CHARITY BETRAYED

LCMC and the Crisis of Health Care Affordability in New Orleans

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National Nurses Organizing Committee

National Nurses United

Summary

- New Orleans hospitals have pushed the average amount they charge for services to nearly five times their costs, as measured by the charge-to-cost ratio.
- LCMC Health has the highest average charge-to-cost ratio (CCR) in the New Orleans area, charging its patients $576 for every $100 in costs for services provided, for a CCR of 576 percent.
  - New Orleans area average CCR: 495 percent, or $495 in charges for every $100 in costs
  - Ochsner Health's New Orleans facilities average CCR: 408 percent, or $408 in charges for every $100 in costs
  - Louisiana state average CCR: 428 percent, or $428 in charges for every $100 in costs
- New Orleans has experienced a high level of market concentration over the last 10 years, with the top two systems now accounting for 98 percent of the hospital market.
- High levels of market consolidation have led to aggressive increases in hospital prices. The health insurance company United Healthcare has publicly accused LCMC of demanding a 40 percent price hike.
- LCMC's market share was 25 percent in the New Orleans area in 2015. At the time, its CCR was below the New Orleans average and Ochsner's area average.
- By 2024, LCMC controlled 57 percent of all short-term acute-care hospital beds, and had raised its CCR rate by more than 50 percent over the previous 10 years.
- Respondents to a 2025 survey of LCMC patients by Step Up Louisiana found that the company routinely failed to inform its patients about the availability of charity care or financial assistance.
- Respondents to a 2025 survey by Step Up Louisiana reported their medical bills were sent to out-of-state debt collectors.
- Respondents to a 2025 survey by Step Up Louisiana reported LCMC and its outsourced debt collectors have sent harassing letters and text messages to, and repeatedly called patients with medical debt. One respondent even reported that LCMC filed a lawsuit against them and began garnishing their wages.
- According to University Medical Center's (UMC's) IRS Form 990 filings, UMC used no funds for charity care in fiscal years 2017 through 2020 that were not offset by other revenue, meaning UMC's percent of total expenses for charity care was zero.
- LCMC's total cost of charity care only accounted for 0.82 percent of its total expenses, far below the national average of 2.6 percent.
- Since 2013, LCMC made over $800 million in net income (sometimes referred to as profit).
- Since 2013, LCMC has paid its executives more than double its total charity care costs.

Since 2013, LCMC made over $800 million in net income.

LCMC and the health care affordability crisis

Louisiana is an expensive place to seek health care relative to the rest of the United States. For years, it has consistently been listed near the top of the Forbes' rankings of the most expensive states for health care — it ranked second highest for health costs in 2022 and tenth highest in 2024.[1] According to data from the Medical Expenditure Panel Survey, workers in Louisiana with coverage through their employer pay the highest health insurance premiums in the nation for plus-one coverage, and the third highest for family health coverage.[2] In addition to paying higher costs for health care than most states, Louisiana has the third-lowest median household incomes relative to other states, indicating that the health cost burden for Louisiana residents is disproportionately higher than most other parts of the country.[3]

The outsized health cost burden borne by Louisianians has led to an explosion of medical debt in the state. Louisiana residents are saddled with around $1.9 billion in medical debt overall, and many are struggling to pay it off. The Consumer Financial Protection Bureau reports that Louisiana has the third-highest share in the nation of individuals who have medical debt in collections on their credit file, at 22 percent overall.[4]

A major factor pushing up health costs in Louisiana and elsewhere is the extremely high prices charged by hospitals.

In New Orleans, this problem has been compounded by extreme market concentration that has intensified with the expansion of two health systems in the area, creating a virtual duopoly in the hospital market. In fact, due to a recent wave of hospital consolidation, the two leading health systems, LCMC Health and Ochsner Health, together account for 98 percent of all short-term acute-care hospital beds in the greater New Orleans area.[5] This consolidation was cemented when HCA Healthcare sold Tulane University Medical Center, Tulane Lakeside Hospital, and Lakeview Regional Medical Center to LCMC Health in 2022. The merger was finalized over the objections of National Nurses United and the Federal Trade Commission, both of which warned the deal would lead to unacceptable levels of market power and ultimately higher health costs for the community. Unfortunately, time has proven these concerns all too justified.

Enhanced market power in New Orleans has created an opportunity for the hospital systems to raise their charges to extremely high levels without fear of competition. Hospitals in the New Orleans area are now charging on average nearly five times their total costs, as measured by the charge-to-cost ratio (CCR). The CCR metric, which is discussed more below, illustrates how pervasive extreme markups have become in New Orleans-area hospitals, and how they have increased dramatically as the hospital market has rapidly consolidated.

LCMC in particular has leveraged its market power to drive up its charges relative to its costs, and to demand excessive increases in its reimbursements from insurance companies. The system is now charging on average $576 for every $100 in costs, for a charge-to-cost ratio of 576 percent.

