

Guest Column: Healthcare Inflation - Follow the Money

January 18, 2023



The average health insurance premium for a U.S. family has increased 20% since 2017 and 43% since 2012.

In Del Norte County, residents covered under the CalPERS Gold PPO plan will see their premiums increase 17.8% next year.

What is the source of healthcare inflation?

Locally, our healthcare is dominated by Sutter Health. Sutter controls prices at the county's only hospital, ER, MRI, CT scanner, and home health agency.

Sutter owns a walk-in clinic, primary care and specialty clinics, and employs the majority of the county's doctors. Is Sutter responsible for our healthcare inflation? Yes, according to the California Attorney General, who sued Sutter Health in 2018 for illegal business practices—specifically, price fixing and conspiracy to create and maintain a monopoly. From the lawsuit, "Much of the increased cost of healthcare in Northern California is attributable to Sutter and its anticompetitive contractual practices which it has imposed as a result of its market power.

Specifically, Sutter embarked on an intentional, and successful, strategy of securing market power in certain local markets in Northern California."

What happened with the lawsuit?

One day before the trial was to begin, Sutter agreed to settle the lawsuit, including payment of \$575 million to compensate injured parties and cover legal fees.

Sutter also agreed to cooperate with a court-appointed monitor to verify compliance with the settlement.

Where do Sutter's profits go?

Since Sutter has refused to release its internal records, such as hospital Board meeting minutes, we must rely on public documents to follow the money. Because Sutter Health and Sutter Coast Hospital are considered non-profit, charitable organizations, they are required to release an annual tax filing called a "990."

The latest 990 tax form for Sutter Coast Hospital which we could find was 2019. It lists the names of the hospital board members, and the compensation of highly paid individuals.

In 2019 (pre-pandemic), hospital CEO Mitch Hanna received total compensation of \$865,200. Dr. Courtney Ridley's total pay was \$529,766. Chief Nurse Rose Corcoran, \$391,666.

Sutter Coast Chief Financial Officer Gary Hubschman was paid \$504,496.

Who pays those salaries?

You do. Even if you never go to the hospital, Sutter's fees and salaries are baked into your health insurance premiums. If your employer pays for your health insurance, you pay the price in the form of lower wages.

One of our constituents recently asked, what is the Del Norte Healthcare District doing to help? We led the fight—successfully—to prevent Sutter from closing half its beds and tripling its charges on Medicare patients.

We led the effort to force Sutter to end its contract with EmCare corporation, which was charging local patients high "out of network" doctor fees in the ER.

We worked with the community to stop Sutter from transferring ownership of Sutter Coast Hospital to the Bay Area.

We are here to help.

Please share your ideas and concerns regarding local healthcare with us.

For Sutter-related concerns, we also encourage you to contact the hospital board of Directors at 800 E. Washington Blvd, Crescent City, CA 95531.

The hospital board has many local residents, who are legally responsible for all activities at Sutter Coast.

The local residents on the hospital board as of 2019 are listed on pages 7 and 8 of this document: tinyurl.com/bde77fpm. Be sure to request a reply from the hospital board and feel free to share it with us.

Let's continue working together for affordable, high-quality healthcare in our community.

Sincerely,

Del Norte Healthcare District Board of Directors

Elizabeth Austen, B.A. Michael Young Kevin Caldwell, M.D Tonya Pearcey, R.N. David Mason