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NORTH CAROLINA'S URBAN HOSPITALS PILE UP THE CASH

They are nonprofits in name, but not in practice. How your hospital helps drive up the cost of health care.

North Carolina's hospitals are respected community institutions. They save lives, heal the sick, contribute to local charities and provide good jobs. Most of them are nonprofits. But many of them, especially the big ones, are making a fortune.

During the Great Recession, their profits have stayed strong, and they've raised their prices. Top executives enjoy million-dollar compensation packages as they expand, buy expensive technology and build lavish facilities. Their customers buy the services before they know the cost, and they often don't understand the bills.

And the hospitals enjoy a perk worth millions each year: They pay no income, property or sales taxes. These institutions were created with charitable missions. But many don't look or act like nonprofits anymore. In their quest for growth and financial strength, they have driven up the cost of health care and saddled thousands of patients with bills they can't pay.

In North Carolina's cities, these hospitals are piling up profits, along with billions of dollars in reserves. An investigation by The News & Observer and The Charlotte Observer found that:

- UNC Hospitals and Duke University Health System recently booked record profits. Duke's total profit, which includes investment income, rose to a half-billion dollars in 2011, a margin of 20.1 percent.

- They've made their money largely from employer-sponsored health insurance, often inflating prices on drugs and procedures sometimes to three, four or 10 times over costs. North Carolina hospital costs are more than 10 percent higher than the national average for Aetna, said Jarvis Leigh, a network vice president.

- They've hiked their fees each year, leaving many patients with crippling debt. Some hospitals have sued thousands of patients, while others have turned to collection agencies to pursue debtors.

- They've plowed their profits into expensive buildings and machines and have rewarded executives with generous salaries. Twenty-five executives of public and nonprofit hospitals in North Carolina had total compensation of more than $1 million in 2010 or 2011, the most recent data available.

- They've solidified their market power by stashing billions of dollars for future purchases. Duke, for example, has reserves of $1.5 billion. In Charlotte, Carolinas HealthCare System has banked more than $2 billion.

All of this is legal. No laws limit hospital profits, charges or executive pay.

Unlike insurance companies, which are easy to dislike, hospitals are easy to love. They save lives every day, while providing care for people who can't afford it.

In the national debate over health reform, soaring costs and insurance premiums have drawn attention. But one trend driving costs the growing market power of hospitals has gone largely unnoticed.

While growth at Wal-Mart and Target has led to lower prices, the opposite is true for hospitals. They compete by offering ever more sophisticated, high-tech and costly services.

Across the country, hospital systems have become so large and dominant that insurance companies can't afford to exclude them from the plans they offer to employers. These consolidated systems use their clout to negotiate higher reimbursement for privately insured patients.

"What you're seeing is increasing market power on the part of the hospitals and increasing leverage in negotiation with the payers," said Dr. Kevin Schulman, who teaches medicine and business at Duke. "What are they going to do with all the money...? They can't give it to shareholders."

Consolidation has contributed to growing hospital bills and insurance premiums. To ease their burden, employers have shifted more of their health care costs to employees, in the form of higher deductibles and co-pays, to the point where a single medical catastrophe can financially devastate even an insured patient.

Hospital officials say they are not overcharging. They must mark up prices for those with private insurance, they say, or lose money from treating patients with Medicare, Medicaid or no insurance.

Junius Davis, a retired UNC Greensboro dean, tussled with UNC Health Care about hospital bills he found inflated and complicated.

"I am beginning to believe that the hospital's 'creative accounting' is too complex for intelligent scrutiny and confirmation," Davis said. "There are wondrous ways of modifying charges for those who pay or who are insured to guarantee a life in fat city for the administrators and doctors."

Soaring prices, profits

It has been a good decade for Triangle hospital systems.

Duke University Health System and UNC Health Care, which owns Rex Hospital in Raleigh, have seen profits march higher for the past five years, even during a recession.

Duke, which includes three hospitals, reported an operating profit of $190 million, or 8 percent, in 2011. And that does not include the income generated by its health system's $1.5 billion investment portfolio. Counting investment income, Duke's profit soars to $542 million.

A recent audit of UNC Hospitals, the flagship of UNC Health Care, showed a total profit of $133 million, or 12.3 percent.

WakeMed's system is the exception among major Triangle hospitals, with a 4.3 percent total margin in 2011; its operating margin was 3.4 percent. WakeMed officials point to their large amount of charity care.

The riches are not universal. About a third of North Carolina hospitals – most of them small and rural – reported losing money in 2010. Betsy Johnson Hospital in Lillington had an operating loss of $2.5 million in 2010; Person Memorial Hospital in Roxboro posted a $2 million operating loss.

But North Carolina hospitals are more profitable than most, according to the American Hospital Association. In 2010, the overall total profit margin for state hospitals was 9.3 percent. That was about 2 percentage points more than the national average – and higher than it was a decade earlier, when the economy was stronger.

