OPINION

It may be Steward's decision to close hospitals, but it's Healey's too

The absence of a competitive free market in health care means anarchy if state government remains on the sidelines, passively observing.

By **Alan Sager** Updated August 2, 2024, 11 minutes ago

Governor Maura Healey takes questions from the media about Steward Health Care on Jan. 31. STEVEN SENNE/ASSOCIATED PRESS

"The market has spoken," Kate Walsh, Massachusetts Secretary of Health and Human Services, told a Globe reporter last week.

“It’s Steward’s decision to close these hospitals,” Governor Maura Healy said Thursday. “There’s nothing that the state can do, that I can do, that I have the power to do, to keep that from happening.” She said her administration was “focused on health care, delivery of health care to patients, protecting jobs, protecting the stability of the market, and saving the remaining hospitals.”

Neither of these statements is true.

If a genuine free market existed in health care, it might justify decisions about which hospitals or doctors are needed and which should remain in operation at which sites. It might even justify allowing for-profit hospitals to operate.

And a genuine market might absolve state government of its decades of neglect of hospital survival, the primary care and mental health and long-term care crises, or other health care challenges.

But we don’t. No market exists in health care to justly separate winners from losers.

On Wednesday, a judge in Texas overseeing the Steward Health Care bankruptcy proceedings agreed to allow Steward to shut down Nashoba Valley Medical Center in Ayer and Carney Hospital in Dorchester. Steward sought to close them because, it said, they are losing money and because it decided that no “qualified” bidders came forward. It indicated there were bids for the six remaining Steward hospitals. Since Massachusetts chose not to oppose Steward’s decision, the judge allowed Steward to close both hospitals.

But Walsh and Healey can’t have it both ways. The governor can’t spend months pointing fingers at Steward’s pillaging, plundering, and other deleterious predations — and then say the state has to listen to a market that does not exist.

Doing so ratifies Steward’s actions to strip the hospitals of assets, cut budgets, watch doctors and nurses leave, and care decline, and then see patient volumes plummet. The meaning of the governor’s and the secretary’s words is that the two hospitals are not needed, that their closing is a market decision, and that state government can’t and shouldn’t do anything.

As recently as 2022, according to data compiled by the Massachusetts Center for Health Information and Analysis, Nashoba and Carney had some 5,000 inpatient admissions and 41,000 emergency department visits. Steward reports much lower use rates today. But that drop has been caused mainly by Steward's financial scheming, and by Steward's cuts in its hospitals' budgets and services.

Steward could not have done this alone. It was state action that allowed the for-profit health system to get started by buying six hospitals from the nonprofit Caritas Christi Health Care system. And it was state inaction that allowed Steward to run the hospitals down, fail to pay bills, and vacuum out their assets by selling off land and buildings. To then say that the market caused the hospitals to close sounds like people who burn their crops and then cry for mercy because they're hungry.

Let's consider a few elements of reality.

Total revenue for Massachusetts hospitals will be some $45 billion this year. That is enough to keep open all needed hospitals. It is enough to pay for quick, competent, and essential hospital care for all 7 million people who live here. The experience of the world's other rich democracies make this clear.

State government has chosen to remain ignorant about which hospitals and services are needed. It has ignored the mandate of Chapter 224 of the Acts of 2012, which required state government to assess needs for health care, the hospitals and other resources available to meet those needs, and the gaps between need and capacity.

The state now has about 60 hospitals, down from 140 in 1960. Only about two beds per 1,000 people are staffed. Occupancy rates are tight. Emergency departments are crowded. Some hospitals have won approval to add costly new beds and others will follow.

Experience elsewhere has shown that when a hospital closes, many doctors who had relied on it decide to retire or relocate their practices. So hospitals and doctors are symbiotic; neither can substitute for the other.

It is reasonable to assert that each surviving Massachusetts hospital is an essential resource to protect the health of the public. State government should therefore have established by law that

licensed hospitals are subject to close state supervision — which would include prohibition against selling off land and buildings and otherwise stripping assets and endangering a hospital's survival.

Yet successive governors and legislative leaders have refused to enact a strong hospital receivership law, one that would allow state officials to petition a state court to appoint a receiver. That person could then seek to write off unaffordable or wrongly acquired rents or debts and take other steps to conserve hospital assets.

State leaders have also refused to enact a Hospital Stabilization Trust Fund, financed by annual contributions from hospitals themselves — about a fifth of a cent per dollar of revenue. This would serve as a mutual insurance fund, one that would provide emergency financial relief to endangered hospitals.

Even today, a declaration of a public health emergency should allow state government to intervene and stop the closings of Carney and Nashoba hospitals. A Hospital Stabilization Trust Fund could provide transitional revenue to get the hospitals back on their feet.

And as the Massachusetts Nurses Association has pointed out, the state's "Rainy Day" Fund, which now has a balance of more than $8 billion, could be tapped to cover the low costs of keeping Nashoba and Carney open until a trustworthy operator can be found.

The absence of a competitive free market in health care means anarchy if state government remains on the sidelines, passively observing. Competent state government action to address key health care problems is the only antidote to a health care crisis. Together, we in Massachusetts are spending $125 billion on health care this year — $18,000 per person, roughly one-third above the US average. That's just about the highest in the world. It is enough to finance health care for all.

Nationally, US health care spending is five times our defense spending. We now have enough money inside health care to deliver the care that works to all the people who need it.

Even though money is essential, it is not enough. How good is a plastic insurance card if no hospitals, doctors, or other caregivers are available nearby to redeem it?

Because the health care we get depends heavily on the caregivers we've got, needed hospitals must be kept open.

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