



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

March 6, 2023

John M. Franck II
HCA Healthcare, Inc.

Re: HCA Healthcare, Inc. (the "Company")
Incoming letter dated December 20, 2022

Dear John M. Franck II:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by the Bright Start College Savings Trust and co-filer for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal urges the board of directors to take the steps necessary to amend the charter of its Patient Safety and Quality of Care Committee to provide that the committee has the power and duty to review staffing levels and their impact on patient safety and the quality of patient care.

We are unable to concur in your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal transcends ordinary business matters because it raises human capital management issues with a broad societal impact, *see* Staff Legal Bulletin No. 14L (Nov. 3, 2021), and does not seek to micromanage the Company.

Copies of all of the correspondence on which this response is based will be made available on our website at <https://www.sec.gov/corpfin/2022-2023-shareholder-proposals-no-action>.

Sincerely,

Rule 14a-8 Review Team

cc: Joe Aguilar
Office of the Illinois State Treasurer



December 20, 2022

VIA EMAIL: shareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Division of Corporate Finance
Office of Chief Counsel
100 F Street, NE Washington, DC 20549

Re: HCA Healthcare, Inc. – Exclusion of Shareholder Proposal Submitted by Michael Frerichs, as Trustee of the Bright Start College Savings Trust, and Francisco R. Coronado

Dear Sir or Madam:

HCA Healthcare, Inc. (the “Company”), respectfully submits this letter pursuant to Rule 14a-8(j) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), to notify the Securities and Exchange Commission (the “Commission”) of the Company’s intention to exclude from the Company’s proxy materials for its 2023 annual meeting of shareholders (the “2023 Proxy Materials”) a shareholder proposal submitted to the Company by Michael Frerichs, as Trustee of the Bright Start College Savings Trust (the “Trust”), in a letter dated November 9, 2022, and by Francisco R. Coronado (“Coronado” and, together with the Trust, the “Proponents”) in a letter dated November 10, 2022 (collectively, the “Shareholder Proposal”). All references to “Company,” “HCA” and “HCA Healthcare” as used throughout this document refer to HCA Healthcare, Inc. and its affiliates.

The Company requests confirmation that the Commission’s staff (the “Staff”) will not recommend to the Commission that enforcement action be taken against the Company if the Company excludes the Shareholder Proposal from its 2023 Proxy Materials pursuant to Exchange Act Rule 14a-8(i)(7), on the basis that the Shareholder Proposal relates to, and does not transcend, the Company’s ordinary business operations.

Pursuant to Exchange Act Rule 14a-8(j) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”), the Company is submitting electronically to the Commission this letter and the exhibits attached hereto, and is concurrently sending a copy of this correspondence to the Proponents, no later than eighty (80) calendar days before the Company intends to file its definitive 2023 Proxy Materials with the Commission.

Exchange Act Rule 14a-8(k) and SLB 14D provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the Staff. Accordingly, we are taking this opportunity to inform the Proponents that if the Proponents elect to submit additional correspondence to the Commission or the Staff with respect to the Shareholder Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

The Shareholder Proposal

The Company received the following Shareholder Proposal from the Proponents for inclusion in the 2023 Proxy Materials:

One Park Plaza
Nashville, TN 37203
HCAhealthcare.com

RESOLVED, that shareholders of HCA Healthcare, Inc. (“HCA”) urge the Board of Directors to take the steps necessary to amend the charter of the Board’s Patient Safety and Quality of Care Committee (the “Committee”) to provide that the Committee has the power and duty to review staffing levels and their impact on patient safety and the quality of patient care.

SUPPORTING STATEMENT

The Committee has a responsibility to “review matters concerning or relating to the quality of medical care delivered to patients, efforts to advance the quality of health care provided and patient safety.”¹ Adequate staffing levels are critical to patient safety and high-quality care. Studies show that as the number of patients assigned to a nurse increases, so too do morbidity, mortality and patient safety events such as falls and post-operative infections.²

Inadequate staffing levels can be caused by health care worker burnout, which according to a recent report by the U.S. Surgeon General, contributes to high turnover and staffing shortages, as well as “harmful consequences for patient care and safety.”³ At the same time, inadequate staffing levels and the stress associated with working under those conditions, causes turnover, creating a vicious cycle. The Surgeon General’s report recommends that health care organizations “updat[e] policies for staffing standards that ensure patient safety and health worker well-being.”⁴

The COVID-19 pandemic’s exacerbation of health care worker burnout and the resulting impacts on turnover and patient care have been widely chronicled in media reports.⁵ Policymakers are responding: in January 2022, the Biden Administration awarded \$103 million in American Rescue Plan funds “to improve the retention of health care workers and help respond to the nation’s critical staffing needs by reducing burnout.”⁶ Bipartisan federal legislation providing additional funds for physician mental health care was introduced in the House in 2022;⁷ legislation imposing staffing standards, or mandating a

¹ https://s23.q4cdn.com/949900249/files/doc_downloads/governance_documents/2021/HCA_Healthcare_-_Patient_Safety_and_Quality_of_Care_Charter_October_2021.pdf

² <https://psnet.ahrq.gov/primer/nursing-and-patient-safety>; [https://www.ajicjournal.org/article/S0196-6553\(12\)00709-2/fulltext](https://www.ajicjournal.org/article/S0196-6553(12)00709-2/fulltext); <https://online.emich.edu/degrees/healthcare/rn-to-bsn/nurse-staffing-affects-patient-safety-satisfaction/>

³ <https://www.hhs.gov/sites/default/files/health-worker-wellbeing-advisory.pdf>, at 7

⁴ <https://www.hhs.gov/sites/default/files/health-worker-wellbeing-advisory.pdf>, at 22.

⁵ E.g., <https://www.usnews.com/news/health-news/articles/2021-11-15/us-faces-crisis-of-burned-out-health-care-workers>; <https://www.latimes.com/opinion/story/2021-03-05/national-strategy-healthcare-workers-mental-health>; <https://who13.com/news/its-dangerous-des-moines-nurse-quits-job-details-hospital-conditions-and-low-staffing-numbers/>; <https://www.usnews.com/news/health-news/articles/2022-07-28/staff-shortages-choking-u-s-health-care-system>; <https://www.axios.com/2022/03/28/health-workforce-shortages-begin-to-weigh-on-patient-safety>.

