

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

September 13, 2022

Mr. Samuel Hazen, CEO
HCA Healthcare
One Park Plaza
Nashville, TN 37203

Dear Mr. Hazen,

I write regarding alleged fraud and staffing issues at HCA Healthcare (HCA) facilities. As HCA is the largest health system in America, transparency and oversight are essential to ensuring that hospitals like those in your system are appropriate stewards of taxpayer dollars. Recent reports of systematic unnecessary inpatient admissions intended to draw higher and more profitable reimbursement rates, in addition to severe understaffing issues, raise questions about HCA's corporate policies and practices.

Because of its mammoth size, HCA sets the pace for both for-profit and not-for-profit hospitals in the United States. HCA's profits in 2021 were almost \$7 billion, up nearly 100 percent in one year.¹ This is welcome news for your shareholders, since HCA repurchased \$8.2 billion worth of its shares in 2021² and recently authorized an additional \$8 billion of share repurchases,³ all during the COVID-19 pandemic. Yet this single-minded focus on profits might be bad news for patients, families, workers, Americans taxpayers, and the Medicare program.

According to press and investigative reports, some patients in HCA's emergency departments are being admitted for inpatient stays regardless of medical necessity. One recent report estimates that these unnecessary admissions by HCA may have charged \$1.8 billion in excess amounts to the Medicare program from 2008-to-2019.⁴ I am especially alarmed by these findings given HCA's history of health care fraud settlements with both federal and state authorities. This includes a settlement for \$1.7 billion in the early 2000s that resolved multiple criminal counts and civil fraud allegations⁵ – at the time the largest health care fraud in U.S.

¹ HCA Fourth Quarter 2021 Financial Results, p. 8. Accessible at https://s23.q4cdn.com/949900249/files/doc_financials/2021/q4/PR_HCA-Healthcare-Reports-4Q-2021-Results.pdf

² *Id.* at 10.

³ *Id.* at 2.

⁴ Service Employees International Union, "HCA: Higher Healthcare Costs for America," January 2022, p. 9. Accessible at <https://hcvamerica.org/stopfraud/>. (hereinafter SEIU)

⁵ US Department of Justice Press Release, "Largest Health Care Fraud Case in U.S. History Settled: HCA Investigation Nets Record Total of \$1.7 Billion," June 26, 2003. Accessible at https://www.justice.gov/archive/opa/pr/2003/June/03_civ_386.htm

history – as well as other health fraud settlements involving HCA in subsequent years.⁶ There have also been allegations that HCA sets corporate admission targets and threatens retaliation against staff if those targets are not met.⁷ The report further finds that HCA’s long-standing joint venture with the physician staffing firm EmCare (a subsidiary of the private-equity-owned Envision Healthcare) may play an essential role in the setting and/or implementation of these admissions targets.⁸ (According to the American Academy of Emergency Medicine, HCA’s joint venture with EmCare provides emergency physician staffing in “virtually all” of HCA’s hospitals.⁹) The report also notes that this practice may not be limited to Medicare patients, likely extending to a larger universe of commercially insured and Medicaid patients too.¹⁰

Additionally, there is academic research currently under peer review that supports the analysis that Medicare patients are more likely to be admitted from the emergency department at for-profit hospitals than at non-profit hospitals and specifically identifies HCA facilities in Florida as admitting more patients than would be expected given patient diagnosis and other factors.¹¹ Separate academic research recently published in JAMA Health Forum also found that investor ownership of hospitals is associated with higher levels of overutilization of health care services.¹²

Improper hospital admissions can have cascading effects on patients and workers. Unnecessary admissions expose patients to unnecessary treatments. This creates an added potential risk of complications and the possibility of new infections for patients. Improper admissions also put additional burdens on hospital workers who are often already overstretched – especially in HCA hospitals given that HCA’s average staffing levels trail the national average by 30 percent.¹³ There are numerous documented situations involving concerns about quality issues in HCA-owned hospitals associated with these low staffing levels. Notably, this includes preventable patient deaths,¹⁴ infection control breakdowns,¹⁵ and at least one hospital being

⁶ SEIU, p. 4.

