill numbers in the new session. Uh, and we will also have unknown at this time a new chair of the Health Committee

435
01:24:04.790 --> 01:24:10.870
Steve Auerbach: uh to take action for passing your cal fact, go to the uh link that's uh there in yellow

436
01:24:10.880 --> 01:24:26.099

Steve Auerbach: um three bills uh that are uh proposed. That haven't uh finished being implemented. One is to help control that those chain for-profit medical clinics uh like the one medicals and cdmds and so forth.

437
01:24:26.170 --> 01:24:27.230
Steve Auerbach: Um!

438
01:24:27.990 --> 01:24:47.250
Steve Auerbach: And uh, they passed the Assembly it's not passed in the Senate, so it'll need to come up again the for-profit nursing homes uh there's legislation to prohibit any new for-profits and liberty the current ones to the current bed. Capacity again past the Assembly. No action in the Senate for profit Hospices Um.

439
01:24:47.520 --> 01:25:06.079
Steve Auerbach: Again prohibiting new ones and limiting the ones. The current capacity passed both houses, and is, in fact, waiting for the governor to sign it. So if the Governor were to actually sign this bill that already has passed both houses. Uh, it would prevent any expansion of for profit hospices in New York State,

440
01:25:06.090 --> 01:25:19.330
Steve Auerbach: and again to uh, take action through your cal fact, you can use that direct uh link above and for everything else in the Assembly. You can look up your Assembly member who it is, and reach them via the switchboard, and similarly for the Senate

441
01:25:19.440 --> 01:25:20.920
Steve Auerbach: next slide.

442
01:25:21.030 --> 01:25:22.130
Steve Auerbach: Thank you.

443
01:25:27.330 --> 01:25:31.330
Judy Esterquest: So we're time for Uh. Q. A.

444
01:25:34.090 --> 01:25:44.969
Judy Esterquest: I think we have about ten minutes for Q. A. And then we will get three minutes at the very end, on on the upcoming events.

445
01:25:44.980 --> 01:25:59.739
Judy Esterquest: Um, we have a number of questions uh first one to Rose. Why do a hospital sell to these private equity firms who gets the money from the sale, and what do they do with it? It seems like there are villains involved.

446
01:25:59.750 --> 01:26:08.469
Judy Esterquest: And if you also want to answer the question about with physicians practices, why does that happen uh feel free?

447
01:26:09.270 --> 01:26:26.019
Judy Esterquest: I'm sorry. What was the second question, Why does it happen? Well, so. So the first one is about who gets the money when hospital sell, where does it go? And The second one is, why would physicians sell? If this is, why would physicians be part of a private equity? If

448
01:26:26.040 --> 01:26:30.290
Judy Esterquest: if uh, what if it's as bad as as we're told

449
01:26:30.350 --> 01:26:32.840
Rosemary Batt: right. So first of all,

450
01:26:32.890 --> 01:26:38.590
Rosemary Batt: part of the uh reason is that people just don't know what private equity is,

451
01:26:38.600 --> 01:27:07.940
Rosemary Batt: and so, for example, um. For if we take physicians first, As I said, there are many physicians who heard about this and said, Well, you know all the administrative work I can basically outsource the billing, the accounts, the administrative work, and it won't it'll help me uh focus on my practice. And that's how private equity build it build itself, and many, many physicians.

452
01:27:07.950 --> 01:27:21.629
Rosemary Batt: I believe that to be true, and so they were not well informed. Uh, and that you know even now many people Don't know about private equity, and they say, Oh, this is an opportunity to enhance my practice.

453
01:27:21.640 --> 01:27:45.929
Rosemary Batt: Uh, there are also uh actors who are in collusion with private equity, in which case the private equity firm goes to say, uh the senior uh physicians, I i'll get to hospital in a minute, and senior physicians and says, You know we'll set you up, and you can have a share of the uh returns. And so they uh they benefit.

454
01:27:45.940 --> 01:27:54.470
Rosemary Batt: So that is a dynamic that also goes on with respect to hospitals. Um! A lot of hospitals have been worried.