⁶ <https://www.hhs.gov/about/news/2022/01/20/biden-harris-administration-awards-103-million-american-rescue-plan-funds-reduce-burnout-promote-mental-health-wellness-among-health-care-workforce.html>

⁷ <https://www.congress.gov/bill/117th-congress/house-bill/8890?s=1&r=6>

process to set such standards that incorporates health care workers' input, has been passed in New York⁸ and Colorado,⁹ and introduced in Washington¹⁰ and Pennsylvania since the start of the pandemic.¹¹

HCA's staffing levels are reportedly 30% below the industry average in recent years. Eighty-nine percent of respondents to a January 2022 survey of over 1,500 health care workers at HCA hospitals agreed with the statement, "I feel short staffing at my hospital is compromising patient care."¹² An HCA nurse recently published an opinion piece in Newsweek describing patient care and safety consequences of inadequate staffing.¹³

Despite staffing levels' importance, the Committee's charter does not specifically identify them as a factor the Committee should review in connection with its oversight of patient safety and quality of care. We believe that robust board oversight of this area is crucial for effective risk management and protection of long-term shareholder value.

A copy of the Shareholder Proposal, as well as related correspondence with the Proponents, is attached hereto as Exhibit A.

Basis for Exclusion

We respectfully request that the Staff concur in our view that the Shareholder Proposal may be excluded from the 2023 Proxy Materials pursuant to Exchange Act Rule 14a-8(i)(7), on the basis that the Shareholder Proposal relates to, and does not transcend, the Company's ordinary business operations.

Analysis

I. The Shareholder Proposal May Be Excluded Pursuant to Rule 14a-8(i)(7) Because The Shareholder Proposal Relates To, And Does Not Transcend, The Company's Ordinary Business Operations.

A. Background of the Ordinary Business Exclusion.

Rule 14a-8(i)(7) permits a company to exclude a shareholder proposal from the company's proxy materials if the proposal "deals with a matter relating to the company's ordinary business operations." According to the Commission's release accompanying the 1998 amendments to Rule 14a-8, the term "ordinary business" refers to matters that are not necessarily "ordinary" in the common meaning of the word, but instead the term "is rooted in the corporate law concept [of] providing management with

⁸ <https://www.healthcarediver.com/news/new-york-passes-safe-staffing-law-for-hospitals-nursing-homes/602171/>

⁹ <https://www.beckershospitalreview.com/workforce/colorado-requires-hospitals-to-establish-nurse-staffing-committees.html>

¹⁰ <https://www.seattletimes.com/seattle-news/health/wa-hospital-workers-filed-record-number-of-workplace-safety-complaints-last-year-unions-say/>; <https://skillednursingnews.com/2022/04/nursing-home-staffing-minimum-law-takes-effect-in-new-york/>

¹¹ <https://www.legis.state.pa.us/CFDOCS/billInfo/billInfo.cfm?syear=2021&sInd=0&body=S&type=B&bn=240>

¹² <https://www.seiu.org/2022/01/new-national-survey-of-nurses-and-healthcare-workers-at-hca-hospitals-sounds-alarm-bells-nearly-80-percent-of-respondents-report-short-staffing-is-jeopardizing-patient-care-at-americas-largest-for-profit-hospital-corporation>

¹³ <https://www.newsweek.com/our-health-care-system-facing-massive-staffing-shortages-crisis-looming-opinion-1738073>

flexibility in directing certain core matters involving the company's business and operations." Exchange Act Release No. 34-40018 (May 21, 1998) (the "1998 Release"). The Staff stated in the 1998 Release that the underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting," and that this underlying policy rests on two central considerations that form the basis of the Commission's application of the ordinary business exclusion.

The first consideration relates to the subject matter of the proposal. The 1998 Release recognizes that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." Examples of such tasks cited by the Staff in the 1998 Release include "*management of the workforce, such as the hiring, promotion, and termination of employees*, decisions on production quality and quantity, and the retention of suppliers" (emphasis added).

The second consideration relates to the degree to which the proposal seeks to "micro-manage" the company by "probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." The Staff recently explained in Staff Legal Bulletin No. 14L (Nov. 3, 2021) ("SLB 14L") that it "focuses on the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management." The Staff continued that this approach is "consistent with the Commission's views on the ordinary business exclusion, which is designed to preserve management's discretion on ordinary business matters but not prevent shareholders from providing high-level direction on large strategic corporate matters."

Notwithstanding these considerations, the Staff explained in the 1998 Release that a proposal relating to a company's ordinary business operations is nonetheless generally not excludable if the proposal focuses on "sufficiently significant social policy issues (e.g., significant discrimination matters)" that "transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote." In determining whether a proposal presents a policy issue that transcends the ordinary business of the company, the Staff noted in SLB 14L that it will focus on "whether the proposal raises issues with a broad societal impact" and on the related "social policy significance," regardless of whether a nexus exists between the policy issue and the company.

As discussed below, the Shareholder Proposal implicates each of the central considerations underlying the ordinary business exclusion: the subject matter of the Shareholder Proposal deals with issues that are "fundamental to management's ability to run the company on a day-to-day basis" and seeks to micromanage the Company by limiting its discretion with respect to complex, day-to-day operations. Furthermore, the Shareholder Proposal does not focus on sufficiently significant social policy issues that transcend day-to-day business matters. Accordingly, the Shareholder Proposal relates to, and does not transcend, the Company's ordinary business operations and therefore may be excluded from the 2023 Proxy Materials pursuant to Rule 14a-8(i)(7).

B. The Subject Matter of the Shareholder Proposal Relates to the Company's Ordinary Business Operations.

At its core, the Shareholder Proposal, which effectively seeks to require the Patient Safety and Quality of Care Committee (the "Committee") of the Company's board of directors (the "Board") to expressly review staffing levels and related impacts on patients, attempts to direct decisions relating to the management of the Company's workforce and therefore involves the Company's "ordinary business." Such decisions fall cleanly within ordinary business operations and are inappropriate for shareholder

consideration or oversight. As the Staff noted in the 1998 Release, tasks such as management of a company's workforce "are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight."

Consistent with the 1998 Release and the policy considerations underlying the ordinary business exclusion, the Staff has long held that proposals addressing workforce staffing are excludable under Rule 14a-8(i)(7). *See, e.g., Amazon.com, Inc.* (Apr. 7, 2022) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting the board to oversee the preparation of a report on the risks related to ensuring adequate staffing of its business and operations, including risks associated with tighter labor markets); *Starwood Hotels & Resorts Worldwide, Inc.* (Feb. 14, 2012) (permitting exclusion under Rule 14a-8(i)(7) of a proposal relating to staffing and training decisions); *Northrop Grumman Corp.* (March 18, 2010) (permitting exclusion of a proposal requesting that the board provide certain disclosures in the context of the company's reduction-in-force review process, noting that "[p]roposals concerning a company's management of its workforce are generally excludable under [R]ule 14a-8(i)(7)"); *Walmart, Inc.* (Apr. 8, 2019) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting the company's board to prepare a report evaluating discrimination risk from the company's policies and practices for hourly workers taking medical leave, noting that the proposal "relates generally to the [c]ompany's management of its workforce"); *Yum! Brands, Inc.* (Mar. 6, 2019) (permitting exclusion under Rule 14a-8(i)(7) of a proposal seeking to prohibit the company from engaging in certain employment practices, noting that "[p]roposal relates generally to the [c]ompany's policies concerning its employees").

