

A VOICE FOR PROFESSIONALS

Why IAM Opposes Sanford-Fairview Merger Plans:

Corporate Healthcare Mergers Come at a Cost to Patients & Workers

IAM Healthcare and our parent union, the International Association of Machinists and Aerospace Workers, AFL-CIO, oppose the proposed merger between South Dakota-based Sanford Health and Minnesota-based M Health Fairview. IAM represents more than 10,000 healthcare workers across the U.S. and Canada, including employees within the Sanford Health system. We are committed to working with healthcare companies to ensure they provide the best patient care and working conditions, but too often they fall short by putting corporate interests ahead of our communities. Despite the nonprofit status of these companies, Sanford Health provides a compensation package of \$3.3 million to its CEO and M Health Fairview spends less than 1% of its revenue on charity care.

Sanford has a track-record of post-merger cuts and layoffs

- After merging with Good Samaritan Society in 2018, Sanford closed multiple nursing homes (at least nine were closed from November 2021 to June 2022—more than one home a month).
- After closing a nursing home in Mott, N.D., Sanford restricted future owners of the building from providing healthcare services—depriving the rural area of its only senior living facility. [Dickinson Press, May 2022]
- Nurses at a now-closed North Dakota nursing home “said they noticed immediate changes after Sanford took over the facility in 2019 — including swift cuts to funding and cleanliness issues following cuts to housekeeping staff” [Dickinson Press, May 2022]

Sanford announced major layoffs in October 2022:

CEO Bill Gassen announced the company will lay off an undetermined amount of employees systemwide, though the company claims that they will “not adversely impact patient or resident care in any way.” [Dakota News Now, October 2022]

The Kaiser Family Foundation found that health consolidation had negative impacts on patients

- One analysis found that prices at hospitals acquired by out-of-market hospital systems increase by about 17% more than unacquired, stand-alone hospitals”
- “A large body of research show[s] that health care provider consolidation tends to raise prices without clear indications of quality improvements.”

Healthcare consolidation is bad for healthcare workers

- Studies show that mergers “reduce wage growth for workers like nurses and skilled workers, or those in administrative positions, according to a report in the American Economic Review.” The study found that “nurses and pharmacy workers wages were 6.8% lower and skilled worker wages were 4% lower than they would have been absent the merger.” [Healthcare Dive, March 2021]
- The Washington Center for Equitable Growth found that hospital mergers create “wage growth slowdowns” for nurses and non-health professionals in the system, but that “markets with strong labor unions” combat this effect. [Washington Center for Equitable Growth, Feb 2019]