Revenue exceeds costs

One reason North Carolina's major hospitals have grown so profitable: Revenue has risen faster than the cost of treating patients – and much faster than inflation.

Duke Hospital, for instance, saw its total patient revenue rise 100 percent from 2000 to 2010. Its costs rose 83 percent. The average revenue from each inpatient there more than doubled over that time, rising at more than three times the rate of inflation.

Blue Cross and Blue Shield of North Carolina, the state's largest health insurer, says its cost per hospital admission went up nearly 40 percent from 2007 through 2010 – during the continuing economic downturn.

Hospital executives stress that profits are central to their mission of caring for patients.

UNC Health Care aims for a 4- to 4.5-percent operating margin, according to Chris Ellington, the chief financial officer. The hospital needs reserves to weather a recession, capital to buy equipment and funds to attract the best doctors, he said.

"The whole deal is to keep this going concern going to the extent that it is as beautiful as it is right now," Ellington said.

Roots of the problem

With the 2010 passage of the Affordable Care Act, the Obama administration aims to control health care costs.

Some experts, however, fear the law – under review at the U.S. Supreme Court – could wind up doing the opposite. The law calls for the creation of networks of hospitals, doctors and other medical providers. But that sort of consolidation, studies have shown, almost always leads to higher prices.

With mergers and acquisitions, some hospital systems have become so large and dominant that they can easily raise their prices.

Increasingly, the Triangle is dominated by three expanding hospital systems: Duke, UNC and WakeMed.

Rex Hospital, part of UNC Health Care, saw its revenues go from $470 million in 2008 to $571 million in 2010. This increase, according to its audit, "is primarily the result of increased reimbursement resulting from renegotiated payer contracts."

William Roper, CEO of UNC Health Care, told the General Assembly that getting larger allows UNC to buy supplies cheaper and sell services higher:

"The value to us of Rex is, it allows us a larger scale and more sophisticated abilities to purchase in bulk, for example, all of the things that hospitals and organizations like us need," Roper said. "We are able to get a much better master contract with Blue Cross and the other private insurers than we would if we were a smaller, Chapel Hill-only entity."

Those higher reimbursements push up the cost of health care.

UNC's expansion has been at the root of tensions with WakeMed, its biggest competitor in Wake County. UNC Health Care bought Rex in 2000, and since then, it has been expanding services.

It now is taking on WakeMed in heart treatment, planning a new $120 million center and luring a major cardiology practice from WakeMed.

The doctors were interested in joining with UNC-Rex, in part, because UNC can guarantee higher reimbursements from insurers than the doctors could get themselves.

Schulman, director of the Fuqua Health Sector Management Program at Duke, said eight hospital systems make up the majority of the market in North Carolina. With that concentration of big systems, insurance companies are pretty much "over a barrel," he said.

Carolinas HealthCare officials disagree with Schulman.

"I can't imagine anybody who knows anything about the health care industry saying that any health care provider has BlueCross BlueShield over the barrel," said Russ Guerin, executive vice president for business development and strategic planning.

Blue Cross dominates North Carolina, with 75 percent of the health insurance market.

But Schulman said increasing negotiating power is a primary reason for hospital mergers.

Other experts agree. Asked why some hospitals charge so much, Gerard Anderson, director of the Johns Hopkins Center for Hospital Finance and Management, said, "Because they can. It's not any more sophisticated than that."

Inflated prices

Hospital officials say their systems are profitable because they operate efficiently. But they've also pumped up revenues with big markups on drugs and procedures.

Carl King, head of national contracting for Aetna, said insurance companies typically pay 40 percent over cost as hospitals look for a way to make up for losses on Medicare and Medicaid, the government insurance programs for people who are elderly, poor or have disabilities.

Duke and UNC Hospitals raise charges every year: Duke by 6 percent, UNC by 5 percent. WakeMed does not.

Junius Davis questioned the bills he and his wife received last year from UNC Health Care. In June, Davis wrote a column for The Chapel Hill News questioning the $19,215 bill for an outpatient biopsy. (That bill did not include $7,108 in doctor and anesthesia charges.) Medicare paid the bill.

The next day, UNC Health Care spokeswoman Karen McCall called Davis to say the hospital had erred and overcharged by $5,154. McCall said the hospital had classified the procedure as more complicated than it was, leading to higher Medicare reimbursement.

Junius Davis died in January of this year. He was 86.

Other charges are published in advance, if you know where to look. In its 2007 application for a new cancer center, Duke laid out the figures for a typical CT scan. Average charge: $6,208. Average cost: $498. Duke is paid an average of 19.6 percent of its CT charges, or $1,217. That's a profit of 144 percent.

In 2010, Presbyterian Hospital in Charlotte billed the state nearly $16,000 for use of its cardiac catheterization lab after treating a prison inmate who had been suffering from chest pains. The average cost to the hospital for using its cath lab: about $1,064. The full bill was covered by taxpayers.

Jim Tobalski, a Novant spokesman, said the hospital does not typically collect such large amounts for services. Insurers and government agencies usually pay hospitals much less than full charges.