The fact that the Shareholder Proposal requests that the Board amend the Committee's charter to expressly include a review of staffing levels – rather than requesting that the Company affirmatively change its staffing levels – does not change the conclusion that the Shareholder Proposal relates to ordinary business matters. The Staff has long determined that, so as to not elevate the form of a proposal over its substance, in cases where a proposal seeks reporting on or committee review of an issue facing a company or a risk relating to an issue facing a company, it is the underlying subject matter of the reporting or risk assessment that is to be considered in determining whether the reporting or risk assessment involves a matter of ordinary business. Exchange Act Release No. 34-20091 (August 16, 1983) ("Henceforth, the staff will consider whether the subject matter of the special report or the committee involves a matter of ordinary business; where it does, the proposal will be excludable under Rule [14a-8(i)(7)]."); Staff Legal Bulletin 14E (CF), Shareholder Proposals (October 27, 2009) (stating "similar to the way in which we analyze proposals asking for the preparation of a report, the formation of a committee or the inclusion of disclosure in a Commission-prescribed document--where we look to the underlying subject matter of the report, committee or disclosure--we will consider whether the underlying subject matter of the risk evaluation involves a matter of ordinary business to the company" (footnotes omitted)). Consequently, the Staff has previously concurred in the exclusion of a wide range of proposals under Rule 14a-8(i)(7) addressing the same issue raised by the Shareholder Proposal. *See, e.g., Amazon.com, Inc.* (Apr. 7, 2022) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting the board to oversee the preparation of a report on the risks related to ensuring adequate staffing of its business and operations, including risks associated with tighter labor markets); *International Brotherhood of Teamsters General Fund* (Apr. 1, 2020) (concurring with the exclusion of a proposal requesting a report on the Company's efforts to "describe the Board's oversight process of safety management, staffing levels, inspection and maintenance of Company facilities and equipment" (emphasis added)); *The Chemours Co.* (Jan. 17, 2017) (concurring with the exclusion of a proposal requesting a board report describing the board's oversight of employment-related matters, including staffing levels).

Here, the Shareholder Proposal seeks to impose an express committee-level review of "staffing levels" and related patient impacts, taking away from the Committee's existing discretion in determining whether and to what extent staffing levels should be considered as part of its existing responsibilities and authority

outlined in the Committee's charter as currently in effect.¹⁴ The accompanying supporting statement also makes numerous references to "staffing" and staffing challenges such as "high turnover and staffing shortages," "worker burnout" and working conditions. Accordingly, like the foregoing precedents, the Shareholder Proposal relates to how the Company manages its workforce by addressing the adequacy of the Company's staffing, thereby implicating ordinary business considerations such as recruiting, retention and other ordinary business decisions around business strategy. Like the proposals excluded in the precedents discussed above, the Shareholder Proposal relates to the types of complex but routine workplace-oriented matters that Rule 14a-8(i)(7) is intended to address and is therefore excludable as relating to the Company's ordinary business operations.

C. The Shareholder Proposal Would Permit Shareholders to Micromanage the Company's Ordinary Business Operations.

The Shareholder Proposal, like the proposals addressed in the precedents cited above, inappropriately attempts to micromanage the Company and seeks to probe too deeply into matters of a complex nature which are not appropriate for shareholder determination. Decisions related to the management of the Company's workforce implicate a wide variety of considerations and involve "matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." See 1998 Release. The Company employs approximately 280,000 employees in 182 hospitals and over 2,300 ambulatory sites of care across the United States and England. The relationship between the Company and its employees in multiple and varied jurisdictions constitutes a critical component of its day-to-day management. Staffing decisions within the care models used at the Company's facilities are made daily at the hospital level based on multiple factors, including the particular care area (e.g., surgery, intensive care unit, etc.) and the associated intensity of the care area; patient acuity and needs; the number, type and skills of staff available and how they may be deployed in different care models; and applicable legal requirements affecting the composition of clinical teams and the delivery of patient care, including those at the state or federal level or required by our accrediting bodies. Also, facility leaders evaluate staffing models on a daily basis utilizing multiple factors such as quality data, outcome measures, and nurse sensitive indicators. These are fundamental business matters for the Company's employees and management and require an understanding of complex business implications that place the subject matter of the Shareholder Proposal beyond the knowledge and expertise of the stockholders of the Company. For these reasons, the Shareholder Proposal seeks to improperly micromanage the Company under Rule 14a-8(i)(7).

D. The Shareholder Proposal Does Not Involve a Sufficiently Significant Social Policy Issue That Transcends the Company's Ordinary Business Operations.

The Commission noted in the 1998 Release that shareholder proposals relating to ordinary business operations but "focusing on sufficiently significant social policy issues . . . generally would not be

¹⁴ The Committee's charter is publicly posted on the Company's website and tasks the Committee, among other matters, to:

- Review the Quality, Safety, Risk, and Clinical Services Improvement Strategies.
- Review the policies and procedures developed by the Chief Medical Officer, the Clinical Services Group, and other Company departments to promote quality patient care and patient safety.
- Review, as appropriate, information relating to Company quality, clinical risk, patient safety and performance improvement.
- Take such other actions and perform such services as may be referred to it from time to time by the Board, including the conduct of special reviews as it may deem necessary or appropriate to fulfill its responsibilities.

considered to be excludable, because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote.” The Shareholder Proposal, however, does not focus on any significant social policy issue.

As noted above, the Shareholder Proposal and the accompanying supporting statement are focused primarily on staffing levels, which is not a sufficiently significant social policy issue that transcends the ordinary business of the Company. *See, e.g., Amazon.com, Inc.* (Apr. 7, 2022) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting the board to oversee the preparation of a report on the risks related to ensuring adequate staffing of its business and operations, including risks associated with tighter labor markets).

The Staff has concurred with the exclusion of shareholder proposals pursuant to Rule 14a-8(i)(7) as matters that deal with the company’s ordinary business when proposals relating to particular products, services or practices raised public health concerns related to the company but nevertheless did not transcend day-to-day business matters. In *Viacom Inc.* (Dec. 18, 2015), the proposal requested the company’s board of directors issue a report assessing the company’s policy responses to public concerns regarding linkages of food and beverage advertising to childhood obesity, diet-related diseases and other impacts on children’s health. The Staff concurred that the proposal could be excluded under Rule 14a-8(i)(7) because it related to the company’s “nature, presentation and content of advertising,” which was part of its ordinary business operations. *See also McDonald’s Corp.* (Mar. 12, 2019) (permitting exclusion of a proposal under Rule 14a-8(i)(7) that sought to create a special board committee on food integrity because it related to the company’s ordinary business operations).