A major factor pushing up health costs in Louisiana and elsewhere is the extremely high prices charged by hospitals.

LCMC's aggressive attempts to raise prices have led to pushback from commercial insurers. Most recently, United Healthcare has accused LCMC of demanding a 40 percent increase in prices. United Healthcare is balking at this excessive price increase, stating that "LCMC's proposal would significantly drive up premiums and out-of-pocket costs for Louisiana families and employers." If United Healthcare refuses to agree to LCMC's price hikes, its members will be pushed out of network at LCMC hospitals, creating an even greater financial burden for those in need of medical treatment.[6]

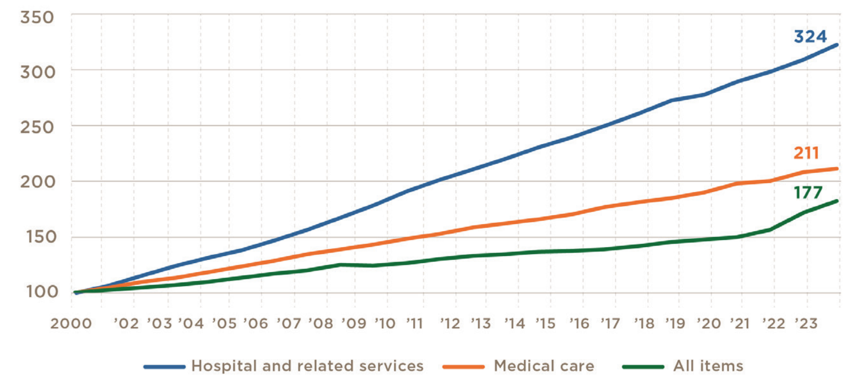
At the same time that LCMC has driven up costs for health care in New Orleans through its aggressive pricing strategy, it has pulled back from its mission to uphold the legacy of the old Charity Hospital. Despite of making hundreds of millions in profits, paying out tens of millions to its executives, and receiving enormous tax benefits through its not-for-profit status, LCMC refused to seriously engage in the City's Medical Debt Forgiveness Program. At University Medical Center (UMC), it has reduced its charity expenses to zero, and on average has a low charity care expense rate at the rest of its hospitals. In addition, patient surveys report that the system is employing aggressive collections tactics and may not be routinely informing patients of the availability of financial assistance.

New Orleans is facing a growing health care affordability crisis, which is only likely to get worse. LCMC, and all the hospitals of New Orleans, should be working with community members and health care workers to build a more equitable and affordable health system. For LCMC, that will require a new direction, one not focused on maximizing profits at the expense of patients and the community.

Hospital prices — national trend

Health costs in Louisiana, and around the country, are significantly impacted by the continual increase in prices charged by hospitals. According to data from the Consumer Price Index (CPI), shown in Figure 1, hospital prices nationally have tripled since 2000, far outpacing price increases for medical care in general, and overall increases for all items.

Figure 1. Consumer Price Index for Hospital Services, Medical Care, and All Items: 2000-2023 (2000=100)



Source: Consumer Price Index for All Urban Consumers

The data from the CPI shows that if a person received hospital care costing $100 in 2000, that same care would be priced at $324 in 2023. That is nearly double the rate of increases in all prices over the same period.

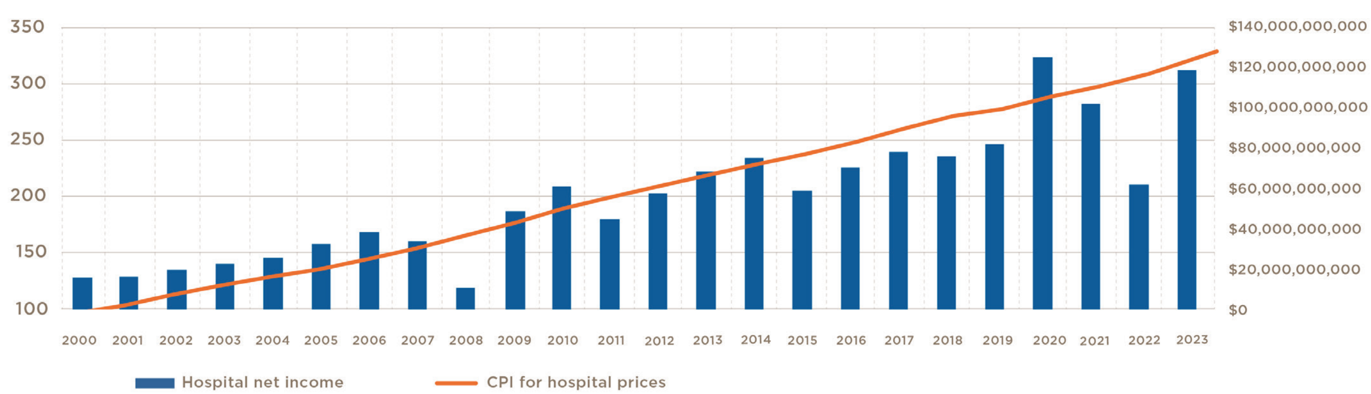
Hospital price increases are also strongly correlated with improved financial performance, in the form of rising profits. In Figure 2, we compare rising hospital prices with aggregate hospital profits for 2000 to 2023. In general, we see that prices and profits have increased together.