Such markups trouble – but no longer surprise – Jason Beans, the CEO of Rising Medical Solutions, a Chicago company that examines hospital bills for payers. At the request of the newspapers, Beans' firm examined bills from various hospitals – and found markups as high as 500 percent.

"Everyone blames the (insurance) carriers," he said, "but what the hospitals are doing in these situations is egregious."

Who pays the price?

The soaring hospital prices come at the expense of taxpayers and business owners, patients who have insurance and those who don't.

Those price hikes have been a primary driver in premium increases, insurers in North Carolina say. That's a burden on businesses, which are facing record premiums for insuring their employees.

But employers are also passing the cost on to workers, who are paying more for insurance – and often more for deductibles and co-pays.

"John Q. Citizen is who winds up paying for this. Not big bad insurance companies," said Martin Gaynor, professor of economics and health policy at Carnegie Mellon University. "It's actually taking money out of everybody's paycheck."

Several Triangle hospitals hit upon a way to increase revenue by relabeling a doctor's office as an outpatient clinic, which gets reimbursed more from Medicare or insurance. Hospitals can charge a facility fee for outpatient services; a doctor's office cannot.

In April 2010, Tony Auwn, a Cary businessman, paid $50 when he visited his endocrinologist at Duke Health, as he had whenever he saw a doctor at Duke. The endocrinologist recommended that Auwn see a back specialist. Two weeks later, Auwn did, making a $50 co-pay.

Auwn said he was shocked when he received a letter from his insurance company explaining that he owed Duke another $100 for the endocrinologist and $389 for the back specialist, all for facility fees.

"For years, I see the same doctor in the same office for the same 15-minute visit, but all of a sudden I'm charged eight times more," Auwn said.

According to Auwn, Duke acknowledged many complaints about the shift to higher outpatient fees. Duke denied that the shift was about more revenue and called it a practice common to academic hospitals. Because he complained, Duke reduced the charge to $50 as a one-time goodwill gesture.

"Converting these clinics from private practice to hospital-based gives these providers access to broader health system resources which ultimately improves quality for our patients," Duke wrote him.

It has also improved the bottom line: According to Duke University's two most recent audits, the converted doctors' offices and new primary care clinics increased the number of outpatients by 7 percent in 2009 and 10 percent in 2010.

The dry language common to fiscal audits shrouded the increased revenue from the new fees: "Overall, price and patient care intensity impacted net patient service revenue by $117 million."

Duke CFO Kenneth Morris acknowledged that the shift to outpatient billing resulted in higher out-of-pocket costs to patients. But the hospital's expenses rose too, as it started running the clinics.

"It was revenue-neutral for the hospital," Morris said.

These higher reimbursements are increasing the cost of health care, according to MedPAC, the independent commission that advises Congress on Medicare.

Fees paid for visits to hospital-based practices are often more than 50 percent higher than those paid to free-standing practices, MedPAC noted.

"Physician practices and ambulatory surgical centers are being reorganized as hospital outpatient entities in part to receive higher reimbursements," according to the March 2011 report.

What hospitals say

Hospital officials point to other factors behind the price increases.

Increasingly, they say, they're stuck with the expenses from treating patients who don't pay their bills. North Carolina hospitals reported $631 million in bad debt in 2010, according to the N.C. Hospital Association. That year, the state's hospitals generated $1.9 billion in total profits, the American Hospital Association reported.

Added to that, hospital officials say, are the burdens of treating Medicare and Medicaid patients. Those programs don't cover their costs, so they must increase charges to private-pay patients – a practice known as cost shifting.

No one disputes that hospitals are losing money on Medicaid patients and the uninsured. Federal studies, however, have found that efficient hospitals should be able to break even or make a small profit on Medicare patients.

Officials for Duke and UNC say their profits come from operating efficiently, not overcharging. Duke CFO Morris pointed with pride to a cost-containment program that this year will squeeze $140 million in operating costs from Duke's $2 billion annual budget

Hospital officials say they invest in needed facilities, staff and equipment, often without regard for profit. Unlike for-profit businesses, nonprofit hospitals don't pay dividends to stockholders. Instead, they reinvest profits in their organizations.

What's more, they say, it may help them weather the financial storm they see brewing.

Under health care reform, the federal government plans to cut Medicare reimbursement to hospitals and transfer more responsibility for Medicaid to the states. The states, in turn, will likely push costs to counties and hospitals.

Hospital leaders say they "need the margin to meet the mission."

But at some systems, Duke's Schulman said, the high profits lead to excessive spending.

"They have more margin than meets the mission," he said. "It leads the managers of the hospitals to build an ever more expensive delivery system.

"They want to be more and more attractive to the private payers. That's why they want marble lobbies. I joke with my students that when you go to Europe, you visit cathedrals. When you come to the United States, you visit hospitals."

Duke recently opened its new $235 million cancer center, which features a soaring atrium, artwork to conceal oxygen hookups and waiting rooms that rival lobbies at four-star hotels.