To the extent that the Staff has denied exclusion of health-related proposals on the ground that they raise a significant policy issue, the proposals have focused on inherent and significant hazards to human health, such as the use of plasticized polyvinyl chloride-containing or phthalate-containing medical products. *See, e.g., Columbia/HCA Healthcare Corp.* (Mar. 30, 1999); *Baxter International Inc.* (Mar. 1, 1999); *Universal Health Services Inc.* (Mar. 30, 1999).

Here, the Shareholder Proposal does not raise a sufficiently significant social policy issue or address any topic with a broad societal impact. Instead, the Shareholder Proposal addresses the Company’s workforce staffing and related business and management implications of that topic. Therefore, the Shareholder Proposal relates directly to management of the Company’s workforce, and does not focus on a sufficiently significant social policy issue.

For the above reasons, the Shareholder Proposal relates to, and does not transcend, the Company’s ordinary business operations and may be excluded from the 2023 Proxy Materials in reliance on Rule 14a-8(i)(7).

Conclusion

For the foregoing reasons, we respectfully request that the Staff not recommend any enforcement action from the Commission if the Company excludes the Shareholder Proposal from its 2023 Proxy Materials. Should you have any questions, or if the Staff is unable to concur in our view without additional information or discussions, we respectfully request the opportunity to confer with members of the Staff prior to the issuance of any written response to this letter. If the Staff has any questions regarding this request or requires additional information, please contact the undersigned by phone at (615) 344-5881 or by email at John.Franck@HCAHealthcare.com.

U.S. Securities and Exchange Commission

December 20, 2022

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Sincerely,



John M. Franck II
Vice President — Legal and Corporate Secretary
HCA Healthcare, Inc.

cc: Bright Start College Savings Trust
Francisco R. Coronado

Exhibit A

Shareholder Proposal



OFFICE OF THE ILLINOIS STATE TREASURER
MICHAEL W. FRERICHS

November 9, 2022

Corporate Secretary
 HCA Healthcare, Inc.
 One Park Plaza
 Nashville, TN 37203

RE: Office of the Illinois Treasurer for the Bright Start College Savings Trust

Dear Corporate Secretary,

In my capacity as Treasurer for the State of Illinois and Trustee of the Bright Start College Savings Trust (the "Trust"), I write to give notice that pursuant to the 2022 proxy statement of HCA Healthcare, Inc. (the "Company"), the Trust intends to present the attached proposal (the "Proposal") at the 2023 annual meeting of shareholders (the "Annual Meeting").

The Trust requests that the Company include the Proposal in the Company's proxy statement for the Annual Meeting. Please note the Trust is the lead filer on this proposal and others may co-file the same proposal.

A letter from the Fund's custodian documenting the Fund's continuous ownership of the requisite amount of the Company's stock is being sent separately. The Fund also intends to continue its ownership of at least the minimum number of shares required by the SEC regulations through the date of the Annual Meeting. I represent that the Fund or its agent intends to appear in person or by proxy at the Annual Meeting to present the attached Proposal. I declare the Fund has no "material interest" other than that believed to be shared by stockholders of the Company generally.

The Trust is available to meet with the Company in person or via teleconference at 3:00 p.m. CT on Monday, November 21, 2022, or 3:00 p.m. CT on Tuesday, November 22, 2022.

State Capitol
 Room 219
 Springfield, IL 62706
 Phone: (217) 782-2211
 Fax: (217) 785-2777
 TTY: (866) 877-6013

James R. Thompson Center
 100 West Randolph Street
 Suite 15-600
 Chicago, IL 60601
 Phone: (312) 814-1700
 Fax: (312) 814-5930
 TTY: (866) 877-6013

Illinois Business Center
 400 West Monroe Street
 Suite 401
 Springfield, IL 62704
 Phone: (217) 782-6540
 Fax: (217) 524-3822
 TTY: (866) 877-6013

Myers Building
 One West Old State Capitol Plaza
 Suite 400
 Springfield, IL 62701
 Phone: (217) 785-6998
 Fax: (217) 557-9365
 TTY: (866) 877-6013

Please direct all questions or correspondence regarding the Proposal to the attention of:

Max Dulberger
Director of Corporate Governance & Sustainable Investment
Illinois State Treasurer's Office
555 W. Monroe, 14th Floor
Chicago, IL 60661

Sincerely,



Michael Frerichs
Illinois State Treasurer

RESOLVED, that shareholders of HCA Healthcare, Inc. (“HCA”) urge the Board of Directors to take the steps necessary to amend the charter of the Board’s Patient Safety and Quality of Care Committee (the “Committee”) to provide that the Committee has the power and duty to review staffing levels and their impact on patient safety and the quality of patient care.

SUPPORTING STATEMENT

The Committee has a responsibility to “review matters concerning or relating to the quality of medical care delivered to patients, efforts to advance the quality of health care provided and patient safety.”¹ Adequate staffing levels are critical to patient safety and high-quality care. Studies show that as the number of patients assigned to a nurse increases, so too do morbidity, mortality and patient safety events such as falls and post-operative infections.²

Inadequate staffing levels can be caused by health care worker burnout, which according to a recent report by the U.S. Surgeon General, contributes to high turnover and staffing shortages, as well as “harmful consequences for patient care and safety.”³ At the same time, inadequate staffing levels and the stress associated with working under those conditions, causes turnover, creating a vicious cycle. The Surgeon General’s report recommends that health care organizations “updat[e] policies for staffing standards that ensure patient safety and health worker well-being.”⁴

The COVID-19 pandemic’s exacerbation of health care worker burnout and the resulting impacts on turnover and patient care have been widely chronicled in media reports.⁵ Policymakers are responding: in January 2022, the Biden Administration awarded \$103 million in American Rescue Plan funds “to improve the retention of health care workers and help respond to the nation’s critical staffing needs by reducing burnout.”⁶ Bipartisan federal legislation providing additional funds for physician mental health care was introduced in the House in 2022;⁷ legislation imposing staffing standards, or mandating a process to set such

¹ [https://s23.q4cdn.com/949900249/files/doc_downloads/governance_documents/2021/HCA Healthcare - Patient Safety and Quality of Care Charter October 2021.pdf](https://s23.q4cdn.com/949900249/files/doc_downloads/governance_documents/2021/HCA_Healthcare_-_Patient_Safety_and_Quality_of_Care_Charter_October_2021.pdf)

² <https://psnet.ahrq.gov/primer/nursing-and-patient-safety>; [https://www.ajicjournal.org/article/S0196-6553\(12\)00709-2/fulltext](https://www.ajicjournal.org/article/S0196-6553(12)00709-2/fulltext); <https://online.emich.edu/degrees/healthcare/rn-to-bsn/nurse-staffing-affects-patient-safety-satisfaction/>

³ <https://www.hhs.gov/sites/default/files/health-worker-wellbeing-advisory.pdf>, at 7.