455
01:27:54.480 --> 01:28:17.090
Rosemary Batt: Um uh about. Well, the same things go on. They've been worried about finances, and so they say. Well, we'll turn it over to a a private equity firm who will be more efficient. They saw, sell themselves as really being financially astute, more efficient. And we'll really run your hospital better than you can, because we know

456
01:28:17.110 --> 01:28:33.580
Rosemary Batt: uh the other uh way that private equity gets in is that again, they they make a deal. So, for example, Hca. Which is all of you, I think most of, you know, is the largest uh for Profit Corporation in the world.

457
01:28:33.590 --> 01:28:40.589
Rosemary Batt: It's start it. It has been a private equity owned, and the originators the first, the fish

458
01:28:40.600 --> 01:29:09.250
Rosemary Batt: first first family who owned uh Hca. Started it then, when in cahoots with uh vain capital and and Kkr to buy out of the hospital chain, take it private, and they've made billions under the private equity model. Then they sold it, and they continue to operate Hca as a private equity model with a lot of debt, et cetera.

459
01:29:09.260 --> 01:29:19.539
Rosemary Batt: So they're either people are on knowing on the one hand, or they are very knowing, and they want to collude and get in on the act and make a lot of money,

460
01:29:20.090 --> 01:29:32.509

Rosemary Batt: and the money goes to individuals, or to say the hospital board. Whoever owns the house goes to it. It goes to um. The um managers, the top men, the Ceo

461
01:29:32.520 --> 01:29:45.890
Rosemary Batt: uh, like Hta, the first family get to invest, and they get a big cut of the deal. It goes to the investors, the private equity firm. Um. And but not to the hospital. No,

462
01:29:46.170 --> 01:29:48.500
Judy Esterquest: Okay, Antonio,

463
01:29:51.160 --> 01:30:04.170
Judy Esterquest: Their hand up. Okay. So let me ask another question. Uh, Richard don't non-profit nursing homes, take better care of their residence. Is lumping them all together for profit, nonprofit appropriate.

464
01:30:05.400 --> 01:30:35.259
Richard Mollot: Uh it it is appropriate I think that um, you know, with over the years, the not for profits. They do have a bit more staff, and they do tend to have better outcomes. But I think that we've seen a narrowing of that um over the last several years and a lot of times. I see both personally and as well as in the data that the not for profits are one Very similar similarly, excuse me to the for profits in terms of their staffing patterns in terms of how they treat their residents

465
01:30:35.290 --> 01:31:03.150
Richard Mollot: uh shuffling residents around, discharging residents when they, when they no longer are coming in as a high paid or being reimbursed uh as a high paid Medicare resident, but maybe going to medicate. So we see a lot of the ports of the same patterns, and frankly, the not for Profit Lobby Association, which is called meeting age, is as rich as the for Property Lobbying Association, which is the American Healthcare Association, and I would say, at least, as in scrutiny,

466
01:31:03.160 --> 01:31:08.079
Richard Mollot: in terms of what they're willing to do and say to get more money and less accountability.

467
01:31:08.330 --> 01:31:14.629
Judy Esterquest: So so the problem is that running it like a business, and having third party related

468
01:31:14.970 --> 01:31:23.000
Judy Esterquest: contracts, means you can make money, and yet the balance sheet for the actual nursing home looks like It's pathetic,

469
01:31:24.280 --> 01:31:32.169
Richard Mollot: correct. So I for like. For instance, I was speaking to report a few months ago. I've I've called me about a specific nursing. Home, and I looked up at ten ninety-nine.

470
01:31:32.180 --> 01:31:48.789
Richard Mollot: I poorly perform a nursing home, not very much staffing a low and staff thing uh and it's. It's not for profit and the owner that they don't excuse me, they didn't have an order. The uh administrator was making one point six million dollars in salary

471
01:31:48.800 --> 01:32:07.370
Richard Mollot: in two thousand and seventeen. The last ten ninety-nine form that I found. So if you are, I mean, how how many, how many cnn's nurse, aids would that pay for? Uh, how many are in hours with that pay for for your residents. And um it. It's a lot of money, and there's just not that accountability. There,

472
01:32:07.740 --> 01:32:22.489
Judy Esterquest: Okay, thank you, Robert? There's a question about Does private equity investment affect specialties other than emergency room with the same kinds of differences? Is it good for anybody? Or have you looked at this?

473
01:32:23.430 --> 01:32:28.489
Robert McNamara: Uh: absolutely. Yeah. Take medicine back. Involves more specialties than emergency medicine.