It also features a "quiet room" with mood lighting and sounds that visitors can program themselves.

Where the money goes

Hospital officials say some factors involved in rising prices – such as the high cost of pharmaceuticals and technology and the aging population – are beyond their control.

North Carolina's hospitals are investing billions in life-saving staff and technology. But they're also buying things that may not improve outcomes for patients, experts say.

Recent studies say that nearly 30 percent of U.S. medical spending is wasted on unnecessary tests and procedures.

That's partly why nine medical specialty groups this month listed 45 tests and procedures that patients often don't need, even though doctors routinely order them. They include repeat colonoscopies within 10 years of a first one, CT scans for low back pain, heart imaging stress tests for patients without coronary symptoms, and chest X-rays before surgery.

Another example: About 15 percent of cardiac stenting or angioplasty was found to be unnecessary or of dubious medical benefit in a 2011 study of 500,000 patients who had the procedures.

"We basically don't see any improvement in patient outcomes from the last 5 to 10 percent of spending by hospitals," said Anderson, the hospital finance expert from Johns Hopkins. "There's a lot of unnecessary spending."

"It's a competition based on the newest, fanciest, best. The American public doesn't know if it's better or not. But it sounds better."

Database editor David Raynor contributed to this report.

Tomorrow: Little help for the needy

Neff: 919-829-4516

COMMENTS

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citizen782

There are two things that should NEVER have been turned into for profit business models: Health Care and Prisons.
No business should be profitable to investors based upon incarceration rates or health care decisions. Period.

Dr. Mary Johnson , www.drjshousecalls.blogspot.com

As a Pediatrician-done-wrong-in-public service, I have spent YEARS trying to get the newspapers in this state (the N&O included) to LOOK at what a "non-profit' hospital did to me for DOING THE RIGHT THING BY A DYING BABY GIRL - a child who did not die because I ignored the threats of a trio of clueless, greedy non-profiteering executives - nimrods who were more interested in image and profit than they were in providing good care.

I've got black and white evidence of two fat-cat, over-rated, way-over-paid hospital executives repeatedly lying under Oath in order to get their way and hold on to their "market share". BUT NO ONE IN A POSITION OF OVERSIGHT OR LAW ENFORCEMENT CARES!!!

And don't even get me started on our "journalists". Zero ink. But hey, let's read the umpteenth story spinning the crimes and lies of John Edwards.

Google "Dr J's Housecalls". READ the story in the sidebar.

Thus far, I've been told to "get over it" and "move on". I've been called every name in the book - for trying to get someone to CARE about the garbage that is going on right under our noses - supported by an oblivious government - under the cover and on the pretense of charity. "Obamacare" didn't fix anything.

Now I get to read an article like this. Tip of the iceberg. Too little too late.

Want . . . to . . . throw . . . things.

Nonanonomy

Dr. Johnson,

Agreed, too little too late. The real cost of health care was hidden in the national deficit in the sixties when insurance companies got medicare passed, so after a lifetime of paying premiums, the burden of the cost magically shifts to the federal government when a person turns 65.

It's too little to late for health care, and it's too little too late for the national deficit. Time to rearrange the chairs again.

Guest

I had outpatient surgery last year at Rex. When I received my itemized statement, I was charged $450 for self-medication. In the recovery room, I was asked if I wanted a couple of Tylenol and I answered yes. Since I was discharged in about 20 minutes, I'll wait until I get outside if I'm ever in that situation again.

All these crocodile tears about having to treat poor patients is nauseating. When you look at the profits, you have to understand that these are profits after they pay the execs, treat the poor and receive medicare and medicaid reimbursements.

bamorris

I've also been charged for "self medication" and asked that it be explained. I was never given a reasonable explanation. I was told that it was a cost dictated by medicare for medication that I took regularly. No hospital that I know of allows patients to bring their own medication from home, so as a patient you have no choice other than to take the meds supplied by the hospital. It's a ridiculous practice that just generates additional profit (like so many things done under the auspices of health care). Dig in your heels and fight it.

dlnorris

Health care is a huge scam, I believe the N&O has only hit the edge of the mess. The amount of profit in many segments is huge (not just the hospitals, but specialists with seven figure incomes for part time work, drug manufacture and sales, administration, etc, etc.). The 3-8% profits recorded by the more profitable insurance companies are not a problem. With insurance, it is fairly easy to get another quote. As stated, we tend to get medical services first, and look at the bill later (or never, using our 3rd party payment system...). Everyone knows the price charge for aspirin at the hospital is a total scam, how many new the actual cost of a $6000.00 scan was less than $500.

Nonanonomy

We also have residency requirements in medical school that are nothing more than indentured servitude and hazing rituals designed to protect the fees doctors can charge and are effectively barriers to entry into the profession.

AgentPierce

This is the first of a five-part series. It goes against my very essence to say "cut the N&O some slack" (cough, cough) but wait and see how deep they do go in this investigation.

