



Dr. David Himmelstein, PNHP

How would hospitals  
get paid  
under single payer?

## This time on Code WACK!

How does running a hospital like a business run counter to providing reliable and affordable healthcare? ***How would having Medicare for All change the way hospitals are financed and what would it mean for patients, doctors, and the hospitals themselves?***

To find out, we spoke to [Dr. David Himmelstein](#), a distinguished professor of public health at CUNY's Hunter College and a lecturer in medicine at Harvard Medical School. He also serves as a staff physician at Montefiore Medical Center in the Bronx and is the co-founder of [Physicians for a National Health Program](#). This is the second of a two-part series with Dr. Himmelstein.

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# WE DISCUSS

*Hospitals, even nonprofit ones, are big businesses today. How are the incentives of running a business at odds with community needs?*

“Well, hospitals want to take in more money than they pay out ... They want to make a profit at the end of the year, whether they're nonprofit or not. And that's actually pretty much required ... if the hospital is going to keep going under our current financing system.

“Because in order to upgrade its facilities, stay modern, buy new equipment, renovate the rooms and wards when they get outdated, keep the ORs up to date, hospitals need to have money in the bank to pay for those new investments and the way you get money in the bank under this system is to take in more money each year than you pay out.” – **David Himmelstein, MD**

*How do standard business practices, such as mergers, acquisitions, consolidation and so forth, affect patients and doctors?*

“...increasingly the people who run hospitals have ... said, ‘Well, we want to make sure our hospital can survive, but [in addition] we're going to really run up a huge surplus and become an extremely successful business and that's going to allow me personally to be paid much more.’

“So when I was first a doctor, the hospital CEO was paid like a doctor – handsomely paid. Now they're routinely paid in the millions, sometimes tens of millions of dollars. So if you make a huge profit, you're able to say, well, ‘I ran this business so wonderfully that the hospital is making a big profit and I deserve a huge paycheck and I can build the empire and assemble more power that way’ and it impacts the care in multiple ways.” - **David Himmelstein, MD**

## ***How are hospitals financed today, and how would they be financed if we had Medicare for All?***

“... hospitals bill patients or their insurance plans for each hospital stay generally, and depending on what the insurance is, they may get more or less. ... So there are multiple streams of payment, there's private insurance, there's Medicaid, there's Medicare and patients themselves, both the uninsured and then copayments and deductibles that patients have to pay even if they are insured in many cases. So the one impact of that is that some patients bring in more money than other patients do.

“...single payer would really change that in two ways. One is, everyone would have the same insurance, so there'd be no distinction among patients. And so there'd be no more for Sally than for Alice and that's one important piece.

“[Instead] We'll just pay the hospital a lump sum and that eliminates a huge amount of paperwork both for the hospital and for the organization doing the paying.” – ***David Himmelstein, MD***

## **Helpful Links**

**[Medicare for All Would Improve Hospital Financing](#), *Health Affairs***

**[Hospital Expenditures Under Global Budgeting and Single-Payer Financing: An Economic Analysis, 2021-2030](#), *National Library of Medicine***

**[The Hospital Under Medicare for All](#), *Jacobin***

**[Viewpoint: Single-payer system could ease hospitals' financial woes](#), *Becker's CFO Report***

[How Would Medicare for All Affect Physician Revenue?](#), *Journal of General Internal Medicine*

## Episode Transcript

Read the full [episode transcript](#).

## David Himmelstein, M.D. - *Biography*

**David U. Himmelstein M.D.** is a Distinguished Professor of Public Health at CUNY's Hunter College and a Lecturer in Medicine at Harvard Medical School, where he was previously a Professor of Medicine.

He also serves as a staff physician at Montefiore Medical Center in the Bronx.

He graduated from Columbia University's College of Physicians and Surgeons, completed a medical residency at Highland Hospital in Oakland, California, a fellowship in General Internal Medicine at Harvard and practiced primary care internal medicine and served as the Chief of Social and Community Medicine at the public hospital in Cambridge, MA prior to his move to CUNY.

He has authored or co-authored three books and more than 150 journal articles, including widely-cited proposals for single payer health care reform in the NEJM and JAMA, and studies of patient dumping (which led to the enactment of EMTALA law that banned that practice), [the high administrative costs of the U.S. health care system](#), medical bankruptcy (co-authored with Elizabeth Warren), and the [mortal consequences of uninsurance](#).

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