⁴ <https://www.hhs.gov/sites/default/files/health-worker-wellbeing-advisory.pdf>, at 22.

⁵ E.g., <https://www.usnews.com/news/health-news/articles/2021-11-15/us-faces-crisis-of-burned-out-health-care-workers>; <https://www.latimes.com/opinion/story/2021-03-05/national-strategy-healthcare-workers-mental-health>; <https://who13.com/news/its-dangerous-des-moines-nurse-quits-job-details-hospital-conditions-and-low-staffing-numbers/>; <https://www.usnews.com/news/health-news/articles/2022-07-28/staff-shortages-choking-u-s-health-care-system>; <https://www.axios.com/2022/03/28/health-workforce-shortages-begin-to-weigh-on-patient-safety>.

⁶ <https://www.hhs.gov/about/news/2022/01/20/biden-harris-administration-awards-103-million-american-rescue-plan-funds-reduce-burnout-promote-mental-health-wellness-among-health-care-workforce.html>

⁷ <https://www.congress.gov/bill/117th-congress/house-bill/8890?s=1&r=6>

standards that incorporates health care workers' input, has been passed in New York⁸ and Colorado,⁹ and introduced in Washington¹⁰ and Pennsylvania since the start of the pandemic.¹¹

HCA's staffing levels are reportedly 30% below the industry average in recent years. Eighty-nine percent of respondents to a January 2022 survey of over 1,500 health care workers at HCA hospitals agreed with the statement, "I feel short staffing at my hospital is compromising patient care."¹² An HCA nurse recently published an opinion piece in *Newsweek* describing patient care and safety consequences of inadequate staffing.¹³

Despite staffing levels' importance, the Committee's charter does not specifically identify them as a factor the Committee should review in connection with its oversight of patient safety and quality of care. We believe that robust board oversight of this area is crucial for effective risk management and protection of long-term shareholder value.

⁸ <https://www.healthcarediver.com/news/new-york-passes-safe-staffing-law-for-hospitals-nursing-homes/602171/>

⁹ <https://www.beckershospitalreview.com/workforce/colorado-requires-hospitals-to-establish-nurse-staffing-committees.html>

¹⁰ <https://www.seattletimes.com/seattle-news/health/wa-hospital-workers-filed-record-number-of-workplace-safety-complaints-last-year-unions-say/>; <https://skillednursingnews.com/2022/04/nursing-home-staffing-minimum-law-takes-effect-in-new-york/>

¹¹ <https://www.legis.state.pa.us/CFDOCS/billInfo/billInfo.cfm?year=2021&sInd=0&body=S&type=B&bn=240>

¹² <https://www.seiu.org/2022/01/new-national-survey-of-nurses-and-healthcare-workers-at-hca-hospitals-sounds-alarm-bells-nearly-80-percent-of-respondents-report-short-staffing-is-jeopardizing-patient-care-at-americas-largest-for-profit-hospital-corporation>

¹³ <https://www.newsweek.com/our-health-care-system-facing-massive-staffing-shortages-crisis-looming-opinion-1738073>

The Northern Trust Company
50 South LaSalle Street, M-28
Chicago, Illinois 60603
312-444-5193



Northern Trust

November 9, 2022

Via regular mail

Corporate Secretary
HCA Healthcare, Inc.
One Park Plaza
Nashville, TN 37203

RE: Shareholder Proposal Submission for 2022 Stockholder's Meeting

To whom it may concern,

I write concerning a shareholder proposal (the "Proposal") submitted to HCA Healthcare (the "Company") by the Treasurer for the State of Illinois and Trustee of the Bright Start College Savings Trust (the "Trust").

As custodian of Bright Start College Savings Trust (the "Trust"), we are writing to report that as of the close of business on November 9, 2022, the Fund held shares of Company stock in our account at stock in our account at Depository Trust Company and registered in its nominee name of Cede & Co.

As of November 9, 2022, the Trust held shares of the Company's common stock with a value of at least \$25,000, and the Trust has continuously maintained a minimum investment of at least \$25,000 of such securities (the "Shares") from November 9, 2021, through November 9, 2022.

If there are any other questions or concerns regarding this matter, please feel free to contact me at

Sincerely,

A handwritten signature in cursive script, appearing to read "Kimberly Duncan". The ink is dark and the signature is fluid and connected.

Kimberly Duncan
Vice President – Relationship Manager

November 10, 2022

Via regular mail and email: john.franck@hcahealthcare.com

John M. Franck II
Vice President – Legal and Corporate Secretary
HCA Healthcare, Inc.
One Park Plaza
Nashville, Tennessee 37203

RE: Shareholder Proposal Submission for 2023 Stockholder's Meeting

Dear John M. Franck II:

In my capacity as beneficial owner of HCA common stock, I write to give notice that pursuant to the 2022 proxy statement of HCA Healthcare, Inc. (the "Company"), I intend to present the attached proposal (the "Proposal") at the 2023 annual meeting of shareholders (the "Annual Meeting"). I request that the Company include the Proposal in the Company's proxy statement for the Annual Meeting. Please note that I am co-filing the Proposal with the Bright Start College Savings Trust (the "Trust"), who is the lead filer. In its submission letter, the Trust will provide dates and times of availability to meet. I delegate coordination on any meetings with the Company and any decisions to withdraw the proposal to the Trust. I will attend any meetings with the Company subject to my availability.

I am also including the Computershare documentation of my continuous ownership of the requisite amount of the Company's stock. I intend to continue my ownership of at least the minimum number of shares required by the SEC regulations through the date of the Annual Meeting. I represent that my agent or I intend to appear in person or by proxy at the Annual Meeting to present the attached Proposal.

Sincerely,

A handwritten signature in cursive script that reads "Francisco R Coronado". The signature is written in dark ink and is positioned above the typed name.

Francisco R. Coronado

From:

Sent: Thursday, November 10, 2022 10:29 AM

To: Franck John <John.Franck@HCAHealthcare.com>; Investor Relations International Contact <int.contact@hcahealthcare-ir.com>

Subject: {EXTERNAL} Francisco Coronado 14a-8 Proposal Submission

CAUTION! This email originated from outside of our organization. **DO NOT CLICK** links or open attachments unless you recognize the sender and know the content is safe.

