

June 23, 2009

Ex-HCA boss Rick Scott rankles critics in health fight

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THE TENNESSEAN

RX FOR CHANGE: An Occasional Series

Rick Scott was ousted as the chief executive of Nashville-based Columbia/HCA more than a decade ago, but his name still draws a sharp response.

"That guy has no credibility," said Len Walker, host of a recent Nashville "house party" that was put together by Organizing for America, a group drawn from President Barack Obama's presidential campaign e-mail lists to develop grassroots support for his policies.

Scott is getting a lot of buzz these days — striking a nerve locally and nationally — as he has emerged as a spokesman for a group fighting government-run health care in the reform efforts being debated in Congress.

"For him to take this sort of a preachy road with regards to what's good for health care is somewhat ironic when in his company — whether he knew it or not — there was this massive fraud going on against Medicare," said Peter Chatfield, a Washington, D.C., attorney who represented whistleblowers in the False Claims Act case that Columbia/HCA paid \$1.7 billion to settle.

But while critics cite Scott's past as a reason not to take him seriously, others say that his vast knowledge of the health-care system makes him more qualified than most people to weigh in on the debate.

"People don't understand the facts — the fact is not only was he never accused of a crime, there wasn't a single person in the entire organization that was ever even convicted of a crime," said Josh Nemzoff, a consultant in New Hope, Pa., who worked on deals with Scott while he was at Columbia/HCA.

Ads warn of flaws

In television spots produced by the group Conservatives for Patients' Rights, Scott warns about flaws with "government-run" health-care systems in countries such as Canada and the United Kingdom. He has personally put \$5 million into the group, which is spending \$1.2 million on a nationwide advertising campaign to promote free-market health reforms. Scott declined to be interviewed for this article.

One spot, titled "Bulldozer," portrays Democratic reform plans as a hulking yellow bulldozer aimed at eliminating choices and driving private insurance companies out of business. "It's not too late to protect your health-care choices. Tell Congress to say no to a government-run plan," Scott concludes the spot, offering a number for people to call their representatives.

The campaign is directed by CRC Public Relations, the same group that produced the Swiftboat ads against former Democratic presidential candidate John Kerry, and the "Harry and Louise" ads that played a key role in derailing the Hillary Clinton-led health-care reform push in the 1990s.

Madison Powers, director of the Kennedy Institute of Ethics at Georgetown University in Washington,

D.C., doesn't consider efforts by Scott's group as being significant in discussions on reform. "It's not like he's doing anything terribly original and resource intensive and anything that a 1,001 industry groups aren't already doing or saying," he said.

But organizations such as the libertarian Cato Institute and conservative Heritage Foundation, view his voice as needed to counterbalance efforts by liberal groups such as MoveOn.org.

Michael F. Cannon, director of health policy studies at Cato, said that the left has always been more organized than conservatives on changing the health-care system. Like Powers, he expects most of the money to fight the president's reform push to come from health-care industry groups, though Obama's strategy has included bringing them to the table.

Stuart Butler, vice president of domestic and economic policy at the Heritage Foundation, said that Scott's message is important in highlighting tradeoffs countries such as the United Kingdom have made in adopting health-care systems more controlled by governments.

"You don't have to pay for health care when you get it, but you do have to pay in terms of taxes," he said. "When something is free at the point of consumption, the government regulates the services that you get. They use things like waiting times or they don't allow you to see your specialist. It's important in America that people at least understand that."

But Dr. Deborah Peel, chairwoman of Patient Privacy Rights, which represents patients and consumers, said that while Scott bills himself as being for patients' rights his interests appear to be more aligned with the health-care industry's. "It's really hard to take seriously whatever someone from industry would recommend, because they're conflicted," she said. "They say they're for choice, but what they really mean is the status quo. They're not listening to the people. The first thing Americans want is access to affordable health care. The second thing is they don't want their health-care records to be used to harm them."

Scott defended record

Scott runs a private investment firm with stakes in companies including a Florida-based chain of urgent care clinics. In a recent interview with Fox News, Scott defended his track record with the company that later was renamed HCA. Suggesting that he was never accused of doing anything wrong, Scott said many other companies including well-known nonprofit and teaching hospitals ended up paying similar fines after the federal government began more intensive investigations of the health-care industry dating back to 1995.

The board ousted Scott in 1997 and replaced him with HCA co-founder Dr. Tommy Frist Jr., saying that the company could have been put at risk by the government if the board hadn't taken that action. In 2000, the company pleaded guilty to charges of overbilling federal and state health programs and ultimately paid \$1.7 billion in fines to settle the matter.

Scott's bold style was credited for rapid growth at Columbia/HCA under his watch, but some observers said the company's quick rise and his brassy style probably played a part in his eventual fall as a Wall Street golden boy.

Attorney Chatfield cited an example of Scott's aggressiveness in a newsletter article at the time urging Columbia employees to do all they could to maximize profits, including taking free pens and papers when they visited conference rooms of business partners or getting the other party to pay for telephone calls. "It just shows the culture of being penny-pinching and money-grabbing," he said. "In a way, that's indicative of the culture that led to the fraud."

Veteran health-care executive Clayton McWhorter, who stepped down as chairman of Columbia/HCA's board the year before Scott was ousted but remained a director, recalled feeling like a grandfather who was treated politely but whose advice wasn't needed. "He had a feeling that health care had passed me by — that I was sort of old fashion," McWhorter said "He's a smart guy, but unfortunately the style and the culture he helped create didn't work."

Nemzoff, the hospital consultant, defends Scott's assertion that the federal probe involved questions about billing practices that went beyond Columbia/HCA. "The only reason that Rick Scott was asked to leave was that the board of HCA panicked and threw him under the bus literally weeks after the first accusations were made," Nemzoff said.

Locals aren't surprised

Some observers in Nashville's business community who crossed paths with Scott aren't surprised to see him in his current role speaking against government-run health care. "He's always had a fairly conservative political viewpoint and strong sense of the importance of private sector involvement in health care," said Chase Cole, an attorney with Waller, Lansden, Dortch & Davis, who represented underwriters of an initial public offering by a company for which Scott served as the counsel during the 1980s.

Walker, who hosted the health-care reform house party earlier this month, was working as a management analyst in California during the federal probe of HCA. But the Medicare beneficiary believes that Scott's background weakens his credibility. "They need to know that this is someone who doesn't have a spotless record regarding delivery of health care," she said.

Bart Victor, Cal Turner professor of moral leadership at Vanderbilt University's Owen Graduate School of Business, said that Scott is entitled to his opinion despite his past. "He simply has the right to speak and it's up to everyone to evaluate it — what's his credibility," Victor said. "In this debate, because it's so complicated, we need to help people understand what we say and why we say it, what interests we represent and what perspective we come from."

Additional Facts