When they start blaming Bush, Tillis, Rush and Sarah Palin I will remove my "slack" admonition. :-)

TarheelNative

As an employee of UNC Hospitals, I am disgusted, absolutely disgusted. It does not matter how much I give of myself to my patients or how good I am as a practitioner because the bottom line is that I work for a morally bankrupt institution that enjoys making money off the backs of those who cannot afford it. And, the climate is such that you'd better keep your mouth shut if you wish to keep your job. Thank you N&O for bringing light to this situation.

walshaw

I agree with you, TarheelNative. As an individual who pursued a healthcare career 60 years ago because I believed I could offer something genuinely worthwhile to the sick and injured among us, I feel sad and ashamed today at how WE THE PEOPLE of our once-great nation sat by and allowed this political/economic exploitation of our sick/injured fellow Americans to so horribly corrupt a once-noble and compassionate calling, and to so completely permeate our entire American society, to the point that common sense and basic human rights are today long-forgotten values within what we now call our American health care industry.

asartain

Bingo....herein lies the true healthcare issue and where reform is needed. "we're profitable because we operate efficiently".....bologna. Go spend a day in a hospital and just observe how they operate. It's wasteful spending at it's best. They remain profitable because they can charge anything they want and confuse everybody with the billing. And just try asking how much a procedure is going to cost ahead of time.....they first want to know if you're

insured....because it's cheaper if you're not.....then who your carrier is....because they negotiate different costs with each carrier and they want to make sure they overcharge enough to collect every nickel.....none of it has anything to do with the true cost of the procedure. Introduce them to the free enterprise system and you'll start to see true healthcare reform.....

Ella Nix

Operating efficiently is pure bologna. Healthcare loves to flash a shiny new drug, or treatment or procedure or device and charge the patient more, more, more. We're led to believe the shiny new item changes the outcome but the proof is elusive, "every case is different." The patient is powerless, the healthcare provider a big bully, Do No Harm is meaningless.

newengland

A big change in the past 20 years is that hospitals are no longer run by people with MD's. They started letting in MBA's, who in turn brought in more and more MBA's. Now the majority of these hospital boards are filled by people who have never treated a patient, and who see everything through the lens of running a business.

tboard47

nonsence- I have been in health care for 40 years and its the same crowd-you have no idea what you are talking about

adreamerinraleighjr

Excellent article! Corresponds with everything I've been hearing anecdotally plus a review of sick relative's bills.

logosisdead

It is not a healthy society that creates a profit incentive from sickness.

readeracct

Without "profit," what incentive does anyone have to do anything for anyone else?

I can't eat or pay my rent/mortgage on a "thanks" or a commemorative coffee cup.

logosisdead

Ask a teacher or a social worker, or a nurse. These are questionably "profitable" career choices. Which would you rather, a doc who loves curing people for the thrill and challenge, or a doc who loves the money he/she'll get because of whatever procedure they do on you? If they have two choices to cure you and one earns them 10 bucks and the other earns them 1000 bucks, which are you going to be forced to pay? Which does the profit-driven machine choose? It's not a typical industry.

Finally, do those doing the curing earn the profit?

Judith

Take their tax exemptions away. If a hospital really functions as a for-profit business, tax it like one. Doing that will give "nonprofit" hospitals an incentive to actually be nonprofits.

breakPRranks

"The whole deal is to keep this going concern going to the extent that it is as beautiful as it is right now." -- CFO Chris Ellington, UNC Health Care

Al Capone must have surely said he had a beautiful little operation going on, too, at some point.

For thrills, Mr. Ellington probably rolls naked in a pile of cash before he turns in each night.

Andrew Sleeth, Raleigh

tgreene

About time someone did a real expose of all of this. One only has to drive around any major city in NC and look at the bright shiny medical facilities and hospital outposts popping up like mushrooms after a rain to see why health care costs are exploding. It's time the insurance companies were taken off the hook as the big bad villain and the finger was pointed in the right place ... at the "non-profit" paying no taxes period huge health care monopolies. And all of us acting like sheep when we're sick.

roi

I have a friend that was run out of Duke because she didn't rush her procedures enough. Nothing like assembly-line medicine, it's the future !

chicago

"We basically don't see any improvement in patient outcomes from the last 5 to 10 percent of spending by hospitals," said Anderson, the hospital finance expert from Johns Hopkins. "There's a lot of unnecessary spending."

Whoa there! You mean building a hospital on every corner along with a helicopter on every pad can't justify price increases because of the uninsured, Medicare and Medicaid patients?

awdracer

Health care is a feeding trough for fat cats. NOTHING costs as much as we are charged for it. UNC Health care makes over $100MM/year? Duke $500MM? That's profit. That is AFTER they pay their "executives".

bamorris

Like so many other areas in our society, it seems that greed runs everything. Hospitals can get away with overcharging because the patient generally has no idea what the charges even are. Hospitals only send itemized bills to patients when they are demanded. Most patients probably don't even know that the bill we get is normally just a summary of charges submitted to our insurance carrier (if we are lucky enough to have a carrier). Every

time I have gotten an itemized bill I have found errors and overcharges. I have been charged huge amounts for "managing CPAP" while in the hospital even though it was my personal CPAP which was preset. It seems that someone comes around each day and notes that equipment in your room and adds it to your bill (whether it is your personal equipment or are even using it). When I question the bill and talk to the hospital billing folks they say they will correct it. If it is something I have to pay, I don't pay it. However, if it is something that my insurance pays I have no way to know if it is corrected. I have talked to BCBS about my bills and wanted to know who reviewed the bills to validate them and learned that nobody does that. The insurance company just pays the bill for the procedures the hospital states it has done at the rate the insurance company has contracted with the in-network facility.