Dear Mr. Franck:

Please find attached my submission for a shareholder proposal for HCA Healthcare Inc.'s 2023 annual meeting, pursuant to SEC Rule 14a-8. I would appreciate it if you could confirm receipt of this submission. You will also receive a copy of this filing via regular mail.

If you have any further questions, please let me know.

Best,

Francisco R. Coronado

RESOLVED, that shareholders of HCA Healthcare, Inc. (“HCA”) urge the Board of Directors to take the steps necessary to amend the charter of the Board’s Patient Safety and Quality of Care Committee (the “Committee”) to provide that the Committee has the power and duty to review staffing levels and their impact on patient safety and the quality of patient care.

SUPPORTING STATEMENT

The Committee has a responsibility to “review matters concerning or relating to the quality of medical care delivered to patients, efforts to advance the quality of health care provided and patient safety.”¹ Adequate staffing levels are critical to patient safety and high-quality care. Studies show that as the number of patients assigned to a nurse increases, so do morbidity, mortality and patient safety events such as falls and post-operative infections.²

Inadequate staffing levels can be caused by health care worker burnout, which according to a recent report by the U.S. Surgeon General, contributes to high turnover and staffing shortages, as well as “harmful consequences for patient care and safety.”³ At the same time, inadequate staffing levels and the stress associated with working under those conditions, causes turnover, creating a vicious cycle. The Surgeon General’s report recommends that health care organizations “updat[e] policies for staffing standards that ensure patient safety and health worker well-being.”⁴

The COVID-19 pandemic’s exacerbation of health care worker burnout and the resulting impacts on turnover and patient care have been widely chronicled in media reports.⁵ Policymakers are responding: in January 2022, the Biden Administration awarded \$103 million in American Rescue Plan funds “to improve the retention of health care workers and help respond to the nation’s critical staffing needs by reducing burnout.”⁶ Bipartisan federal legislation providing additional funds for physician mental health care was introduced in the House in 2022;⁷ legislation imposing staffing standards, or mandating a process to set such

¹ https://s23.q4cdn.com/949900249/files/doc_downloads/governance_documents/2021/HCA_Healthcare_-_Patient_Safety_and_Quality_of_Care_Charter_October_2021.pdf

² <https://psnet.ahrq.gov/primer/nursing-and-patient-safety>; [https://www.ajicjournal.org/article/S0196-6553\(12\)00709-2/fulltext](https://www.ajicjournal.org/article/S0196-6553(12)00709-2/fulltext); <https://online.emich.edu/degrees/healthcare/rn-to-bsn/nurse-staffing-affects-patient-safety-satisfaction/>

³ <https://www.hhs.gov/sites/default/files/health-worker-wellbeing-advisory.pdf>, at 7.

⁴ <https://www.hhs.gov/sites/default/files/health-worker-wellbeing-advisory.pdf>, at 22.

⁵ E.g., <https://www.usnews.com/news/health-news/articles/2021-11-15/us-faces-crisis-of-burned-out-health-care-workers>; <https://www.latimes.com/opinion/story/2021-03-05/national-strategy-healthcare-workers-mental-health>; <https://who13.com/news/its-dangerous-des-moines-nurse-quits-job-details-hospital-conditions-and-low-staffing-numbers/>; <https://www.usnews.com/news/health-news/articles/2022-07-28/staff-shortages-choking-u-s-health-care-system>; <https://www.axios.com/2022/03/28/health-workforce-shortages-begin-to-weigh-on-patient-safety>.

⁶ <https://www.hhs.gov/about/news/2022/01/20/biden-harris-administration-awards-103-million-american-rescue-plan-funds-reduce-burnout-promote-mental-health-wellness-among-health-care-workforce.html>

⁷ <https://www.congress.gov/bill/117th-congress/house-bill/8890?s=1&r=6>

standards that incorporates health care workers' input, has been passed in New York⁸ and Colorado,⁹ and introduced in Washington¹⁰ and Pennsylvania since the start of the pandemic.¹¹

HCA's staffing levels are reportedly 30% below the industry average in recent years. Eighty-nine percent of respondents to a January 2022 survey of over 1,500 health care workers at HCA hospitals agreed with the statement, "I feel short staffing at my hospital is compromising patient care."¹² An HCA nurse recently published an opinion piece in *Newsweek* describing patient care and safety consequences of inadequate staffing.¹³

Despite staffing levels' importance, the Committee's charter does not specifically identify them as a factor the Committee should review in connection with its oversight of patient safety and quality of care. We believe that robust board oversight of this area is crucial for effective risk management and protection of long-term shareholder value.

⁸ <https://www.healthcarediver.com/news/new-york-passes-safe-staffing-law-for-hospitals-nursing-homes/602171/>

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¹⁰ <https://www.seattletimes.com/seattle-news/health/wa-hospital-workers-filed-record-number-of-workplace-safety-complaints-last-year-unions-say/>; <https://skillednursingnews.com/2022/04/nursing-home-staffing-minimum-law-takes-effect-in-new-york/>

¹¹ <https://www.legis.state.pa.us/CFDOCS/billInfo/billInfo.cfm?year=2021&sInd=0&body=S&type=B&bn=240>

¹² <https://www.seiu.org/2022/01/new-national-survey-of-nurses-and-healthcare-workers-at-hca-hospitals-sounds-alarm-bells-nearly-80-percent-of-respondents-report-short-staffing-is-jeopardizing-patient-care-at-americas-largest-for-profit-hospital-corporation>

¹³ <https://www.newsweek.com/our-health-care-system-facing-massive-staffing-shortages-crisis-looming-opinion-1738073>

January 11, 2023

Via e-mail at shareholderproposals@sec.gov

Securities and Exchange Commission
Office of the Chief Counsel
Division of Corporation Finance
100 F Street, NE
Washington, DC 20549

Re: Request by HCA Healthcare Inc. to omit proposal submitted by Michael Frerichs, as Trustee of the Bright Start College Savings Trust, and Francisco R. Coronado

Ladies and Gentlemen,

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, Michael Frerichs, as Trustee of the Bright Start College Savings Trust and Francisco R. Coronado (together, the “Proponents”) submitted a shareholder proposal (the “Proposal”) to HCA Healthcare Inc. (“HCA” or the “Company”). The Proposal asks HCA’s board to amend the charter of the Patient Safety and Quality of Care Committee (the “Committee”) to provide that the Committee has the power and duty to review staffing levels and their impact on patient safety and the quality of patient care.