From 2000 and 2023, hospital prices increased by 224 percent. These higher prices appear to have added jet fuel to hospital profitability. Since 2000, aggregate hospital profits grew by an astonishing 650 percent, for a total of $1.3 trillion in profits over the period, even as about 80 percent of all hospitals are operated by either not-for-profit charitable organizations or are publicly owned.

While the drive for profit growth can explain the motivation and impact of rising prices, it is still relevant to consider the relationship between rising costs and hospital prices.

Fortunately, we can actually measure the relationship between what hospitals charge for services, as listed in their chargemaster prices, and what those services cost to provide, as reported in the Medicare cost reports.

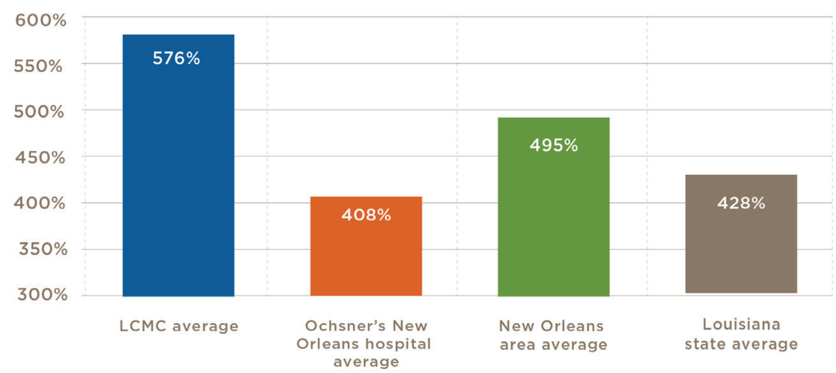
Figure 2. Aggregate Hospital Net Income and CPI for Hospital Services: 2000-2023 (2000=100)



Source: Consumer Price Index for All Urban Consumers and Medicare cost reports

Extreme markup: charge-to-cost ratio in the New Orleans area

Figure 3. New Orleans-Area Charge-to-Cost Ratio



Source: Medicare cost reports and American Hospital Association Annual Survey

Hospitals that participate in Medicare are required to report on an annual basis their gross charges for services overall, as well as their total costs for providing those services, which include direct patient care costs as well as indirect costs, like housekeeping and administration. To measure the relationship between the charges and costs, we calculate a charge-to-cost ratio (CCR). In this metric, we calculate the charges as a percentage of the costs. If charges are higher than costs, the CCR will be greater than 100 percent; if the charges are lower than costs, the CCR will be less than 100 percent.

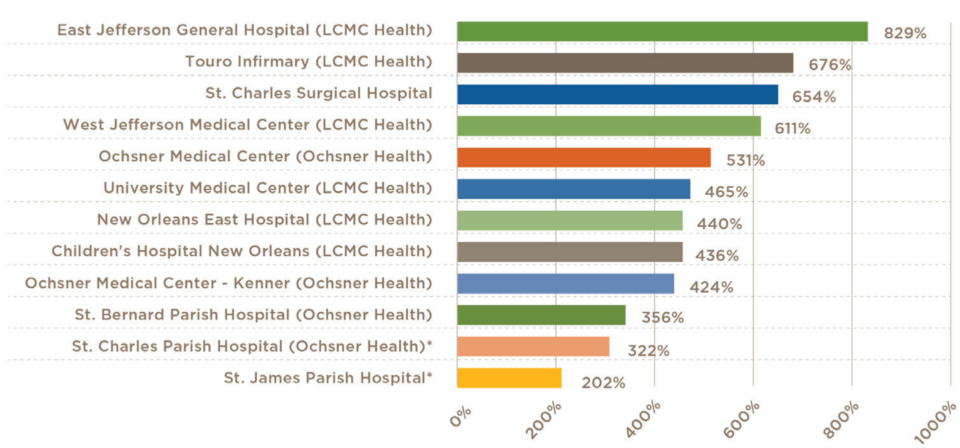
In the New Orleans area, hospital charges have increased several times beyond the actual hospital costs. In the latest available data, listed in Figure 3, hospitals in the greater New Orleans metropolitan area have an average charge-to-cost ratio of 495 percent.

That means that when hospitals in the area provide services that cost them $100 to perform, they charge their patients $495.

The New Orleans area has higher charges relative to costs than the rest of the state, with a CCR that is 16 percent greater than the overall state average.