"Cost shifting" is another problem. Why should rates be increased for me to cover procedures that are performed on other patients (many of whom are already being paid for by taxpayers like me)?

There are no solutions in Obamacare. So let's just forget about that as a cure.

I grew up with a doctor who was our neighbor (and we didn't live in any high rent district) and our doctor. His practice was in his home. I played with his children along with others on our street. Now I live better but in the last 50 years I can't think of a single neighbor who has had an M.D. after his name. I wonder why?

Too bad that the working taxpayers are taken advantage of by so many of our society elite.

Doplar

Excellent post in every way including the statement that obamacare isn't the answer.

CopyThat

I recently read that the biggest abusers of medicare/medicaid were doctors and institutions. You are on the right track, N&O; however, I do not believe anything will change due to your investigations. I have zero expectations that NC or federal legislators/politicians will take any action to make any changes to protect the people.

Greed and the abuse of power seem to prevail.

You cannot stop them, in my opinion. You cannot beat the Deans, the CEO's, the self-serving boards, the over billing - the profit greedy. The greed, the abuse and arrogant leadership appears to run too deep and wide but thanks for trying to roll the rock over. Good luck.

My best suggestion to everyone is to stay as far away as possible from two systems - medical and legal.

outhousecat

I'd like to know how much Duke paid for that Quiet Room. It looks sterile and cold. I don't think I'd feel comfortable sitting there. It reminds me of the transporter room on the old Star Trek.

Beam me up Scotty. There's no intelligent life here.

tboard47

when you have a monopoly caused by the state sanctioned Certificate of Need law, this is what you get
Having written about it for years will somebody please kill this darn CON program and let competition into the healthcare system.

Its orginal purpose of cost control is a joke-its a monopolistic cash cow for these hospitals

KILL THE CERTIFICATE OF NEED PROGRAM NOW!!!

askew10

I cannot understand why Republicans commenting are complaining. What these hospitals are doing IS the Republican healthcare plan. The unfettered,unregulated free market for healthcare at its finest. Kill the Obama healthcare legislation and it's gonna get a lot worse before people realize that the Obama healthcare plan is a conservative approach to the healthcare problem.

InspectorPitt

You tell me how the Obama's plan is going to solve what's going on in these hospitals. If you think it is going to reduce the millions we pay these executives, you're wrong. Liberals had rather regulate business than non-profits! You must have your thinking cap on backwards today for some reason.
Conservatives (not necessarily Republicans) know the difference between free market business and monopolistic health care. If there is true competition in health care, then you might have a point. Obama's plan isn't going to change the monopolistic attitudes that have infested health care .... and government in general.

Millertime1

Completely wrong. Unfettered, unregulated free market for healthcare? Come on you can not possibly be serious! Wow, typical, uneducated lib. We have our own ideas of reform. The reason we are in this MESS to begin with is liberal programs. Medicare and Medicaid mainly and limited competition. This was the line in the article that says it all:

"While growth at Wal-Mart and Target has led to lower prices, the opposite is true for hospitals."

the opposite is true because healthcare ISN'T a free market. Many conservative ideas are to create more free market principles, like consumer driven healthcare, tort reform, selling insurance across state lines, etc...
Read more here: http://www.newsobserver.com/20...

will1973

Have a friend who quit working as a PA at Duke Urgent Care because management told her she didn't push patients in and out quick enough. She cared too much and wanted esch patient to get the care they deserved. I'm sure Duke isn't the only one who practices this

type of care. Hosptials carry the same prestige now as car repair shops, lawyers and health insurance companies in terms of shady business practices.

newsjunky

Obamacare will fix everything. Yeah right.

GetSerious

Large health industry (medical and insurance) profits started long before Obama became president. He's been raked over the conservative coals for tackling something that other administrations (except Clinton's, which got Hillary pilloried, too) have ignored because it wasn't politically popular. Obama knew the AHCA was just a starting point and has said so, but it looks like it will be the end of it, too.

If conservatives have a better idea, I wish they'd come forward instead of using the AHCA to make Obama a one-term president.

newsjunky

Obama is making himself a one-term president.

bmack

Anything that will make Obama a one-term president is worth doing!

readeracct

"Like" and agreed.