In a letter to the Division dated December 20, 2022 (the “No-Action Request”), HCA stated that it intends to omit the Proposal from its proxy materials to be distributed to shareholders in connection with the 2023 annual meeting of shareholders. HCA argues that it is entitled to exclude the Proposal in reliance on Rule 14a-8(i)(7), on the ground that the Proposal relates to HCA’s ordinary business operations. Because health care worker staffing is a significant policy issue with broad societal impact, HCA has not met its burden of proving its entitlement to exclude the Proposal, and the Proponents respectfully ask that its request for relief be denied.

The Proposal

The Proposal states:

RESOLVED, that shareholders of HCA Healthcare, Inc. (“HCA”) urge the Board of Directors to take the steps necessary to amend the charter of the Board’s Patient Safety and Quality of Care Committee (the “Committee”) to provide that the Committee has the power

and duty to review staffing levels and their impact on patient safety and the quality of patient care.

Ordinary Business

HCA argues that the Proposal deals with the Company's ordinary business operations, and is thus excludable in reliance on Rule 14a-8(i)(7), because it "attempts to direct decisions relating to the management of the Company's workforce and therefore involves the Company's 'ordinary business.'"¹ HCA also claims that the Proposal would micromanage it. Neither argument has merit.

The Proponents acknowledge that proposals on workforce management, without more, are generally deemed to address ordinary business operations. However, companies are not allowed to rely on the ordinary business exclusion to omit such proposals if they "focus[] on sufficiently significant social policy issues."² Over the past several years, health care staffing levels, and their impact on worker burnout, has been the consistent subject of widespread public debate, the Division's standard for qualifying as a significant policy issue.³ The COVID-19 pandemic has amplified growing public concern and policy activity around the issue, injecting greater urgency into the debate.

The Division's November 2021 guidance informs the significant policy issue analysis. In Staff Legal Bulletin ("SLB") 14L,⁴ the Division announced that it would no longer require proponents to demonstrate a nexus with the company to avoid exclusion on ordinary business grounds, as required and elaborated on in now-rescinded SLBs 14I, 14J and 14K. The Division explained:

Going forward, the staff will realign its approach for determining whether a proposal relates to "ordinary business" with the standard the Commission initially articulated in 1976, which provided an exception for certain proposals that raise significant social policy issues, and which the Commission subsequently reaffirmed in the 1998 Release. . . . For these reasons, staff will no longer focus on determining the nexus between a policy issue and the company, but will instead focus on the social policy significance of the issue that is the subject of the shareholder proposal. In making this determination, the staff will consider whether the proposal raises issues with a broad societal impact, such that they transcend the ordinary business of the company.⁵

SLB 14L commented specifically on workforce-related proposals, stating that "proposals squarely raising human capital management issues with a broad societal impact would not be subject to exclusion solely because the proponent did not demonstrate that the human capital management issue was significant to the company." The analysis now focuses on whether a proposal's subject has "broad societal impact," a standard that is clearly satisfied by health care worker staffing levels.

¹ No-Action Request, at 4.

² Exchange Act Release No. 40018 (May 21, 1998) (the "1998 Release").

³ See, e.g., <https://www.sec.gov/interp/legals/cfslb14a.htm>.

⁴ Staff Legal Bulletin 14L (Nov. 3, 2021).

⁵ Staff Legal Bulletin 14L (Nov. 3, 2021) (citations omitted).

SLB 14L’s impact on the significant policy issue analysis is illustrated by the changed fortunes of proposals on two workforce issues--paid sick leave and worker health and safety--between the 2021 and 2022 proxy seasons. In 2021, CVS⁶ challenged on ordinary business grounds a proposal asking the company to analyze and report on the feasibility of extending the paid sick leave policy adopted in response to the COVID-19 pandemic as a standard employee benefit. Despite the proponent’s documentation of public debate on the issue, including abundant media attention, legislative and regulatory initiatives, and public health considerations, the Staff concurred with CVS that the proposal dealt with management of its workforce practices without transcending ordinary business.

A very similar proposal was again submitted to CVS for the 2022 proxy season and the company’s no-action request was analyzed under the new SLB 14L approach. As it had the previous year, CVS⁷ argued that the proposal addressed the company’s “management of its workplace practices, including general employee compensation and benefits matters” and did not implicate a significant policy issue. The proponent urged that paid sick leave was a significant policy issue under SLB 14L, given the significant societal impact of the issue as exacerbated by the COVID-19 pandemic. The Staff did not grant CVS’s request for relief.

Likewise, in the 2021 proxy season, Amazon⁸ successfully challenged on ordinary business grounds a proposal asking the company to report on the adequacy of its “efforts to reduce [worker] health and safety risks from the coronavirus pandemic,” including oversight by the Board’s Leadership Development and Compensation Committee. The proponents had argued that the committee’s oversight and “the adequacy of Amazon’s \$10 billion effort to reduce or mitigate those health and safety risks, are significant policy issues for Amazon that transcend its ordinary business operations.”

One year later, the Staff reached the opposite conclusion about another worker health and safety proposal, this time asking Amazon’s⁹ Board to “commission an independent audit and report of the working conditions and treatment that Company warehouse workers face, including the impact of its policies, management, performance metrics, and targets.” Amazon argued that the proposal could be excluded on ordinary business grounds because it addressed workplace safety and thus the management of the company’s workforce; the proponents countered that Amazon’s treatment of its workers had broad societal impacts due to Amazon’s size and leadership position. The Staff sided with the proponents, finding that the proposal “transcends ordinary business matters.”

Significant Social Policy Issue Analysis of the Proposal

Health care staffing levels are a subject of consistent and widespread public debate, the standard applied in determining whether a proposal’s subject transcends ordinary business operations,¹⁰ and the issue has a broad societal impact, within the meaning of SLB 14L. That impact

⁶ CVS Health Corporation (Feb. 19, 2021).

⁷ CVS Health Corporation (Mar. 18, 2022).

⁸ Amazon.com, Inc. (Apr. 7, 2021).

⁹ Amazon.com, Inc. (Apr. 6, 2022).

¹⁰ See, e.g., www.sec.gov/interp/legal/cfslb14a.htm.

has been especially acute in the context of the COVID-19 pandemic, which has caused many health care workers to become ill, leave the industry, and even die.¹¹

The impacts have been felt not only by the workers themselves but also by patients and the health care system. As described in a recent report,¹² there is strong evidence that staffing levels are negatively correlated with patient mortality, adverse patient events, readmission rates, burnout, and occupational injuries and positively correlated with patient satisfaction. Burnout among workers who remain has consequences for patients: One study found that reducing burnout by 30% was associated with over 6,200 fewer infections in hospitalized patients.¹³ Staffing levels have been raised as key issues in numerous strikes, strike authorizations and other concerted action by healthcare workers.