LCMC tops the market in charge-to-cost ratio

Figure 4. New Orleans-Area Hospitals: Charge-to-Cost Ratio



Source: Medicare cost reports for 2024, and American Hospital Association Annual Survey for 2023.
*Most recent data was from 2023 Medicare cost reports.

Within the New Orleans hospital market, there are only two major systems: Ochsner Health and LCMC Health. Between these two dominant players, there is significant variation in their charge-to-cost ratios.

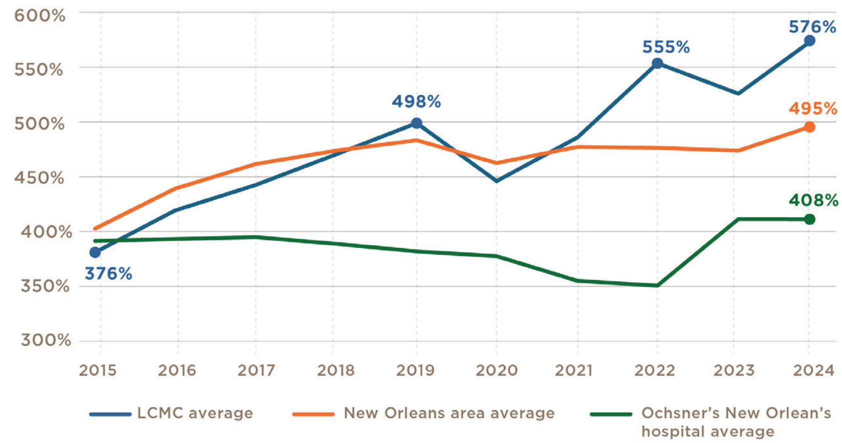
Ochsner's New Orleans hospitals, which account for 41 percent of hospital beds in the area, charge on average $408 dollars for every $100 in costs, for a 408 percent CCR. This rate is lower than both the New Orleans average and state average.

LCMC Health, which controls 57 percent of hospitals beds in the area, charges an astounding $576 for every $100 in costs, with a CCR of 576 percent.

LCMC's charge-to-cost ratio is disproportionately high relative to its local competitors and the rest of the state.

- » LCMC's CCR is 41 percent higher than Ochsner's New Orleans-area hospitals
- » LCMC's CCR is 35 percent higher than the overall state CCR
- » LCMC's CCR is 16 percent higher than the average CCR in greater New Orleans

Figure 5. New Orleans-Area Charge-to-Cost Ratio



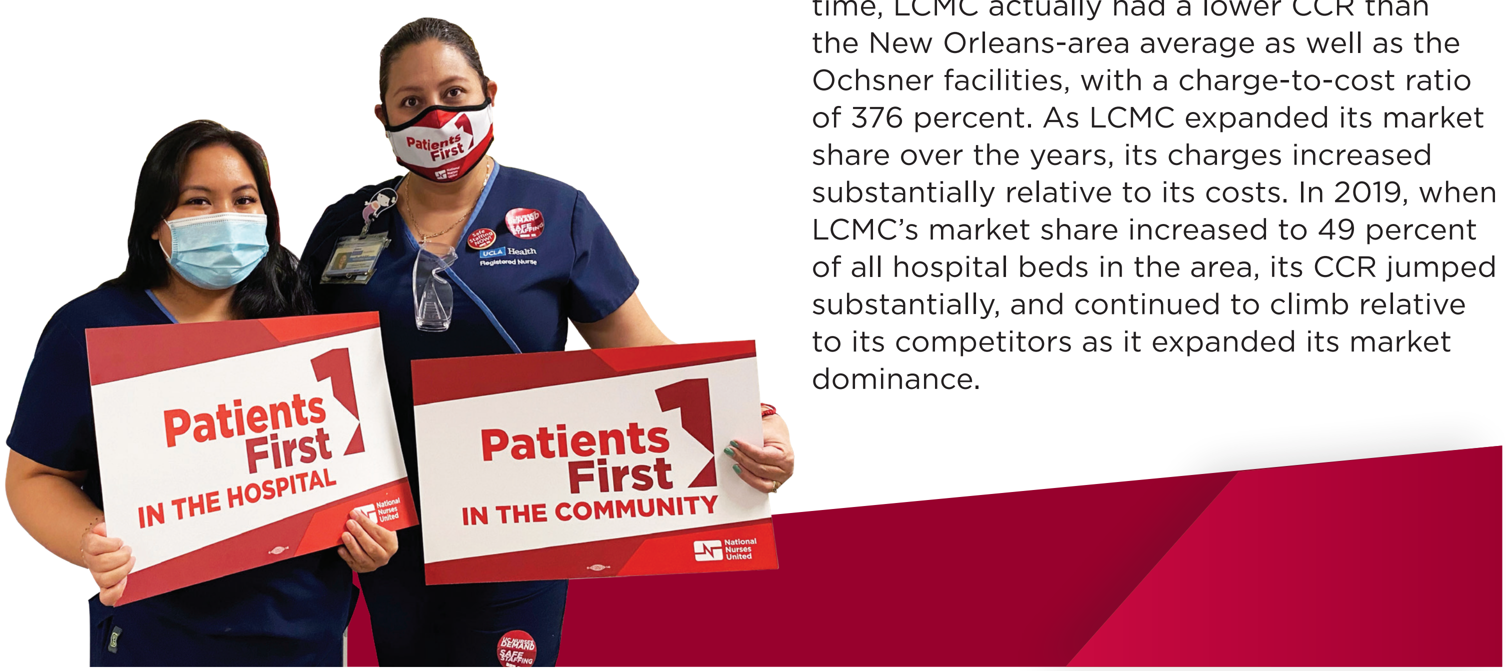
Source: Medicare cost reports 2015-2024, and American Hospital Association Annual Survey 2015-2023

