

# SEIU HEALTHCARE DIVISION

## INVESTOR ALERT

### HCA HEALTHCARE INVESTORS SHOULD BE AWARE OF STAFFING RISKS

HCA Healthcare's ("HCA's" or the "Company's") model of significantly understaffing its hospitals creates both investment and reputational risks for the Company's investors. [Our analysis](#) shows that HCA's staffing levels are typically 30% lower than the national average and reflects an intentional corporate strategy that long predates the COVID pandemic. Although on the surface this strategy might appear to save HCA money each year, our extensive review of hospital inspection reports and lawsuits show that HCA's short-staffing strategy is dangerous and shortsighted as it overstretches workers and jeopardizes patient care. These avoidable patient care failures in turn can create significant legal, regulatory, reputational and financial risks for HCA and its investors. Short-staffing is also unsustainable as it leads to worker burnout and turnover which is especially costly given the healthcare worker shortage<sup>1</sup>. Recent research estimates that each percent of RN turnover costs the average hospital an additional \$380,600 a year<sup>2</sup>. With over 180 hospitals<sup>3</sup> and a high level of worker burnout due to low staffing, HCA's turnover costs can compound quickly and threaten HCA's bottom line.

#### **HCA's Low staffing is Jeopardizing Patient Care**

In January, [NBC News](#) investigated the impact HCA's low staffing has on patient care. North Carolina's state Treasurer, Dale Folwell, the largest purchaser of healthcare in his state,<sup>4</sup> told NBC that "HCA is constantly putting profits over patients" and that his constituents are constantly talking about how the quality of care at Mission Health hospitals has declined since the system was acquired by HCA several years ago. Sue Fischer, a register nurse of 17 years, has been at Mission Health (HCA's North Carolina operations) since before the acquisition by HCA in 2019. She told NBC News that patient-to-staff ratios rose and ancillary staff disappeared shortly after the takeover, which caused patient care to suffer.<sup>5</sup>

---

<sup>1</sup> Steven Ross Johnson, "Staff Shortages Choking U.S. Health Care System", U.S. News July 28, 2022  
<https://www.usnews.com/news/health-news/articles/2022-07-28/staff-shortages-choking-u-s-health-care-system>

<sup>2</sup> 2023 NSI National Health Care Retention & RN Staffing Report. NSI Nursing Solutions, Inc.  
[https://www.nsinursingsolutions.com/Documents/Library/NSI\\_National\\_Health\\_Care\\_Retention\\_Report.pdf](https://www.nsinursingsolutions.com/Documents/Library/NSI_National_Health_Care_Retention_Report.pdf), p. 1.

<sup>3</sup> <https://hcahealthcare.com/about/>

<sup>4</sup> Video: NBC Nightly News with Lester Holt, "HCA Healthcare Low Staffing levels accused of endangering patients", time stamp (0:33)  
<https://www.nbcnews.com/health/health-news/workers-us-hospital-giant-hca-say-puts-profits-patient-care-rcna64122>

<sup>5</sup> Gretchen Morgenson, Natalie Jimenez Peel and Cynthia McFadden, "Some workers at U.S. hospital giant HCA say it puts profits above patient care," NBC News, Jan. 12, 2023

In a recent piece by [The Guardian](#), Jody Domineck, a pediatric nurse for 18 years, explained what low staffing means at her HCA hospital in Nevada. “Working short-staffed means that one kid is having trouble breathing and one kid is in excruciating pain, and I have to decide where to go because there’s only one of me, which means somebody waits,” Domineck said. “It means that I’ve had to walk away from a mom that’s worried about her kid because I have to go check on the other patients because there’s not enough people to do both. It means that at the end of the day, I sit in my car and I cry because I did everything and I know it wasn’t enough for all of them, that our patients deserve more.”

Domineck’s and Fischer’s experiences are not unique. According to a January 2022 survey of over 1,500 frontline nurses and healthcare workers at HCA hospitals, nearly 80 percent reported witnessing patient care being jeopardized due to low staffing.<sup>6</sup>

Additionally, [a pattern of systemwide staffing-related quality](#) breakdowns at HCA hospitals can also be seen across a wide variety of quality of care data from CMS’s Care Compare website, hospital inspection reports and lawsuits. Based on CMS Star Ratings for quality of care, HCA quality performance overall is below the national average.<sup>7</sup> CMS’s quality data also shows higher death rates from pneumonia and higher readmission rates for certain conditions such as heart failure and pneumonia.<sup>8</sup> Countless hospital inspection reports and lawsuits document patterns of avoidable patient care failures and patient harm linked to low staffing levels such as missed nursing assessments, delays in patient treatment, patient falls, and other instances of the endangerment of patients.

