

Health care worker layoffs surge in Minnesota, Wisconsin and North Dakota

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On June 1, a column of at least 50 health care workers' cars honked horns and wound around the downtown Duluth, Minnesota, hospitals and clinic district, while others carried signs on sidewalks. Workers were protesting the loss of some 1,750 jobs since early March this year with the onset of the COVID-19 pandemic.

On May 21, Essentia Health, headquartered in Duluth, announced permanent layoffs of 900 persons across its network of clinics, hospitals, and long-term care facilities in Minnesota, Wisconsin and North Dakota, representing 6 percent of the company's workforce. The May announcement included 450 jobs wiped out in the Twin Ports communities of Superior, Wisconsin, and Duluth on the far western edge of Lake Superior.

According to the *Mesabi Daily News*, another 850 employees were placed on "administrative leave" to be called back to work "as needed," with benefits extended through July 31, if they had been employed by Essentia for over a year. Employees making \$76,000 annually were to receive two-week severance packages, while the rest were left to the fate of the CARES Act and unemployment checks estimated to total about \$600 week, if they ever receive them.

Eighty percent of the layoffs included "non-direct" care jobs, and 20 percent that were directly involved in the care of patients.

Essentia Health systems is Duluth's largest employer, and corporate spokesmen acknowledged what health professionals and workers and state health authorities have been warning for weeks, that with states reopening businesses, another surge of COVID-19 cases is on the immediate horizon.

There are about 6,000 Essentia workers in 38 Minnesota cities and rural communities, with a total of

14,500 across the system's northern three-state region, including facilities in Brainerd, Detroit Lakes, Hermantown, Two Harbors, Silver Bay, Pine River, Moorhead, International Falls, Ely and extending into the Iron Range mining country of Hibbing and Virginia.

"We are fighting back against Essentia," Fox News 21 of Duluth quoted Lucas Dietsche, an organizer of the demonstration. "They obviously don't recognize that Essentia is part of the word essential."

"It makes me want to cry. Essentia is one of the biggest employers in this area. We need them. We need our jobs," Lori Seymour said.

The president of the Local 9460 United Steel Workers (USW), Deanna Hughes, told a reporter, "Honestly it's pretty insulting that you are looking to lay off all these skilled, loyal, and dedicated workers. When the surge does hit it's going to make it harder for the members of our community to get access to quality health care because the staff won't be there."

The USW "represents" some 50,000 health care workers across the US, with about 300 members in Duluth.

In a revealing statement issued the day of the Duluth workers' rally, an Essentia Health spokesman said, "We have followed the proper protocol laid out in the union contracts with respect to our recent workforce reductions." The Minnesota Nurses Association (MNA), in a statement of bureaucratic indifference and dismissal of the need working class unity in the face of the jobs destruction, let it be known that "none of its members [were] affected."

The president of Essentia Health's East Market in Duluth, Jon Pryor, admitted in an interview with ABC, "You can't do surgery ... without people keeping the OR's [operating rooms] working ... and keeping it

clean and nutrition people giving sustenance and so forth.”

As of June 1, St. Louis County, the sixth most populated in Minnesota, which includes Duluth and its suburbs, had 118 confirmed COVID-19 cases and 14 deaths.

On May 22, the *Minneapolis/St. Paul Business Journal* reported that Essentia would save \$50 million annually with the job destruction, and cited figures from the *Minneapolis Star Tribune* indicating that Minnesota hospitals had lost more than \$3 billion in elective surgery revenue since the pandemic’s onset. The hundreds of millions provided by the federal CARES Act to 2,000 Minnesota hospitals and providers failed to come close to covering the torrent of losses experienced with the COVID-19 catastrophe. State residents continue to be reluctant to come to clinics and hospitals for acute and elective care for fear of being infected.

Health care employment constituted 27 percent of jobs in St. Louis County in 2019, according to the Minnesota Department of Employment and Economic Development, with employment in retail, hotels and resorts, and the food service industry comprising 22 percent of the workforce. Since March 15, over 24 percent of the county’s workforce have filed for unemployment, which as of late May totaled 24,966, according to Deed Data.

As of late May, 55 percent of the Twin Ports Essentia Health workforce had been laid off as part of plans by corporate management to restructure the company, partly with the greatly enhanced use of tele-care. The company has reported losses in revenue exceeding \$100 million, with more to come. The USW reports on its website that Essentia has received in excess of \$42 million in CARES stimulation monies, as well as \$3.1 million in outright grants. But, according to Centers for Disease Control and Prevention (CDC) data, Essentia received more than \$78 million in federal aid as of May 15.

Essentia Health has another very ill-timed elephantine project, especially in light of its present carnage of jobs. In September 2019, the company broke ground on the building of a new hospital in Duluth to be called Vision Northland, projected to cost \$800 million with completion originally slated for 2022-2023.

Essentia management has all but acknowledged the

burden of the loans derived from a substantial bond issue that include ruinous obligations and terms structured for severe penalties for either delays or missed payments. Doubtless the pandemic and the resulting nosedive of the Vision project this past winter have played a key role in the company’s cost shifting of its debt obligations onto the backs of 1,750 workers and their families in recent weeks. And this may be only the beginning of cutbacks.

The Minnesota Department of Health reported June 5 that 322,340 persons, or 5.7 percent of the state’s population of 5.64 million, had been tested for COVID-19, with 26,980 confirmed positives, and with 712 new cases and 33 deaths as of last week. Thus far, 2,890 health care workers have tested positive. Total deaths in Minnesota stand at 1,148, with an astonishing 922, or 80 percent, coming at long-term care facilities.

As of June 5, there were 478 persons in Minnesota hospitalized for COVID-19, of whom 220, or 46 percent, occupied intensive care unit beds.



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