474
01:32:28.550 --> 01:32:33.479
Robert McNamara: Uh, you see similar issues in anesthesia. You know it's another hospital based specialty

475
01:32:34.090 --> 01:32:48.939

Robert McNamara: where you know they're being investigated. Right? I said, By the Ftc. Um. They're you know, circumstances where an entire group of anesthesiology physicians were displaced by envision, and they just staff with crnas with no physician oversight.

476
01:32:49.350 --> 01:32:54.369
Robert McNamara: You know that's, we think, from a business standpoint, not the best thing for the patient

477
01:32:54.650 --> 01:32:55.830
Robert McNamara: um

478
01:32:56.100 --> 01:33:12.320
Robert McNamara: optimally somebody mentioned They're a target. What we see in derm is. They hire a lot of non-f is just provider to Then just buy off the scrape generate money, you know. A doctor will look at this lead and say, you know I know what that is.

479
01:33:12.610 --> 01:33:29.529
Robert McNamara: You know somebody's less frame. I'm going to buy. I say we're going to make more money. I'm not going to get any negative feedback for that. So I to say that dermatology uses this serious, I mean with your cancer it is. But and we're talking about frontline health care here on emergency medicine where we're skipping

480
01:33:29.540 --> 01:33:38.830
Robert McNamara: um. It's it doesn't make any empirical sense. I will add one thing to the first question is that a lot of physicians

481
01:33:39.040 --> 01:33:56.219
Robert McNamara: here they often call from private act. We said, we're big, we're strong. We can fight the insurers which have been, You know, the way around your neck for your entire practice, and they sell, and you know, they say. Hey? You know i'm tired of fighting insurance companies, but to make it very difficult

482
01:33:56.230 --> 01:33:59.059
Robert McNamara: for doctors, We want to take all those worries away.

483
01:33:59.110 --> 01:34:16.429

Robert McNamara: We're going to pay you the same amount. You're seeing your doctor. We're actually going to give you multiples of the evidence, and you can essentially retire on that, and then the younger doctors have to pay back the purchase price plus the twenty thirty percent profit level and the basis get stuck with the higher bill.

484
01:34:16.440 --> 01:34:33.080
Robert McNamara: So now you know, there is legislation against the surprise both Now there's even bigger squeeze going on emergency medicine. As these companies are having difficulty funding their debt. So it's. There are forces out there like the insurance industry which has help lead to some of these

485
01:34:33.090 --> 01:34:44.100
Robert McNamara: actor is given up and someone out, so it's. It's not. You know it's it is. Some of it is doctors themselves wanting to profit, you know you have to admit that. But insurance is Really, Hasn't been our friend, either.

486
01:34:44.510 --> 01:34:58.750
Judy Esterquest: Thank you. So this question is for Steve, and if someone else wants to chip into uh, perhaps those may. How does this private equity for profit and Wall Street stuff differ from private practice. Docker being for profit,

487
01:34:58.760 --> 01:35:05.110
Judy Esterquest: for example, like Marcus Welby is, you know, how does he differ from the chairman of

488
01:35:05.250 --> 01:35:23.979
Steve Auerbach: so um. You'll notice we always use the term investor owned for profit. Um. And this is this distinction between, say, private equity or venture capital, or even publicly traded companies; that if they are all third party, invest their own or investor controlled,

489
01:35:24.260 --> 01:35:35.149
Steve Auerbach: which is the distinction between the doctor who hangs out his or her shingle, or they are shingle and um owns the practice, and is

490
01:35:35.270 --> 01:35:40.069
Steve Auerbach: making money to support themselves and their family from it as a

491
01:35:40.320 --> 01:35:45.029
Steve Auerbach: small business owner. They may take out loans from a bank,

492
01:35:45.400 --> 01:36:00.640
Steve Auerbach: but that's very different than the bank owning and managing the practice. And so there is actually, I think, a very clear distinction that we can make between private practice physicians and the kinds of bad actors that we're talking about here.

493
01:36:00.680 --> 01:36:02.059
Steve Auerbach: Um,

494
01:36:02.450 --> 01:36:13.370
Steve Auerbach: and uh you know the single-payer movement, since it has been the single-payer movements always been talking about national comprehensive national health insurance. Everybody and nobody out

495
01:36:13.380 --> 01:36:26.179
Steve Auerbach: but leaving in place absolutely uh the mix of what we have now with private physicians, public hospitals, uh and so forth, but just getting rid of the third party invest their own. Um.