HCA’s patient care failures in turn can create significant legal, regulatory, reputational and financial risks for the Company and its investors. For example, HCA’s staffing issues and patient care quality breakdowns were so egregious at HCA’s Good Samaritan Hospital (San Jose, CA) in 2021 that [CMS threatened to stop Medicare payments to HCA’s hospital](#) which would have most likely lead to the closure of the facility. According to NBC Bay Area’s Investigative Unit, “federal health regulators blasted Good Samaritan Hospital management for failing to address ‘serious, systemic, and recurring issues’ that put numerous patients in harm’s way.” Among the CMS’s findings, the hospital’s nurse-to-patient staffing ratio did not comply with state requirements.<sup>9</sup> Ultimately, Good Samaritan was able to resolve the

---

<https://www.nbcnews.com/health/health-news/workers-us-hospital-giant-hca-say-puts-profits-patient-care-rcna64122>

6

<https://seiu.org/2022/01/new-national-survey-of-nurses-and-healthcare-workers-at-hca-hospitals-sounds-alarm-bells-nearly-80-percent-of-respondents-report-short-staffing-is-jeopardizing-patient-care-at-americas-largest-for-profit-hospital-corporation>

<sup>7</sup> “Care Crisis: How Low Staffing Contributes to patient care Failures at HCA Hospitals”, SEIU, p.26

[https://hcavsamerica.org/wp-content/uploads/2023/01/SEIU\\_StaffingPaper\\_R8.pdf](https://hcavsamerica.org/wp-content/uploads/2023/01/SEIU_StaffingPaper_R8.pdf)

<sup>8</sup> “Care Crisis: How Low Staffing Contributes to patient care Failures at HCA Hospitals”, SEIU, p.27

[https://hcavsamerica.org/wp-content/uploads/2023/01/SEIU\\_StaffingPaper\\_R8.pdf](https://hcavsamerica.org/wp-content/uploads/2023/01/SEIU_StaffingPaper_R8.pdf)

<sup>9</sup> Gretchen Morgenson, Natalie Jimenez Peel and Cynthia McFadden, “Some workers at U.S. hospital giant HCA say it puts profits above patient care,” NBC News, Jan. 12, 2023

<https://www.nbcnews.com/health/health-news/workers-us-hospital-giant-hca-say-puts-profits-patient-care-rcna64122>

violation and keep its Medicare funding.<sup>10</sup> However, investors should still be wary that this could happen elsewhere given HCA's 30% lower than average staffing and systemwide patient quality breakdowns.

### **HCA's Short-staffing is Linked to Costly Worker Turnover**

HCA's short-staffing model also leads to worker burnout and high staff turnover. According to a survey of HCA workers in Florida, 47% of those surveyed were considering leaving their job due to feeling underpaid, undervalued, understaffed and unsafe.<sup>11</sup>

Michelle Harvey, a surgical tech at HCA's Del Sol Medical Center in Texas, described the conditions that are leading to worker turnover in her facility. "People are leaving HCA because they believe their licenses are at risk due to under-staffing. The possibility of patient care failures due to short-staffing is a constant concern for us. We often don't get adequate breaks. We regularly miss lunch breaks. We might have just a couple of 10-minute breaks during a 12-hour shift. Those of us who stay feel like we are pushed to the breaking point by short-staffing. When we are short-staffed, we don't get relieved at the end of our shift, even if we've been working 12 hours – we are just left in the room. No one comes to ask or inform us. I believe the longest shift I have worked at Del Sol was 26 hours straight."<sup>12</sup>

Erika Watanabe, a certified surgical technician at an HCA hospital in Las Vegas, described similar conditions at her facility. "We're so short-staffed in the operating room and throughout the entire hospital that workers are severely burned out. Because of short-staffing, I've sometimes been forced to work 19 hours straight and have been called in on multiple weekends. There are patient care techs getting 18 patients per shift. That is just not fair to workers or the patients we're caring for."<sup>13</sup>

Academic research validates much of what has been expressed by HCA workers. Nurse burnout is associated with hospital staffing levels: "An increase of one patient per RN ratio was associated with a 7% increase in the odds of burnout."<sup>14</sup> Other researchers found "that an increased patient–nurse ratio would induce nurses' intention to leave their job. This effect was mainly mediated by personal burnout, client-related burnout, and job dissatisfaction."<sup>15</sup>

