

What's Crazy About Hospital Galas

By Michael Fine

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So it's hospital gala time again. You know the drill. Fancy invitation. Black tie optional event. A thousand people in a convention center or hotel ballroom. High powered committee on the invite, most of whom have nothing to do with planning the event itself, and sometimes bold-faced names who serve as honorary chairs, whatever that means. Adequate food. Too many self-congratulatory speeches. Music that varies from okay to not. (When I went to these twenty years ago out of loyalty because I was on the medical executive committee of a few of these hospitals, I got to see a friend who is a very good jazz pianist, and we'd hang out between sets. The only interesting part, for me.)

See and be seen. Now \$250-400 a night. They raise between a quarter million to over a million bucks from these extravaganzas and in theory the money goes to some very good causes – expanding a busy emergency room here, building adolescent psychiatry beds there, buying a surgery robot or gamma knife over there, whatever is the hot technology flavor of the moment.

The good news is that we see a thousand very good people giving their time and treasure to do what seems important for the community. The bad news, Toto, is who is behind the curtain.

Because hospitals, as important as they are, aren't what they seem. Most of us think of hospitals as the center of all life-saving, the place where people work tirelessly and selflessly to save the lives of others – and truth be told, that's what the people who work twelve hour shifts or eighty hour weeks actually do, incredible people, performing life-saving miracles day in and day out.

But hospitals have also become something else. Lacking any real public health infrastructure, hospitals have become the administrative center of all our health care

services, even though they are private organizations with almost no daily public oversight, although they run on public money,

And hospitals are businesses, big businesses, with thousands of employees. They compete in the marketplace with one another, and their job, at the end of the day, is to be successful as business enterprises, to maintain a solid bottom line, because, as you will always hear hospital and other so-called non-profit health care enterprises say, without margin, there is no mission.

Hospital CEOs and senior doctors and administrators make money, lots of money. How much? A couple of million dollars a year. In the tax filings for 2022, the most recent year available to me, I counted three people from two Rhode Island hospital systems who made more than a million dollars a year, one of whom made more than six million dollars in 2022 and one of who made more than two million, and thirteen people who made more than \$500,000. Now the leadership of those organizations has changed since 2022, so maybe, just maybe, salaries are smaller now. But I wouldn't be surprised if salaries grew, given the inflation we've seen since 2022.

What's going on here? Under the cover of doing good, lifesaving work, we've convinced ourselves that big salaries for non-profits are somehow justified, because we need executive talent to run complex organizations. What's happened is that we've let the desire for big money swamp the ethics of public service. Hospitals process a lot of money. So it's easy to extract a tiny percentage as big salaries, particularly when these organizations neither pay taxes nor spin off profits to investors. What's happened is that, instead of tax or profit, excess cash is siphoned off as big salaries. Health policy folks joke that hospitals aren't really non-profits. They just don't have to pay taxes on the profits they create.

If all those hospitals paid their senior executives say, just \$300,000 a year, they'd have the money that they raise in their galas three or four or five times over.

And that means all those well-meaning people forking over \$400 a plate are actually subsidizing big salaries.

That's why I stopped going to hospital galas—because I was able to do the math.

So let's have galas that raise money to support having more nurses and CNAs in hospitals, so patients get the care they need. Or more real people answering the telephone, and actually taking the time to listen, rather than reading off a script. Or better yet, let's have galas that raise money to build more primary care practices, and to help the practices we have hire community health workers, physical therapists, mental health workers and substance use disorder counselors. To build primary care residencies for doctors, nurse practitioners and PAs. And to create scholarships so that kids from all our communities

can go to health professional school for free but have an obligation to practice primary care in our communities. So we use donated money to build a health care system that matters, instead of perpetuating this expensive mess.

Hospital galas let the rich get richer while real health care withers on the vine. Talk about crazy.