496
01:36:26.310 --> 01:36:44.519
Steve Auerbach: So uh the other question that's come up in terms of Well, how do you know if Pe is affecting me? Um, is uh it. Basically it's probably affecting you wherever you are. Uh, even here in New York. Um, I'd like to take a moment to, You know, despite the um

497
01:36:45.120 --> 01:37:04.379
Steve Auerbach: law that passed recently about avoiding um a surprise billing, and despite the fact that we have the not for profit hospitals, I recently had care that I was told ahead of time was under my uh plan covered prior approval. Um at Nyu Medical Center.

498
01:37:04.390 --> 01:37:24.099
Steve Auerbach: Um just happen to be a not for profit, because it's in New York, of course. Um! And lo and behold, in a classic move, I got a surprise bill from the anesthesiologist. So this is a classic one, because you don't have control. Who your anesthesiologist is. Um, just like you don't control radiology or labs very often.

499
01:37:24.110 --> 01:37:32.980
Steve Auerbach: Um! What turned out to be the case. My insurance, in fact, had paid them twelve hundred dollars, and then they tried to build me an additional six hundred dollars

500
01:37:32.990 --> 01:37:49.450
Steve Auerbach: Um, even though New York State, even though new law on Surprise Billing turned out that the Anesthesiology Group Wasn't nyu. It was one of these third party corporate carve outs uh that was based in Westchester. Then the Billing company

501
01:37:49.650 --> 01:37:58.440
Steve Auerbach: on their behalf was based in Pennsylvania, and the anesthesiologist of record on the bill was in Texas.

502
01:37:58.710 --> 01:38:04.379
Steve Auerbach: Um. So. Uh, if anybody knows a good lawyer, I really would like to sue the heck out of them.

503
01:38:04.390 --> 01:38:22.939
Steve Auerbach: Um! They did finally get back to me in wave the six hundred dollars they were trying to do um, and the reason they gave was an outright. Why? So i'll stop there for a moment um, and see if there's any other questions.

504
01:38:23.000 --> 01:38:42.330
Judy Esterquest: Those, it seems like private equity is the worst kind of predatory capitalism. Um! Should it be banned in health care? Should it be banned and doesn't have any redeeming social value? And how would you put a fence around it if it has such a thing?

505
01:38:43.100 --> 01:38:46.650
Rosemary Batt: That's a big one, so

506
01:38:46.780 --> 01:38:47.900
Rosemary Batt: I mean,

507
01:38:48.340 --> 01:38:56.930

Rosemary Batt: I can answer that in in moral terms, which is yes, I would love to see a band or more feasibility terms, which is that

508
01:38:57.050 --> 01:39:15.730
Rosemary Batt: um. You know we've always had private pools of capital. We've had family owned businesses, for example, that you know they don't have to file with the Securities and Exchange Commission. They and they can be very, you know, good businesses, or they can be

509
01:39:15.740 --> 01:39:33.559
Rosemary Batt: not so good, right. They can be kind of bottom feeders. Um! And so what really matters is the kind of regulation we have to constrain that behavior, for example, if we simply um if we just uh limited the amount of debt

510
01:39:33.660 --> 01:39:36.840
Rosemary Batt: the private equity can put on companies.

511
01:39:36.990 --> 01:39:42.539
Rosemary Batt: I mean that in itself would cut out a swat of of problems

512
01:39:42.690 --> 01:39:46.870
Rosemary Batt: if we held employer uh private equity

513
01:39:47.000 --> 01:40:09.440
Rosemary Batt: um liable as employers. So right now they're considered passive investors. So if there's a lawsuit or something, it would fall on the the company like. If there's sex discrimination, it would fall on the company, not on the private equity firm behind it. If you simply made private equity, the employer of record,

514
01:40:09.450 --> 01:40:11.229
Rosemary Batt: then it it

515
01:40:11.240 --> 01:40:30.179
Rosemary Batt: immediately becomes much more transparent. If you, if you, if you made it, file with the as you see the way the pro for Profit Corporation. So there are a number of things you could do, even within you know the capitalist framework that would severely undercut the worst behavior.