The charge-to-cost ratios for individual hospitals in the New Orleans area are listed in Figure 4. The hospital with the highest CCR is LCMC's East Jefferson General Hospital, which charges $829 for every $100 in costs. LCMC hospitals make up six of the eight hospitals with the highest CCRs in the area.

The hospital with the lowest CCR is the independent facility St. James Parish Hospital, which charges $202 for every $100 on costs.

Figure 5 shows how the charge-to-cost ratios in the New Orleans area have changed over the last 10 years. The chart measures the average CCR for the New Orleans metropolitan area overall, as well as the averages for LCMC and Ochsner.

It is noteworthy that in 2015, the average CCR for New Orleans, Ochsner, and LCMC were all relatively close to one another. At that time, LCMC actually had a lower CCR than the New Orleans-area average as well as the Ochsner facilities, with a charge-to-cost ratio of 376 percent. As LCMC expanded its market share over the years, its charges increased substantially relative to its costs. In 2019, when LCMC's market share increased to 49 percent of all hospital beds in the area, its CCR jumped substantially, and continued to climb relative to its competitors as it expanded its market dominance.

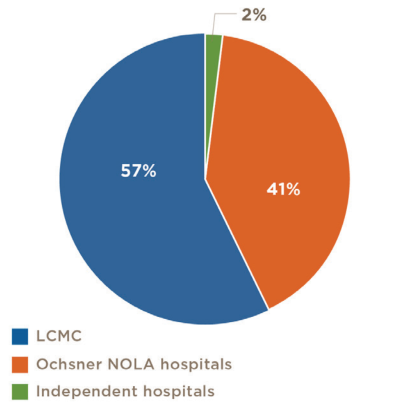


LCMC's dominant market position

Since LCMC took control of Tulane Medical Center, the New Orleans area has become an effective duopoly, with only two significant hospital operators in the region.

Figure 6 shows the hospital market share for the New Orleans area based on short-term acute-care hospital bed count. LCMC is by far the dominant system in the region, controlling 57 percent of all hospital beds. Ochsner Health controls a substantial portion of area hospital beds, with 41 percent. Only 2 percent of current hospital beds available in the New Orleans area are operated by independent facilities.

Figure 6. 2024 NOLA Hospital Market Share by Percent of Beds

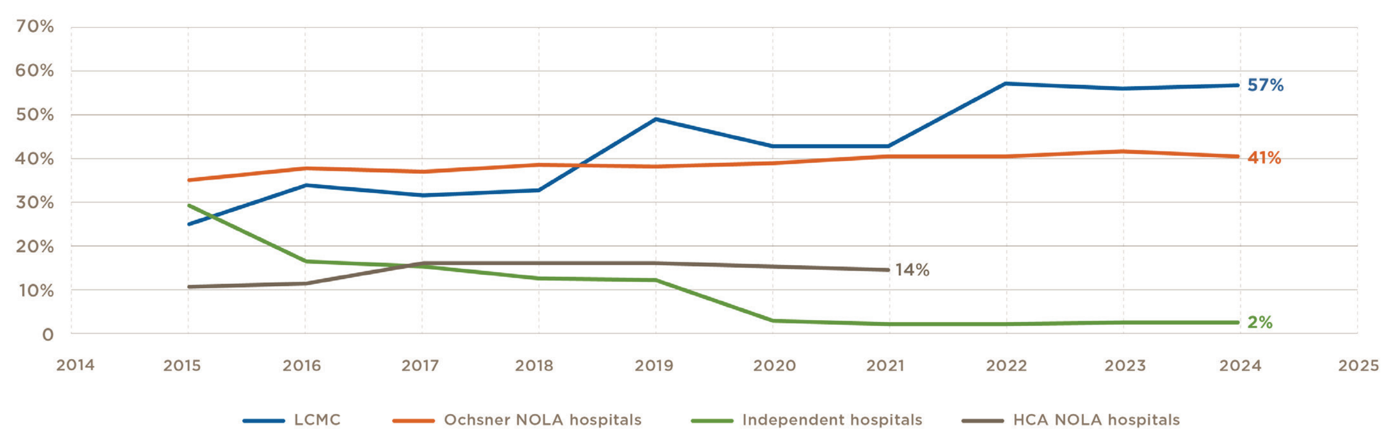


Source: Medicare cost reports 2023-2024, and American Hospital Association Annual Survey 2023

The New Orleans hospital market was not always so concentrated. Figure 7 below shows the area's market share as measured by short-term acute-care hospital bed count for the past 10 years. In 2015, 29 percent of all hospital beds were operated by independent facilities, while LCMC only claimed a quarter of beds. Ten years later, independent hospitals only accounted for 2 percent of beds, while LCMC expanded to 57 percent.

