ing—so that, effectively, the HMOs and giant hospital chains could dictate what the standards are for medical licensing. It also recommended that medical staff—doctors and nurses—could be reduced by 20-25% in the future.

In February 1995, the American Nurses Association released a survey of its nurses on the effect of hospital downsizing and nurse firings. The ANA noted that 79% of nurses reported that hospital cutbacks were causing a severe reduction in the quality of patient care, and 20% of nurses reported an increase in the number of errors involving patient falls, fractures, and deaths as a result of staff reductions and subsequent overloading of remaining nurses.

Nurses are fighting these conditions through their union contracts—trying to specify staffing and workload responsibilities—by going to court, by demonstrating, and through public education. Last year, 35,000 nurses marched in the nation's capital to protest. Yet, no action by a single group can redress the situation; a national fight is required. The axioms of managed care and a decent nationwide health system cannot co-exist.

Profile of a public health asset-stripper

The largest U.S. operator of for-profit hospitals, Columbia/HCA Corp., is the result of the February 1994 merger of Columbia Hospital Corp. with Hospital Corp. of America (HCA).

Columbia was founded in 1987, when Dallas lawyer Richard Scott and Ft. Worth moneybags Richard Rainwater, the brains behind the Bass family fortune, bought two hospitals in El Paso for $60 million. After gaining the trust of the doctors and staff by making much-needed repairs, they sold 40% to the doctors, so that the doctors would have a financial incentive to maximize profits and minimize costs. Since then, Columbia has been investigated a number of times by state regulators around the country, for "cream skimming," that is, Columbia doctors admit only patients with treatable conditions, and who are able to pay, turning away the indigent and people requiring expensive care.

In 1993, Columbia merged with Galen Health Care, which operated 73 hospitals; Galen was the result of the split-up of Humana Corp., into the group of hospitals under Galen (and eventually bought by Columbia/HCA), and the group of HMOs which retained the Humana name. Besides hospitals, Columbia specialized in offering rehabilitation, out-patient, and home health services.

HCA was founded in 1968, when Thomas Frist; his son, now U.S. Sen. Thomas Frist, Jr. (R-Tenn.); and Jack Massey, the founder of Kentucky Fried Chicken Corp., purchased a hospital in Nashville, Tennessee. By 1973, HCA had 50 hospitals, and by 1983, it owned 376 hospitals in the United States and seven foreign countries. In the late 1980s, the Frists began to sell off hospitals to raise cash, and in 1989, they took the firm private in a $5.1 billion leveraged buy-out. The massive debt incurred required an acceleration of asset sales, leading to the 1994 merger with Columbia, in a stock swap valued at $5.7 billion.

Columbia/HCA Corp. now owns over 340 hospitals, 130 surgery centers, and 200 home health agencies in 36 states and Europe. One of the largest shareholders is Senator Frist.

Columbia/HCA's strategy, according to ValueLine, is to grow by buying more and more hospitals, "to build a provider network capable of serving such health care purchasers as HMOs and large employers." However, this leaves out a key part of Columbia/HCA's strategy, which is to "rationalize" health care by buying most of the hospitals in a community, then shutting some of them down, and forcing business to increase at the remaining hospitals. The company aggressively markets its services at bargain prices to HMOs and other health care "bulk buyers." Indeed, one of the things Wall Street finds most exciting about Columbia/HCA, is that "same-store revenues" of the company's hospitals are rising, with admissions in the first half of this year up 3%, while admissions nationwide were falling. Standard & Poors' in September 1983 reported that Rainwater calls this the "WalMart approach to health care."

By the end of 1994, Columbia/HCA had 42,357 beds, with an occupancy rate of 44%, and an average stay of 5.7 days. In 1995, Columbia/HCA acquired HealthTrust, Inc., and its 119 hospitals, for $3.6 billion. So far this year, Columbia/HCA has acquired another 26 hospitals.

Revenues in 1995 were $17.695 billion, with profits of $961 million, giving a "healthy" margin of 5.4% profit derived from unhealthy people. Forty percent of the revenue comes from non-hospital care.

Columbia/HCA now seems to be eyeing a direct entry into the managed care field, with a proposed acquisition of Blue Cross & Blue Shield of Ohio.

According to a *Wall Street Journal* article on Oct. 14, investors are beginning to worry about "Columbia/HCA's desire to buy more bricks and mortar," because "America has too many hospitals." Wall Street is also worried that the stupendous growth rates of the past few years can no longer be sustained, because Columbia/HCA has "already taken over every one in sight."—*Anthony K. Wikrent*