



## Marble lobbies & grand pianos: How America's nonprofit hospitals make bank

*Dispatcher: 911, what's your emergency?*

*Caller: America's healthcare system is broken and people are dying! (ambulance siren)*

Welcome to **Code WACK!**, where we shine a light on America's callous healthcare system, how it hurts us and what we can do about it. I'm your host, **Brenda Gazzar**.

What role do non-profit hospitals play in our broken and callous healthcare system? How are their actions jeopardizing patient care? To find out, we spoke to filmmaker **Sandra Alvarez**, director of the new documentary [InHospitable](#), which tells the story of patients and advocates as they fight for their lives and take on a billion dollar hospital system. This is the first of two episodes with Sandra about her film InHospitable.

(5-second music stinger)

**MARTIN GAYNOR:** *We are used to thinking about hospitals in a specific way. Most hospitals are not for profit. Many of them are community hospitals. They have that in their title. We tend to think, 'Oh, well, they're just doing things to try and benefit patients in the community,' and they do many good things, of course. But this is a big, big business.*

**Welcome to Code WACK! Sandra.**

**Alvarez:** Yeah, thanks so much for having me. I had never heard of your podcast and then I started doing some research when you reached out and it's fantastic.

***Ah, thank you Sandra. Yeah, we were so excited to discover your film InHospitable. I was actually blown away by this excellent documentary. I thought it was so well done and it actually brought me to tears a few times.***

**Alvarez:** Wow, thank you so much.

***Q: So tell us a bit about yourself and how you became interested in the issue of health care,***

**Alvarez:** <Laugh>. Sure. I've been a filmmaker now for over 15 years, and did a lot in television series, documentary series. Had never done anything about health care before. <Laugh>. I've just done a wide array of stuff working with military vets and comedians and, you know, makeover mavens so I've been all over the place. But for me it was a question of looking at, you know, this very, very dysfunctional healthcare system that we have and around 2018/2019, I was watching the presidential debates and, you know, it was this constant talk of this broken healthcare system, insurance, Big PHARMA, medical device makers, but you just don't hear hospitals.

You don't hear people talking about hospitals or what their role is and of course, we all have these personal experiences of this incredibly high bill that we get at hospitals, but I was very curious about, you know, kind of what the role was in the larger system. So I just started doing research and realized that there was a lot that I did not know and that a lot of regular folks that aren't in the health policy world don't know and, you know, realize that there absolutely is a film here.

***Q: Yes, we were really struck that you focused on hospitals and not-for-profit hospitals especially. What did you learn about the main issues with not-for-profit hospitals?***

**Alvarez:** That was one of the things that was the absolute most shocking to me because , you know, backing up a little bit, I don't think it's shocking to anybody in this country that, you know, we have decided as a country that we are going to have private companies, corporations running our health care, and that there is a focus on profit and there's a focus on the business aspect of it. But I think to me what was the most surprising was the non-profit hospital side. First of all, that the majority of hospitals in this country are non-profits and then you think of the word as they said in the film, Little Sisters of the Poor, right?

But these were hospitals where they had gleaming huge lobbies and grand pianos and marble lobbies and art and it was just really interesting to me trying to figure out, okay, where is all the money going that we're paying these nonprofits and what are they doing to provide for their community, which of course is the main reason that they get these tax breaks and these tax benefits.

So how are they benefiting the community beyond, you know, obviously providing really good health care, which is also what for-profit hospitals do, right? So like what distinguishes them from for-profit hospitals? And what I started to realize was there isn't really that big of a difference, not enough really as far as the experts I interviewed and the community advocates and, you know, community leaders, everyone that I was speaking to, I kept hearing the same thing, which was they're not doing enough to have these huge, huge tax breaks, not paying property taxes while the schools across the street are crumbling and rat infested and the streets have potholes and cracks, the same streets that are right in front of the hospital.