This level of extreme hospital consolidation in the New Orleans area is leading to unsustainable price increases and health costs for the local residents. LCMC's market share was 25 percent in 2015. At the time, its CCR was below the New Orleans average and Ochsner's area average. By 2024, LCMC controlled 57 percent of all short-term acute-care hospital beds, and had raised its CCR rate by more than 50 percent over the last 10 years. The increasing costs stemming from LCMC's leveraging of its market power is putting an unfair burden upon all business and residents of the greater New Orleans community.

Figure 7. Hospital Marker Share in NOLA Area over Last Ten Years



Source: Medicare cost reports and American Hospital Association Annual Survey

More details about charge-to-cost ratios

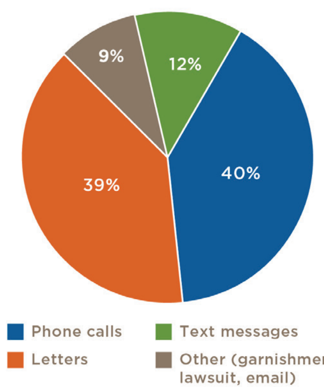
While the charge-to-cost ratios do not tell us what hospitals are being reimbursed for their services, the data shows that higher CCRs are strongly associated with higher hospital profits. Furthermore, the CCRs are derived from hospitals' chargemaster price lists, which are the starting points for reimbursement negotiations between hospitals and insurance companies, and thus are a factor in pushing reimbursement rates higher.

Additionally, some patients do get stuck with the chargemaster prices or something close to them, especially uninsured patients, out-of-network patients, workers' compensation insurers, and auto insurers.[7]

LCMC is perpetuating New Orleans' health care affordability crisis

Medical debt is one of the leading causes of bankruptcy in the United States.[8] Louisiana residents in particular have some of the highest levels of medical debt in the country. Almost 22 percent of Louisiana residents are in medical debt, with an estimated $1.9 billion owed statewide, according to a 2022 study by the Consumer Financial Protection Bureau. Only South Carolina and West Virginia have higher rates of residents with outstanding medical bills.[9] Medical debt disproportionately affects Black, Latinx, and low-income individuals, further perpetuating health inequities.

Figure 8. LCMC's Methods of Debt Collection from Step Up Lousiana Survey



Source: Step Up Louisiana's 2025 Survey

In a state with a health care affordability and medical debt crisis, the situation in New Orleans is especially acute. In 2023, the City of New Orleans offered to partner with local health care providers to acquire the medical debt of qualifying patients and erase it. LCMC barely participated in the program. Despite being the largest health care provider in the New Orleans area, LCMC accounted for less than 10 percent of patients who received debt forgiveness.[10] LCMC's lack of participation in the program coincides with reports from New Orleans patients who find that the system has strayed from its mission to uphold Charity Hospital's legacy as the city's social safety net institution.

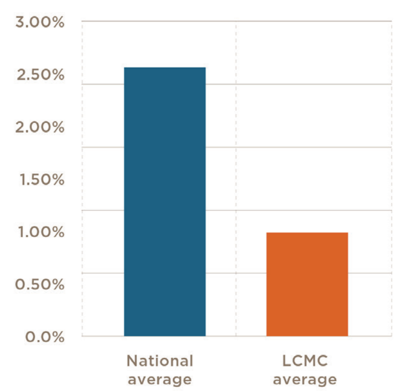
Over the course of two months in the summer of 2025, organizers with Step Up Louisiana collected survey data from New Orleans community members about their experiences with billing practices at LCMC. Out of the 70 total responses, 55 were patients in the LCMC system, and 36 were patients at University Medical Center. While not a representative sample, this survey gives valuable insight into some of LCMC's practices around debt collection and patient access to charity care.

Only nine LCMC patients reported being informed about the availability of financial assistance for health care services. None of the respondents with Medicare, Medicaid, or no insurance said they were told about the hospital's financial aid programs. Moreover, 31 percent of respondents reported they were contacted by debt collectors, including debt collection agencies. Survey respondents also reported they were contacted by out-of-state medical debt collection agencies, such as State Collection Services Inc., seeking payment for their medical bills. According to the survey, LCMC and its outsourced debt collectors have sent harassing letters and text messages to, and repeatedly called patients with medical debt. One respondent even reported that LCMC filed a lawsuit against them and began garnishing their wages, while never informing them about the availability of financial assistance. These aggressive debt collection tactics have harmed the mental health of many of the respondents. Patients reported feeling anxiety, stress, and depression over their ability to pay their medical debt. LCMC's aggressive approach to bill collections begins at its facilities. University Medical Center patients have even reported being approached by bill collectors while still in the hospital.