I had lunch this weekend with a Democrat. She said she couldn't figure out why people didn't want to re-elect Obama. She continued to state that there's no other reason than, "they're racists." I really wanted to state the obvious that Obama hasn't done squat to improve or repair the U.S. economically, so why should he be re-elected. Unfortunately, I kept quiet because I didn't want to waste time trying to explain the obvious.

bmack

I would have been forced to tell her that IMHO it is just as racist to vote for Obama because he is black as it is to not vote for him because he is black. There are two sides to every story.

tboard47

Kill the CON program as a start other states have killed it.

Millertime1

They have. Just listen, you can start by reading some of my previous posts.

InspectorPitt

People can talk about Wall Street all they want to.

But, the millions of dollars in executive hospital salaries are not only excessive, they are a fraud committed on the taxpayer and the user of hospital services. The liberals worry about regulating a business when, in fact, they should be regulating the executives who are bilking all of the rest of us.

Judith

End tax exemptions for "nonprofits" that pile up income like big corporations - and pay their executives like those at big corporations.

Gscrbr5

Anyone having any doubts why Public Healthcare is before the Supreme Count gets a glimmer here = follow the money!!!!

The Hippocratic Oath says nothing about charging through the nose. It should say much about caring for people more than money. Try this one: A stint procedure in Ghana costs $1,500 for everything!!! That patient (who is a relative) got the same good result she would here-----minus the heart attack you get if a $15,000-150,000 bill comes to you in NC.

Fancy new carpets / computers / executive bonuses have NOTHING to do with quality care from caring people---and should not. Makes me sick, folks. Truely sick as I am now over 65 and big expenses are ahead for us all.

disgusted01

Not blessing everything hospitals do "carte blanche", but there is something in extending the network to have access to broader information and advice. Still, I don't see why this can't be done by independent practitioners.

I worked for a hospital where the medical staff did not want to be associated with a medical center because of unwanted scrutiny of their work. There were many unneeded operations simply because the doctor told the patient s/he needed surgery --with no oversight or second opinion. Hysterectomies were rampant primarily because the patient had insurance, not because she had a disease.

Then, in the Eighties, the MBA moved in to increase business. The problem with marketing health care is--if you don't need it, no amount of advertising will make you need it.

Today, people freak out because they have no health insurance. But with the vigilance of the CDC, most major diseases have been eradicated. In the US, (barring some kind of genetic disability), we really don't need the level of health care that is being promoted.

We can handle most all our modern health care needs with proper diet, exercise, and elimination of unhealthful habits. Often the greatest health need is how to deal with psychological ills--there is much poor mental health caused by work stress, caused by dealing with the sociopaths in our lives and workplaces.

I must add--thanks to Joseph Neff for another one of his great features.

RegZippo

The only thing missing from this article was a full-page ad for WakeMed...

AgentPierce

To The N&O's credit, they DO allow opinions contrary to their own here. I am proof of that.

As for Jim Goodmon's WRAL. They make North Korea look like Switzerland. Goodmon has made it very clear he will allow ONLY "facts" that suit his agenda and he has the only vote on what those "facts" can be.

He is one very scary and obsessed dude.

Nonanonomy

While medicare/medicaid is an issue, so are the uninsured. While these may contribute to higher costs, so does the for profit behavior of the businesses.

Notaliberal

"During the Great Recession, their profits have stayed strong, and they've raised their prices. Top executives enjoy million-dollar compensation packages as they expand, buy expensive technology and build lavish facilities."

Sounds like a bad case of envy to me. The N&O is mad because they can't make it as competition to the National Enquirer. I guess the N&O is envious because they have run their enterprise into the ground telling lies, destroying careers, pandering to the haters and wants everyone else to fail miserably like they have.

PACK_MIKE77

If these hospitals are receiving ANY federal, state, or county money, why is the N&O unable to obtain a detailed budget showing the exact revenue and expenditures? The N&O should have access to the actual expense and revenue information.

This whole report is all over the map and speaks in generalities. Let's see the raw data. I would settle for a department by department cost and expense analysis.

How about just the obstetrics and the emergency room? How much revenue is generated by each department. What are the costs for maintaining the departments? Make sure you include advertising cost. TV commercials, radio and roadside billboards are not cheap.

All of that should be available based on the FOI act. After all, they were built on federal, state and county money.

If the hospitals are doing so well financially, why are they trying to buy each other out? Is UNC Hospitals not a state funded entity? What is the purpose of UNC buying Rex Hospital? Is Rex a "teaching" hospital?

There are too many holes that could easily have been researched in this ballyhooed N&O "feature" series.

I am sure it will reap all kinds of awards, and the N&O will make their "accomplishment" front page news.

Maybe that is all Drescher is looking for, a pat on the back.

walshaw

The collusion between American health care providers of all stripes and the American health insurance companies during the past 50 years in this country will be regarded by history as the most amoral, deceitful, and greedy endeavor ever perpetrated upon civilized mankind in the history of the world.