***Dr. ELISABETH ROSENTHAL: When you look at their explanation of what they do to benefit communities, I think many of us would intuitively find it lacking. You know, sending the residents off to a retreat in Lake Tahoe. allowing a green market to function in their parking lot on a Saturday and saying, "Oh, that's worth \$50,000." Hmm... not to me. Someone said to me, you know, "Apple gives away a lot of computers, but that doesn't make it a not-for-profit."***

And then, you know, when I reached out to Senator (Chuck) Grassley's office because he had done some publicity on some of the nonprofit hospitals that were suing low income folks. So we reached out to them and he's actually in the film as well and, and his frustration at the lack of accountability at the highest level of, you know, making sure that nonprofit hospitals are doing what they need to do to receive those tax breaks and really what we learned is there's no, there's not much accountability so that was the really shocking thing to me, that there wasn't really a mechanism to ensure that this was happening.

**Q: Right. And you're talking about Senator Chuck Grassley of Iowa?**

**Alvarez:** Yes.

**Q: Okay, great. Thank you. Health care has changed in many ways over the past 100 years and the patient provider relationship especially so. When did hospitals first start transforming into revenue and profit centers?**

**Alvarez:** I am definitely not a healthcare policy expert ... but from what I learned, especially reading "An American Sickness," Elizabeth Rosenthal's book, who is one of the main interviewees in the film, hospitals did start off the early 20th century as complete charities for people that just could not afford medical care. And it was, many of them were run by nuns, a lot of local benefactors and as things shifted, technologies got a lot better, and then we got insurance. Then all of a sudden things started shifting from, you know, what Professor Gaskin in our film says, you know, from a cost center to a profit center, and you had a dramatic change in the last especially 100 years.

And then in the last 20 years, there's been a real shift with nonprofits as well because they've started to buy up a lot of different medical providers, hospitals locally, sometimes in other countries and they've started, you know, creating these huge, huge health systems monopolies even and their argument for buying up and creating these monopolies were, 'oh, we're nonprofits. Our goal is to benefit the community so the more hospitals we have, the more hospitals we own, the more benefits the community.'

***Q: Do you think the implications of this transformation have been fully grasped by doctors and patients, let alone lawmakers?***

**Alvarez:** No. <laugh>, I don't, I mean just, you know again, coming into this as a person that didn't know anything about, you know, really what was going on with hospitals in the background. No, I don't. I think that it depends on the situation in

the region, right? So in Pittsburgh, where the main focus of the film is in Pittsburgh, and it was documenting a very specific battle between two corporate healthcare giants who are kind of battling for market domination like Pepsi and Coke were but of course they were nonprofits and the community and the patients being stuck in the middle and a lot of cancer patients and very, very sick heart patients were being blocked from going to their doctors because they didn't have the right health insurance. So that community created a lot of buzz and they went to the media and they spoke out and they went to town halls and they started getting the attention of local politicians who many of them really did not understand the impact and the power that these health systems were having.

***PROTESTORS: U-P-M-C, you are not a charity, you're greedy! You're greedy!***

They're also the largest employer in the region. So it is difficult for politicians in general to go up against them as well, right? They just have so much power and so much leverage. But I think it does depend on the community ... I think in regions that don't have this type of hospital consolidation, but you know, all the experts say it's coming. South Florida is one of them. Southern California is another. I think there is not a lot of education, which is one of the goals of this film is to educate politicians, citizens, just doctors, hospital workers of what exactly is happening.

***Q: Right, right. Thank you. So you mentioned this conflict between these two non-profit healthcare giants in Pittsburgh, the University of Pittsburgh Medical Center, or UPMC, and Highmark. The documentary opens with a scene about one Pittsburgh couple, Vicki and Maurice Arnett. Vicki Arnett's a nurse, and her 53 year old husband, Maurice, has stage four metastatic cancer. How did they get caught in this conflict and how did that affect Maurice's treatment?***

**Alvarez:** Yeah, some of these stories that I heard once I started filming in Pittsburgh were really quite shocking and Vicki and Maurice's story was one of those. So Vicki is a nurse and her husband had Highmark health insurance, and he had a very aggressive cancer and truly UPMC, you know, University of Pittsburgh Medical Center, they have been, you know, at the forefront of cancer treatment in that region and if you have cancer, that's where you wanna go. You wanna go to the Hillman Cancer Center, UPMC's Hillman Cancer Center. So that's where Maurice went for his treatment. But the problem was that UPMC and Highmark were having

this duel, and they both had hospitals and they both had insurance. So they were trying to kind of take, you know, take over the market.