⁷ *Id.* at 22-27.

⁸ *Id.* at 20-22.

⁹ American Academy of Emergency Medicine, “Synopsis of Joint Ventures between Hospital Networks and Emergency Department Contract Management Groups,” p. 1.

¹⁰ SEIU, p. 41.

¹¹ Howard and David, “Hospital Ownership and Managerial Influence over Treatment Decisions: The Case of Admissions from the Emergency Department.” Accessible at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3964725.

¹² Segal, et al., “Factors Associated With Overuse of Health Care Within US Health Systems,” *JAMA Health Forum*. 2022;3(1):e214543. doi:10.1001/jamahealthforum.2021.4543. Accessible at <https://jamanetwork.com/journals/jama-health-forum/fullarticle/2788097>

¹³ SEIU, p. 34.

¹⁴ Meg Wingerter. August 31, 2020. “Low Staffing at HealthOne Hospitals in Metro Denver Contributed to Patient Death, Preventable Harm.” Denver Post. Accessible at <https://www.denverpost.com/2020/08/31/healthone-hca-hospitals-low-staffing-levels/> ; CMS 2567 Statement of Deficiency, Northside Hospital, April 16, 2021. Event ID F9X411.

¹⁵ CMS 2567 Statement of Deficiency, Medical City Plano, September 11, 2019. Event ID 9AUB11.

threatened with termination from the Medicare program.¹⁶ These impacts on patients and workers were compounded during the COVID-19 public health emergency with disastrous results for many of them.

As Congress is responsible for overseeing the Medicare program, and considering our concern for patient safety and the health care workforce, I write to request the following information by September 27, 2022:

1. Descriptions of all incentives for physicians practicing in HCA's facilities relating to the admission or referrals of inpatients, including value-based measures. This includes policies and procedures regarding potential termination from employment or loss of admitting privileges. Please include responses, and note where appropriate, for physicians directly employed by HCA, a subsidiary, or a third-party contract management group and for independent physician members of a hospital's medical staff.
2. A description of all data collected related to physician performance, including, but not limited to, the volume or value of referrals or admissions and value-based measures. Please include, and note where appropriate, data for physicians directly employed by HCA, a subsidiary, or a third-party contract management group and for independent physician members of a hospital's medical staff.
3. A description of the company's internal audit or other review processes used to ensure that care provided in HCA's facilities is medically necessary and that the Medicare program is not being billed for unnecessary services. This description should include the scope and frequency of reviews, and it should identify the HCA official who is responsible for overseeing these reviews. It should also include any memorandum describing specific compliance failures. Further, it should identify any external entities – whether public-sector or private-sector – that review the findings of these internal efforts.
4. Regarding staffing in HCA's facilities, please provide the following materials and documents sufficient to show these items:
 - a. A description of how the number of physicians, nurses, and other staff needed to provide medically necessary care to patients is determined.
 - b. A description of any role that financial metrics or financial targets play in the setting of staffing levels.
 - c. A description of the extent to which the cost of employees' salaries, wages, and benefits factor into the determination of bonus compensation for corporate, regional, and hospital executives, and please describe how that compares with the role of other cost centers considered in that determination.

¹⁶ Candice Nguyen, Michael Bott and Mark Villarreal. August 17, 2021 (Updated September 23, 2021). "Good Samaritan Hospital Leadership Blasted in Medicare Agency Report." NBC Bay Area. Accessible at <https://www.nbcbayarea.com/investigations/good-samaritan-hospital-leadership-blasted-in-medicare-agencyreport/2633470/>.

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- d. A description of whether decisions about how many and which employees are assigned for shifts are made at the hospital department level, hospital level, regional level, or corporate level.
- e. A description of which measures of staffing are monitored by HCA corporate staff.

Thank you for your prompt attention to this critical matter.

Sincerely,

A handwritten signature in blue ink that reads "Bill Pascrell Jr". The signature is written in a cursive, flowing style.

Bill Pascrell, Jr., *Chair*
Subcommittee on Oversight