

Not-For-Profit Price Gouging

Kaiser Health News reports the case of Brianna Snitchler (1). She had a visible cyst on her abdomen which was biopsied using ultrasound as an outpatient at Henry Ford Health System's main hospital. The cyst was found to be benign, but she received a \$3,357.52 bill for her biopsy, ultrasound, lab tests and physician charges but the bill also included a \$2,170 additional charge.

Although the initial bill from Henry Ford referred to "operating room services", Ford later sent an itemized bill that referred to the charge for a treatment room in the radiology department. Both descriptions boil down to a facility fee, a common charge that has become controversial as hospitals search for additional streams of income, and as more patients complain to have been blindsided by these fees.

David Olejarz, manager of the media relations department of Henry Ford, said the "procedure was performed in the Interventional Radiology procedure room, where the imaging allows the biopsy to be much more precise. ...We perform procedures in the most appropriate venue to ensure the highest standards of patient quality and safety." The need for a biopsy before removal of this cyst is questionable since the lesion had been present for years and had not changed. Furthermore, the need for the radiology procedure room and an ultrasound would seem superfluous since it could probably have been biopsied efficiently and safely in a physician's office for considerably less money.

Ted Doolittle, with the Office of the Healthcare Advocate for Connecticut, called these facility fees "a black box" (1). In Connecticut hospitals are required to notify patients in advance about facility fees. Connecticut hospitals billed more than \$1 billion in facility fees in 2015 and 2016, according to state records. Furthermore, Henry Ford would collect fees for every part of the procedure including the ultrasound, the lab tests, and probably the physician fees. Additionally, it is likely that the physician who referred Ms. Snitchler worked for Henry Ford and they would have collected a fee there, also.

Hospital officials argue that medical centers need the boosted income to provide the expensive care sick patients require, 24 hours a day, 365 days a year. However, Henry Ford Hospital already receives Medicaid disproportionate share (DSH) payments to help offset Henry Ford Hospital's Medicaid shortfall because of its high portion of poor and Medicaid patients (2). Many "facility fees", like Snitchler's, are higher than would be considered reasonable or fair and are exploitative and unethical. In Snitchler's case the facility fees nearly tripled the cost of the biopsy which despite having United Health Care insurance she will need to pay out of pocket. All this and she still has not had her cyst removed.

Hospitals appear to have solid finances. Although balance sheets are often inaccurate and misleading, most have greatly expanded their administrative personnel paying them record amounts (3). Henry Ford's former CEO and trustee, Nancy Schlichting, was paid a salary of \$4.77 million in 2016 (4). However, CEO salary is often only a portion of the

total compensation with some tripling their salary through other compensation (3). Furthermore, Henry Ford lists page after page of administrative personnel which likely translates into hundreds of millions of dollars annually (5).

Henry Ford Health System was founded in 1915 by auto pioneer Henry Ford and is a leading health care provider for the poor in the Detroit area (6). Legislative action should be taken not only to notify patients of facility fees available prior to services but also to limit these fees to a reasonable amount of the total charges. The Centers for Medicare and Medicaid services could reexamine Henry Ford's safety net designation or their tax-exempt not-for-profit status could be reexamined.

Henry Ford's mission statement is, "We improve people's lives through excellence in the science and art of health care and healing" (6). However, as Henry Ford said, "Business must be run at a profit, else it will die. But when anyone tries to run a business solely for profit, then also the business must die, for it no longer has a reason for existence" (7). In this case, the Henry Ford Health System seems to be price gouging the poor rather than serving them. If profit is their sole goal, Henry Ford Hospital and medical centers like them have no reason to exist and are best left to perish.

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References

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