Leaving charity care behind

As there is a clear affordability crisis in New Orleans, patients who might qualify for charity care are not receiving it. University Medical Center, which was opened as the successor to Charity Hospital, has not upheld Charity Hospital's commitment to providing affordable care. LCMC's drift from Charity Hospital's mission may have serious health care consequences. A 2025 report by Kaiser Family Foundation (KFF) found that over one-third (36 percent) of adults reported "that they have skipped or postponed getting needed health care in the past 12 months because of the cost."[11]

Figure 9. Charity Care, LCMC Average vs. National Average



Source: KFF and LCMC IRS Form 990 Financial Data, 2023

According to UMC's IRS Form 990 filings, UMC used no funds for charity care in fiscal years 2017 through 2020 that were not offset by other revenues, meaning UMC's percent of total expenses for charity care was zero.[12] At each of the four LCMC Health hospitals where data is also available, the charity care expense rate has declined over the last 10 years.

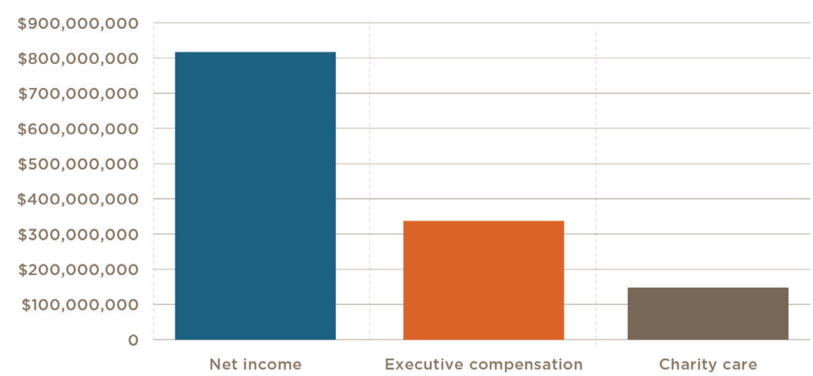
When measuring LCMC's overall charity care contributions on a national scale, they fall far short. LCMC's total cost of charity care only accounted for 0.82 percent of its total expenses, far below the national average of 2.6 percent as reported by KFF in 2020.[13]

LCMC continues to benefit from its tax-exempt status. The Lown Institute recently issued a report analyzing the difference between nonprofit hospitals' contributions to financial assistance programs and community health investments, and the estimated value of their tax exemptions. In this report, the Lown Institute found UMC has a $29 million fair share deficit, the highest deficit of any hospital in New Orleans. LCMC's Children's Hospital New Orleans ranks second, with a $19 million deficit.[14] LCMC's rankings at the top of this list illustrate the drift from the mission of Charity Hospital and its commitment to providing affordable care and services to New Orleans patients.

LCMC executives make millions

Coinciding with LCMC's abandonment of its mission to uphold "the spirit of charity," LCMC profits have soared, and executive compensation is higher than ever. Since 2013, LCMC has made over $800 million in total net income. During the same period, executives received over $330 million in compensation. CEO Greg Feirn alone received $20.4 million in compensation since 2013.

Figure 10. LCMC Net Income and Executive Compensation vs. Charity Care Since 2013



Source: LCMC Form 990s 2013-2023, LCMC audited financial statements, 2013-2024

In fact, all of LCMC's charity care costs since 2013, $150 million, only add up to 45 percent of the system's total executive compensation over the same period. The fact that LCMC pays its executives more than double what it is willing to provide in financial assistance to its patients highlights its failure to prioritize patient needs over enriching its key executives.

As LCMC has used its position as a not-for-profit to avoid paying taxes on hundreds of millions in profits, it also makes use of other tax loopholes. In 2023, Greg Feirn received a $6 million split-interest loan from LCMC to cover the premiums for an expensive life insurance plan.[15] By using this split interest loan, LCMC avoids being taxed on the excess executive compensation excise tax, and Greg Feirn avoids extra income taxes.

Conclusion and recommendations

For too long, LCMC has invoked the memory of the “spirit of charity” and its not-for-profit status, while failing to prioritize quality, affordable, and accessible health care for all New Orleans residents, and failing to stay true to its charitable mission.

New Orleans is facing a growing health care affordability crisis. Rather than focusing on profit maximization and market domination, LCMC should work with community members and health care workers to find solutions to this crisis, and help build the affordable and equitable health system that our community deserves.