And so UPMC had declared that they would no longer be accepting Highmark insurance and so that blocked a lot of people and you know, of course UPMC would say, well, just change insurance. You can have UPMC insurance, you can have Aetna, you can have whatever you want. Just don't, if you wanna come to our, you know, seek treatment at UPMC, you shouldn't have Highmark. And of course, that wasn't a reality for a lot of people who get their insurance through their employers or have a specific Medicare Advantage program, and it would just be way too expensive to switch from their Highmark insurance and so for Vicki and Maurice, what they ended up having to do they, she did try to get treatment at the Highmark hospitals through, because they had Highmark insurance, but he wasn't getting better.

And I think as a nurse, Vicki realized that he wasn't really getting the treatment that he really needed and so they found that they were in-network at the Cancer Treatment Centers of America in Atlanta <laugh>. So they ended up having to fly back and forth from Pittsburgh to Atlanta for all of his medical treatment. And it was just a crazy thing to think about when you have this nonprofit hospital who has been, you know, subsidized basically right by the citizens who do pay taxes in the region and the main goal technically on paper is for these nonprofit hospitals to benefit the community. But here is a couple, you know, of a guy who has stage four cancer who was having to travel back and forth to Atlanta, it was just really heartbreaking.

***VICKI ARNETT: I did work for UPMC Hospital for 13 years. UPMC taught me how to be probably one of the best nurses out there. Our first preference would have been to stay here in Pittsburgh and use Hillman Cancer Center. But that's not an option. This is far worse than anything we've ever been through in our life, and the fact that we had to make some pretty tough decisions as to how do we keep him alive, and where?***

***Yes. Their story was so powerful. I thought the film did such a good job of putting human faces to these real-time healthcare challenges.***

**Alvarez:** Thank you and that was a real goal for me, because especially cuz I don't come from the healthcare policy side, I just realize, you know, this is something that we really have to humanize because it is so complicated. <Laugh>. I know, you know, that you know that, you have this background, but for me, oh my gosh, it was just so complicated. I feel like it's on par with the U.S. tax code <laugh>. So for, it was really about trying to find that balance of explaining just enough in the film about the inner workings of what's happening in the system and with the human stories and, and how it's really impacting people.

***Q: Right. So glad you did. Thank you, Sandra. With climate change, we're predicted to face many more public health threats like COVID-19, yet your film suggests that the current strategy of running hospitals like businesses is ill-suited to respond to these threats. Can you talk about that?***

**Alvarez:** Yeah, sure. I mean, I say what Dr. Rosenthal in the film said, you know, when we asked her this question, which was, you know, the thing with nonprofit hospitals is of course, the main goal is to benefit the community and one of the things that could have benefited the community, that we're seeing now, is the ability to be ready for this type of crisis, a pandemic.

But if you're running a business and you're looking at your profit margins, you're not going to keep a bunch of extra equipment or, you know, face masks or whatever in storage, because that doesn't make sense on the business side of things. So I think the question is really, you know, looking at, okay, if you're a nonprofit hospital and and you're benefiting the community, how can you benefit the community as you say, especially with, you know, climate crisis?

And you know, even in, if you look in California, the fires, how, you know, looking forward and thinking how are these different environmental impacts going to affect our community and how can we be prepared for that? But I think basically the conclusion I came to and what most of the people in the film the experts have come to is that they should probably just pay taxes and then the community can decide what to do with that money and how it can benefit the community.

For more information about the film, go to [InhospitableFilm.com](http://InhospitableFilm.com).

Stay tuned for next time when we continue our discussion with filmmaker Sandra Alvarez about her documentary InHospitable and possible policy solutions. I'll also touch on how Medicare for All could address some of these issues.

***Do you have a personal story you'd like to share about our 'wack' healthcare system? Contact us through our website at [heal-ca.org](http://heal-ca.org).***

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