



## The deadly calculation of our for-profit healthcare system

*Featuring Linda Peeno, MD*

### ***This time on Code WACK!***

**How did a single mom in Kentucky, in the 1970s, become a physician, then a health insurance medical reviewer and eventually a whistleblower?**

To find out, we recently interviewed **Dr. Linda Peeno**, a physician and ethicist who has spent nearly four decades working to protect patients from harm and death by corporate healthcare systems.

Dr. Peeno was played by actor Laura Dern in the 2002 docudrama "**Damaged Care**," and she was also featured in Michael Moore's 2007 documentary "**Sicko**." She has assisted in more than 150 legal cases to expose for-profit systems that have corrupted medicine and health care.

## ***SHOW NOTES***

## WE DISCUSS

*Tell us about when you started working for Humana, a for-profit health insurance company. What did you do and what was that experience like?*

"I was what was called a medical reviewer....Humana had set up the system where ... first of all, they're based in Louisville. They were started here in Louisville. So two lawyers that were running a couple of nursing homes or a few nursing homes and they got this genius idea of *'let's buy hospitals and let's create an insurance company and let's require our [insured patients] to go to our hospital. We'd make money at both ends.'*

"Well, they implemented a system where you couldn't admit a patient as a doctor unless you got approval from the insurance company. So every admission had to come through and be reviewed by the medical reviewers.

*"They said, you know, 'every claim we pay is a loss to the company. So everything you approve is a loss. So you've got to deny as much as possible.'" – Dr. Linda Peeno*

*So to clarify, the patients' own doctors have decided this is what they need and a medical reviewer can override their doctor?*

"... it's a system that was flawed from the very beginning. 'cause here I was, a new physician, reviewing requests from neurosurgeons and cardiovascular surgeons and endocrinologists, I mean specialties that I had no experience with, but I was the final authority.

*"They told me, 'we need you here to use your medical degree to give validation to our economic decisions.'*

The year that I was there, I didn't get to participate 'cause I left before, but they implemented a bonus system (for) the doctor at the end of the year who had the highest denial rate and they monitor our rates, you know, every month ....

"And that still happens. When I work in legal cases now, I still see, you know, depositions from medical directors, who are under the same sorts of pressures." - **Dr. Linda Peeno**

### ***So you eventually left Humana. What precipitated your leaving?***

"I guess the showdown was when I got a piece of paper with a request for a heart transplant.

"The patient is in the hospital, the heart is there in the little cooler box, and we're supposed to be reviewing this for medical necessity? Well, nobody does a medically unnecessary heart transplant.

"So I thought, well this is the easiest approval I've ever done. So I did this approval and then all hell broke loose. You know, all these people started running, you know, *'Oh my God, you can't do that. This person's in an out-of-network hospital, we don't have a contract. We're gonna have to pay full charges and we gotta find a way to deny this.'*

And anyway, I was told that heart transplants were part of his exclusions in his contract. I never saw his contract, but you know, it ... was a contractual decision, an administrative decision. So I had to deny it. And then everybody was jubilant. You know, *'We saved \$500,000.'* That was the beginning.

It all started kind of clicking because then I looked around at this entire floor of nurses and computers and doctors and then coupled with this piece of sculpture I saw on the rotunda. And I thought, 'how many things do we have to deny to make enough money to support the system?' So it was a denial system. Profits were used to buy things like sculptures." - **Dr. Linda Peeno**

# Helpful Links

[Trend Alert: Private Payers Retain Profits by Refusing or Delaying Legitimate Medical Claims](#), Premier, A GPO (Group Purchasing Organization) representing healthcare providers

[Health Insurance Barriers Delay, Disrupt and Deny Patient Care](#), U.S. News & World Report

[“Between You and Your Doctor: the Private Health Insurance Bureaucracy”](#), Testimony of Dr. Linda Peeno, U.S. House of Representatives Committee on Oversight and Accountability

 [Sicko](#), a documentary film by Michael Moore

[Damaged Care](#), IMDB, a TV movie

## Episode Transcript

Read the full [episode transcript](#).

# Biography: Linda Peeno, M.D.

**Dr. Peeno** is a physician and ethicist who has spent nearly four decades working to protect patients from harm and death by corporate health care systems.

In the 1990s, Peeno's medical expertise was used by corporate health care to deny care that would have saved a patient's life. Consequently, she quit her high-paying job and has devoted herself over the following decades to defending patients against the sophisticated managed-care and profiteering machinery that she knows from experience contributes to untold harm. Testifying before Congress in 1996, she asked, "What kind of system have we created when a physician can receive a lucrative income for adding to the suffering of patients?" Since that moment, Dr. Peeno has testified before Congress and state legislatures numerous times and has assisted in more than 150 legal cases in an attempt to expose the for-profit systems that have broken medicine and healthcare.

In 2002, Laura Dern played Dr. Peeno in a docudrama, "**Damaged Care**," and she was featured prominently in "**Sicko**," Michael Moore's 2007 documentary about the U.S. healthcare system.

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