516
01:40:30.190 --> 01:40:44.310
Rosemary Batt: Um. And so, you know, right now, we're trying to get some basic regulation of private equity be particularly given the the political environment, and you could do a lot to really cut the worst behavior out.

517
01:40:44.530 --> 01:40:51.200
Judy Esterquest: So so so some of the things in the call to action would make a huge difference is what you're saying,

518
01:40:51.620 --> 01:41:09.039
Judy Esterquest: Well, thank you. Uh, I think we're out of time. I want to thank the presenters for having very tight timeframes and living inside them. We appreciate it. We would have loved to have another hour for questions, but that would have been a two and a half hour. Forum um.

519
01:41:09.060 --> 01:41:38.319
Rosemary Batt: We will capture the question, the to the chat. We will capture all the the links, and we will send them out to you with the Powerpoint, and the video will be available. But thank you, presenters. Thank you. One other thing, Judy. I'm sorry to interrupt, but i'll put my email in the chat. If people didn't get a chance to ask a question. I'm happy to have them email me, and i'll respond that way, because I know there's still hands up,

520
01:41:38.470 --> 01:41:47.050
Rosemary Batt: and i'd i'd be happy to respond. Could you Also, Could you copy us when you do that? So we can send out the Q. A. To everybody?

521
01:41:48.210 --> 01:42:01.059
Steve Auerbach: Okay, it's in the chat. Yeah, we have all that, Judy, Judy. If somebody to bring up the master slides, we still have the um final with the uploading events before folks leave

522
01:42:01.850 --> 01:42:02.930
Steve Auerbach: next slide.

523
01:42:05.350 --> 01:42:25.059
Steve Auerbach: So first of all, uh, there's a fight against uh the city uh retirees being forced into Medicare advantage uh the judge already ruled that it's against the law. So now, of course,

they're trying to change the law. Um! So that's what this one's about, and it will be. And in our send outs Tuesday, October twenty, fifth, next.

524
01:42:26.350 --> 01:42:39.619
Steve Auerbach: So P. And Hp. National is having our annual national meeting. It's in Boston this year. Our meetings are always top just before the American Public Health Association has their meeting. Uh, so we follow where they are the two days beforehand.

525
01:42:39.630 --> 01:42:56.360
Steve Auerbach: Um! And we will be talking, among other things about um the privatization of everything. Uh from a doctor from Donald Colin. Um! Who's uh that whole sort of privatization Public goods uh that relates to exactly what we're talking about here,

526
01:42:56.370 --> 01:43:11.649
Steve Auerbach: and we have take medicine back, is having their uh annual summit uh the first day of which, on Thursday, November tenth is a virtual, so everybody can attend uh. That's the group that Dr. Macing marrows with, and I uh next,

527
01:43:12.610 --> 01:43:32.579
Steve Auerbach: and we want to thank all of our partners on this uh Forum, which includes in addition to the organizations the speakers are with, uh the American Economics Liberty project, which is an antitrust anti-monopoly group. Americans were financial before which is fighting the great, the fight against private equity and the uh

528
01:43:32.590 --> 01:43:42.780
Steve Auerbach: for profitization financialization of everything super uh great economic uh and policy uh think tank uh for the people.

529
01:43:42.830 --> 01:43:43.969
Steve Auerbach: Um!

530
01:43:44.200 --> 01:43:54.949
Steve Auerbach: And the private Equity stakeholder project, which, uh, as it says, is fighting the fight against uh private equity on behalf of we, the stakeholders um,

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01:43:54.960 --> 01:44:05.549

Steve Auerbach: as well as the other groups which were uh represented in person today with the with the speakers. So Thank you, everybody, all of our partners on this fight together next.

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01:44:06.600 --> 01:44:23.430
Judy Esterquest: So thank you, I we we will try. There. There appears to be an appetite for a private equity, part two uh, and that will. We're always looking for topics. So this may be a good one. There's clearly an appetite, and thank you so much to the speakers

533
01:44:23.440 --> 01:44:26.999
Judy Esterquest: and to the audience, and

534
01:44:27.050 --> 01:44:29.619
Judy Esterquest: see you soon on the front lines.

535
01:44:30.780 --> 01:44:32.040
Rosemary Batt: Thank you,