As a union of nurses who represent more than 600 University Medical Center nurses, we are committed to providing the highest quality of care to our patients and the New Orleans community. **That is why we call on LCMC to truly honor its commitment to uphold the memory of Charity Hospital by:**

- **Coming to the bargaining table** and listening to nurses, safely staffing every unit to ensure the best possible care for patients;
- **Committing to establishing standards** for robust charity care and financial assistance programs that are clearly communicated to all patients;
- **Ceasing all aggressive collections practices,** including the utilization of third-party debt collectors, reporting medical debt to credit bureaus, harassing phone calls or text messages, filing lawsuits, garnishing of wages or property, and other aggressive tactics.
- **Working with patients** to forgive medical debt.

We urge LCMC to become a leader in combatting the rising cost of care in New Orleans. As the largest health care system in New Orleans, LCMC should use its resources to lower health care costs —not to jack up prices and send patients to collections. LCMC has the chance to chart a new path forward, one where patients, not profits, are put first.

Endnotes

1 Louisiana ranked 10th in 2024: **https://web.archive.org/web/20240723092910/https://www.forbes.com/advisor/health-insurance/most-and-least-expensive-states-for-health-care-ranked/** (accessed 10/30/2025); And ranked 2nd in 2022: **https://web.archive.org/web/20240103113756/https://www.forbes.com/advisor/health-insurance/most-and-least-expensive-states-for-health-care-ranked/** (accessed 10/30/2025)

2 Information from the private sector and state and local governments on the health insurance coverage offered to their employees: Medical Expenditure Panel Survey-Insurance Component. Private State: Premiums/Contributions/Enrollments, 2022-2024, 3-year average. **https://datatools.ahrq.gov/meps-ic/?type=tab&tab=mepsich3ma&_gl=1%2A12f-pjrc%2A_ga%2AMTY4OTY5MzI2My4xNzYwN-jQzNDE5%2A_ga_1NPT56LE7J%2AczE3NjA2NDM0MT-gkbzEkZzAkdDE3NjA2NDM0MTgkajYwJGwwJGgw** (accessed 10/16/2025)

3 U.S. Census Bureau. 2023 American Community Survey, 1-year estimates

4 Medical Debt Burden in the United States, February 2022. Consumer Financial Protection Bureau **https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf** (accessed 10/24/2025)

5 Bed numbers are based on data from the most recent Medicare cost reports; system affiliation is based on the most recent American Hospital Association Annual Survey, and the New Orleans area is defined as the New Orleans Core Based Statistical Area, as defined by the United States Office of Management and Budget. See **https://www.whitehouse.gov/wp-content/uploads/2023/07/OMB-Bulletin-23-01.pdf** (accessed 10/30/2025)

6 "Network Negotiations with Louisiana Children's Medical Center (LCMC)." United Healthcare Services, Inc.: **https://www.uhc.com/lcmc**. The website indicated it was updated on October 10, 2025, and we accessed on 10/26/2025. Also available here: **https://web.archive.org/web/20251010184253/https://www.uhc.com/lcmc**

7 National Nurses United, November 2020: Fleecing Patients: Hospitals Charge Patients More Than Four Times the Cost of Care at **https://nnu.org/sites/default/files/nnu/graphics/documents/1120_CostChargeRatios_Report_FINAL_PP.pdf**

8 Maanasa Kona and Vrudhi Raimugia, State Protections Against Medical Debt: A Look at Policies Across the U.S. in 2025 (Commonwealth Fund, July 2025). **https://doi.org/10.26099/7m6v-ve80** (accessed 10/24/2025)

9 Medical Debt Burden in the United States, February 2022. Consumer Financial Protection Bureau **https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf**

10 City of New Orleans. Medical debt elimination **https://nola.gov/next/population-health-and-disease-prevention/topics/medical-debt-elimination/** (accessed 10/24/2025). Also available here: **https://web.archive.org/web/20250402140601/https://nola.gov/next/population-health-and-disease-prevention/topics/medical-debt-elimination/**

11 Sparks, G., Lopes, L., Montero, A., Presiado, M., & Hamel, L. (2025, July 11). Americans' Challenges with Health Care Costs. Kaiser Family Foundation. **https://www.kff.org/health-costs/americans-challenges-with-health-care-costs/** (accessed 10/24/2025)

12 University Medical Center's FY 2023 is the most recent Form 990 publicly available.

13 Levinson, Z., Hulver, S., & Neuman, T. (2022, November 3). Hospital charity care: How it works and why it matters. KFF. **https://www.kff.org/health-costs/issue-brief/hospital-charity-care-how-it-works-and-why-it-matters/** (accessed 10/24/2025)

14 The Lown Institute. Making the hospital tax exemption work for Louisiana. April 2025. **https://lownhospitalsindex.org/wp-content/uploads/2025/04/Louisiana_state-report.pdf** (accessed 10/24/2025)

15 LCMC Form 990, FY 2023.

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