



Governor Scott Looks at Privatizing Florida Public Hospitals

Rick Scott, the new governor of Florida, is wasting little time in looking for constitutional and market-oriented ways of reducing the cost of health care. Scott was an executive over corporate hospitals before his current job as the state chief executive of Florida. He has real life experience in healthcare. Governor Scott has ordered a study to be completed before the end of the year analyzing the wisdom of turning public hospitals into private hospitals.



“It is the intent of this administration to develop a more rational approach to compensating hospitals,” Scott said in his order creating study. He also asked the study to include the best methods for converting government hospitals to private ownership. Scott wants certain areas, specifically, reviewed. He wants the panel to see if government-run hospitals pay friendly doctors inflated contracts to get business, whether they use taxes to compete unfairly with the private sector, and whether they waste money from the hundreds of millions in taxes they collect to subsidize the treatment of those who can’t pay.

Advisors close to Governor Scott are confident that the review processes are real. Alan Levine, who was in charge of Scott’s health care transition team, is on record as supporting the idea of ending much of the state hospital system. Levine is Senior Vice President of Health Management Associates, a hospital chain in Florida. Levine said: “I think the governor’s approach is, ‘Let’s study this and go where the data takes us.’ I don’t think he has a predetermined decision. He’s trying to create a deliberative process. I think what he’s trying to do is get information.” The governor has also called upon Chairman Dominic Calabro, President of Florida Tax Watch, a state government watchdog, to help in the review process.

Governor Scott has a specific list of issues he would like addressed by the panel, among them determining if public hospitals efficiently spend tax dollars. He said he sees “little correlation” between the amounts received and the number of non-paying patients treated. He seeks to ascertain: (1) If costs are higher at public hospitals than the private sector; (2) If the quality of medical care is better at public or private hospitals; (3) If the private sector has developed ways to take care of low-income patients without public hospitals; (4) If public hospitals have good oversight from board members; and (5) If public hospitals overpay doctors as a way to take business from the private sector. Scott noted that there was “significant variation” in state Medicaid reimbursements among different



Written by [Bruce Walker](#) on March 25, 2011

hospitals for the same treatments. Scott's plans are already being obliquely critiqued. The bureaucrats who run the government-owned hospitals say they welcome the review, but they warn that is a mistake to think the private hospitals could take over all hospital care in Florida. Anthony Carvalho, President of the Safety Net Hospital Alliance, an organization which represents government and teaching hospitals, said: "We have to prove our value to the local communities every year. I'm not going to put this study in the worry category. I'm sure the hospitals working with the commission will have their day in court and prove their value."

Frank Nask is Chief Executive of the North Broward Hospital District. Nask says that he has not taken a position on the governor's proposal, but Nask also believes that there are many differences in how public hospitals work in Florida, which operate according to local needs, and private hospitals. Nask feels that it is impossible to find a single answer whether the private sector would work better everywhere. "I don't think that would be a good idea," Nask said about the wisdom of doing away with government hospitals, and he added: "If you've seen one system, you've seen one. Every community is different."

Bruce Reuben, President of the Florida Hospital Association, talks much like Nask: "Talking about that [replacing public hospitals with private hospitals] and doing it are two very different things. It's not up to the governor, it's up to the local community if they want a public hospital. We'll see how this plays out."

Governor Scott has much more knowledge about the health care industry than most government chief executives. He has worked in the industry successfully for years as an executive. Scott also recognizes that health care is an area of the national economy that is going to continue to grow. If this vast, growing part of our economy is in the hands of private companies and charitable organizations, then the traditional American approach of letting free enterprise and private giving solve our problems will be able to flourish. If government continues to encroach in the area of health care, then our lives will increasingly be in the hands of government bureaucrats, who have never been known for efficiency or frugality.

Scott also ran as a candidate that many establishment pundits thought could not win his race. Scott embraced market oriented, free enterprise solutions to government problems. Like Governor Christie in New Jersey with public employees unions, like Governor Walker in Wisconsin with public school teachers, like Governor Brewer in Arizona, who promised to stand firm against illegal immigration, Governor Scott is advancing his policy agenda.



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