Unless and until all American voters demand with a single voice that access to basic health care for all our citizens be codified in our laws as an inviolable human right - instead of a wasteful luxury to be enjoyed by the wealthy/privileged few, and an excruciatingly unattainable need denied to our growing numbers of poor/disenfranchised in our American society, as it is has evolved into in recent times - these excesses, manipulations, misrepresentations, finger-pointing, and outright lies by all who stand to profit in some way on the backs of sick American citizens will continue unabated.

This problem is the single greatest economic - and moral - issue facing all American citizens today.

How this generation of American voters chooses to resolve this problem, in the end, will determine the long-term prosperity and future survival of our entire nation of people.

Mammam1a

"...access to basic health care for all our citizens be codified in our laws as an inviolable human right..."

Sounds great, doesn't it? But the devil is in the details. Define "Basic Health Care," please. Does it include anything and everything, from Viagra to liver transplants? If it doesn't, how do you answer the person who wants/needs something that you don't define as "basic," but they do? And who is going to pay for it?

Do you want the Canadian system, where you can't buy your own health insurance, so unless you're really rich you just have to wait until the care is available? Do you want the British system, where you can choose the NHS and wait and go to the NHS-owned facilities, but you also have the choice to buy insurance and go to private doctors and hospitals? Or have you bought into the delusion that everybody can have whatever care they want, whenever they want it, and somebody else will pay?

I'd pick the British system as the least bad option. At least it offers care to everyone and choice to those who can afford it.

cholliedobbs

So will the pile of money begin to disappear about the time the new Healthcare Bill clicks in with lack of adequate insurance for the poor, the middle class, and illegals who may have no coverage?

readeracct

I would think that it's prudent for a company to have a stash of cash for a rainy day - for profit and non-profit companies, alike.

Java55

To say this metaphorically, "Look what the grasshoppers have consumed! Then what the grasshoppers left behind the locusts had consumed! And what the locusts left behind, now look at what the damned have consumed!!"

Notaliberal

I would like to know what the executives at the N&O and McClatchy make? I bet they would never print that.

hurtlocker

They are a public company. If you want to know what they make get a copy of their annual report. duh..

Guest

You can do with the N&O, you can't do without healthcare if you're sick.

walshaw

Precisely. And therein lies all the difference.

Whenever I hear the holier-than-thou, conservative, capitalist-types arguing against common sense, compassion, and equal access to health care for all American citizens as a basic human right, I know instantly that they are hale and healthy . . . at the moment they posit their selfish, amoral, arguments, at least.

disgusted01

They certainly are a "rare bread" and it's not pane bello.

commonsense1977

"Health care" industry? What "health care" industry? I call it the "sick-care" industry. The ESTABLISHED "sick-care" industry wants to keep people semi-sick and on meds so they can keep billing. If people truly got healthy, by using diet and exercise, then the hospitals, clinics & wellness centers would lose many of their patients i.e. "customers".

Erica Sandman

Free market healthcare is a wonderful idea, and might work... in a country the size of Massachusetts. Unfortunately, our country is huge... with vast tracts of rural landscape where you will be lucky to find an actual hospital within an 80 mile radius.

There is no free market choice when the closest hospital is 40 miles away.

Yes, there are small clinics here and there... but they can't really handle ER situations. Which opens you up to Life Flight options. Have you ever SEEN a bill when you're airlifted?

Healthcare is the one industry that I feel should never be 'capitalistic' in nature. Capitalism encourages greed. In healthcare, greed should be the last motivation.

samclean

Right after a last minute, jury-rigged State House Bill seeking to curtail non-profit hospital growth comes this one-sided description of how hospitals overcharge private payers, without explaining WHY they have to do this. News and Observer, I hope that you are willingly serving as an advocate for WakeMed. That would make you unfair and partisan, but not least not naively duped.

Judith

Hospitals now are parasitic on the masses in America - as they mainly keep the near-dead alive a short while longer. It's hardly like even 50 years ago - when they mainly got young people back to normal after polio or other infectious diseases or appendicitis.

Did it really benefit Ted Kennedy - or his relatives, let alone society - to keep a brain-cancer-diagnosed Ted Kennedy "alive" an extra year?

So their inflated billings don't really help patients that much anymore - nor society.

oleCary1

So you favor the "death panels" (ridiculous) that the Republicans used to drum up anxiety regarding the Affordable Healthcare Act?????

After all, either it's your choice or some faceless bureaucrat's choice whether you live or die, right?

re: Ted Kennedy...he could afford his care whether you think the money was mis-spent or not.

Hospitals will seek to keep people alive, UNLESS a person is responsible and courageous enough to have a healthcare proxy in place to TELL the physician and facilty what their wishes are. (aka Advance Directive).

Otherwise, look out for a lawsuit from a greedy relative.

Doplar

I had no idea. If I had I might have re-considered before paying that $2,000 + bill (my part of about $11,000) for a 3 day stay some years back. But I pay my bills even when I'm overcharged by a "non-profit?"

justmaybe

...and they thought they could keep the Quiet Room quiet!!!!

The quiet room will no doubt make money when rented out as a movie set in the near future...