### **Employee turnover is extremely costly and threatens HCA's bottom line**

---

<sup>10</sup> Candice Nguyen, Michael Bott and Michael Horn, "Good Samaritan Hospital Corrects Violations, Won't Lose Medicare Agreement", NBC Bay Area, November 30, 2021, <https://www.nbcbayarea.com/investigations/good-samaritan-hospital-corrects-violations-wont-lose-medicare-agreement/2744582/>

<sup>11</sup> "Care Crisis: How Low Staffing Contributes to patient care Failures at HCA Hospitals", SEIU, p.15 [https://hcavsamerica.org/wp-content/uploads/2023/01/SEIU\\_StaffingPaper\\_R8.pdf](https://hcavsamerica.org/wp-content/uploads/2023/01/SEIU_StaffingPaper_R8.pdf)

<sup>12</sup> "Care Crisis: How Low Staffing Contributes to patient care Failures at HCA Hospitals", SEIU, p.5 [https://hcavsamerica.org/wp-content/uploads/2023/01/SEIU\\_StaffingPaper\\_R8.pdf](https://hcavsamerica.org/wp-content/uploads/2023/01/SEIU_StaffingPaper_R8.pdf)

<sup>13</sup> "'Patient care crisis' in HCA Healthcare Hospitals causing 'grueling burnout' among workers, report says", KTNV, Jan 13, 2023 <https://www.ktnv.com/news/report-reveals-care-crisis-in-hca-healthcare-hospitals-due-to-low-staffing>

<sup>14</sup> Shin S, Park JH, Bae SH. Nurse staffing and nurse outcomes: A systematic review and meta-analysis. Nurs Outlook. 2018 May-Jun;66(3):273-282. doi: 10.1016/j.outlook.2017.12.002. Epub 2018 Feb 26. PMID: 29685321. PDF source, p. 11.

<sup>15</sup> Chen YC, Guo YL, Chin WS, Cheng NY, Ho JJ, Shiao JS. Patient-Nurse Ratio is Related to Nurses' Intention to Leave Their Job through Mediating Factors of Burnout and Job Dissatisfaction. Int J Environ Res Public Health. 2019 Nov 29;16(23):4801. doi: 10.3390/ijerph16234801. PMID: 31795420; PMCID: PMC6926757. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6926757/>

Employee turnover in the healthcare industry is especially costly. As HCA CFO Bill Rutherford said in 2019, “if you find yourself in a period of turnover, you have to use contract labor.”<sup>16</sup> The higher utilization of contract labor leads to rising labor costs since “contract labor costs generally of a nurse is about twice the rate of a permanent nurse,” according to former HCA CEO R. Milton Johnson.<sup>17</sup> The cost of contract/travel nurses has only increased during the COVID-19 pandemic and the associated shortage in nursing labor. In Fall 2021, HCA CFO Bill Rutherford mentioned that for contract/travel labor “cost per hour... more than doubled on us in some cases....”<sup>18</sup> The 2023 NSI National Health Care Retention & RN Staffing Report estimated that the average hourly rate for a travel nurse in 2022 was \$127.12 per hour, compared to the average permanent RN hourly rate of \$51.66 (including 26% to account for benefits costs).<sup>19</sup> Additionally, each percent of RN turnover costs the average hospital an additional \$380,600 a year<sup>20</sup> which can be extremely expensive given that HCA has over 180 hospitals.<sup>21</sup>

**Please consult your investment advisors about the risks contained in this document.**

---

<sup>16</sup> Conference Presentation. HCA Presents at Stephens Nashville Investment Conference. November 14, 2019. p. 7.

<sup>17</sup> Conference Presentation. HCA Presents at Credit Suisse 24th Annual Healthcare Conference. November 11, 2015. p. 9.

<sup>18</sup> Conference Presentation. HCA Presents at 3rd Annual Wolfe Research Virtual Healthcare Conference 2021. November 18, 2021. p. 9.

<sup>19</sup> 2023 NSI National Health Care Retention & RN Staffing Report. NSI Nursing Solutions, Inc. [https://www.nsinursingsolutions.com/Documents/Library/NSI\\_National\\_Health\\_Care\\_Retention\\_Report.pdf](https://www.nsinursingsolutions.com/Documents/Library/NSI_National_Health_Care_Retention_Report.pdf), p. a.

<sup>20</sup> 2023 NSI National Health Care Retention & RN Staffing Report. NSI Nursing Solutions, Inc. [https://www.nsinursingsolutions.com/Documents/Library/NSI\\_National\\_Health\\_Care\\_Retention\\_Report.pdf](https://www.nsinursingsolutions.com/Documents/Library/NSI_National_Health_Care_Retention_Report.pdf), p. 1.

<sup>21</sup> <https://hcahealthcare.com/about/>