The issue has garnered significant media attention in the past few years. Some examples include:

- Editorial Board, “Lawmakers should heed nurses’ warning they are staffed too thin,” *The Seattle Times*, Nov. 20, 2022
- Ted Sickinger, “Providence nurses say they’re overworked and underpaid,” *The Oregonian*, Apr. 20, 2022 (“While pay and benefits are top-of-mind issues for nurses, they also demand Providence include ‘safe staffing’ language in their contracts to avoid chronic understaffing in individual units that they say is compromising both patient and worker safety.”)
- Mercedes Narcisse & Nancy Hagans, “New York City needs more—and better-treated—nurses,” *Daily News* (New York), Nov. 29, 2022
- Jason Laughlin, “Temple nurses to picket today amid talks,” *Philadelphia Inquirer*, Sept. 23, 2022 (“The turnover rate for nurses here is staggering,” ICU nurse Mary Adamson, president of the Temple University Hospital Nurses Association, said in a statement. “We are still short-staffed every day and every night.”)
- Kris B. Mamula, “Armstrong hospital nurses cite staffing as major issue; contract talks stall over staff-to-patient ratios,” *Pittsburgh Post-Gazette*, Feb. 19, 2022 (“Nurses at Armstrong County Memorial Hospital say staff-to-patient ratios are critical to safety and a major issue in contract talks that have stalled at the 160-bed Kittanning hospital.”)
- Paul John Scott, “Stretched thin, nurses want a say when it comes to staffing,” *Duluth News Tribune*, May 3, 2022 (<https://www.duluthnewstribune.com/newsmd/stretched-thin-nurses-want-a-say-when-it-comes-to-staffing>)
- Jeremy Olson, “Bedside Burnout,” *Star Tribune* (Minneapolis, MN), June 2, 2022 (“Nurses picketed outside 11 Twin Cities area hospitals on Wednesday, arguing that their employers need to improve staffing and support before burned-out colleagues flee the profession.”)
- “Understaffing still plagues nursing homes; Buffalo facility cited as state gears up to enforce law requiring more workers,” *The Buffalo News* (New York), July 24, 2021
- Elise Takahama, “Hospitals, unions divided on staffing solution,” *Seattle Times*, Jan. 6, 2023

¹¹ E.g., JC Reindl, “More nurses are turning to unions; Pandemic’s staff shortages have many overwhelmed,” *Detroit Free Press*, July 24, 2021

¹² <https://user-niv7hdi.cld.bz/Report-Evidence-on-Hospital-Staffing-Outcomes-Implications-for-Washington/4/>

¹³ <https://user-niv7hdi.cld.bz/Report-Evidence-on-Hospital-Staffing-Outcomes-Implications-for-Washington/12/>

- Jayme Fraser et al., “Nursing home staffing allowed to founder; Federal guidelines are clear, but they’re not enforced, USA Today, Dec. 7, 2022 (“When facilities are short-staffed, essential tasks are ignored. Doctor’s appointments are missed, call buttons go unanswered, diapers are not changed, showers are not given and wounds are not cleaned. Dementia can set in faster. People get sicker, and die, alone.”)
- Katie Bernard, “Staffing crisis at Kansas mental hospital deepens. What will lawmakers do next session?” Kansas City Star, Dec. 15, 2022 (“COVID-19 left lasting damage on healthcare workforces nationwide in the private and public sector. Nursing shortages became common across the industry as staff members retired early and left the field.”)
- Stephanie Innes, “Viruses create gridlock in Arizona’s ERs; Staff shortages also contributing to backlogs,” Arizona Republic (Phoenix), Dec. 13, 2022
- “The State of Nursing,” The Atlanta Journal-Constitution, May 22, 2022 (citing “lack of control over workload demand” and “lack of nurses and support staff” as contributors to burnout)
- Aubrey Whelan, “Temple nurses say staffing issues = danger,” The Philadelphia Daily News, Sept. 24, 2021 (“Hospital staffers held a news conference outside Temple’s main hospital campus in North Philadelphia on Thursday afternoon, and spoke of working long hours with few breaks, trying to care for too many patients, and worrying that they’re missing important signs of illness along the way.”)
- Rosalio Ahumada, “Nurses plan two-day strike at 21 Kaiser Permanente hospitals in Northern California,” Sacramento Bee, Nov. 12, 2022 (“Nurses who work at 21 Kaiser Permanente hospitals in Northern California plan to hold a two-day strike later this month to continue voicing their concerns about chronic short-staffing and workplace health and safety.”)
- Chris Sommerfeldt et al., “Hospitals bled us, nurses say; Complain staffing has been short since March 2020, and bosses have done nothing to fix it,” Daily News (New York), Dec. 27, 2021
- Nanette Asimov, “Thousands of Stanford nurses strike over staffing levels, work stress, and salaries,” San Francisco Chronicle, Apr. 27, 2022
- Jonathan Franklin, “Thousands of nurses at Stanford hospitals strike over wages and mental health,” NPR, Apr. 25, 2022 (“Nearly 5,000 nurses at Stanford Health Care and the Lucile Packard Children’s Hospital in Palo Alto, Calif., went on strike Monday as they negotiate for better pay, more staffing and more support for their mental health.”)
- Jeremy Olson & Tim Harlow, “Minnesota nurses authorize strike,” Star Tribune (Minneapolis, MN), Aug. 17, 2022 (“Inadequate staffing and security have been key issues in prior negotiations, though they were often left unaddressed in the final contracts. Twin Cities nurses went on a one-day strike in 2010, calling for better nurse-to-patient staffing ratios but ultimately agreeing on a deal that preserved pension benefits.”)
- Ed Sealover, “Nurse-staffing bill advancing through Colorado legislature; the final version of the bill removes specific nurse-staffing ratios for hospitals,” Denver Business Journal, May 10, 2022
- Maya Kaufman, “After months of negotiating, hospitals barely budge on staffing plans,” Crain’s New York Business, Aug. 15, 2022

Legislators and regulators have also focused on healthcare staffing levels in the last few years.

On the federal level, the Nurse Staffing Standards for Patient Safety and Quality Care Act (the “Act”) was introduced in the House and Senate in 2021. The Act would impose minimum staffing levels by unit. As well, the Act would allow nurses to refuse an assignment if it would violate staffing standards or if they lack the education or experience needed to fulfill the assignment without compromising the safety of a patient or jeopardizing their nurse's license. Employers would be prohibited from retaliating for such a refusal or for making a good-faith complaint regarding the care, services, or conditions of a hospital.¹⁴ In December 2021, Rep. Schakowsky, the sponsor of the House bill, held a briefing about the staffing “crisis” created by the “shortage of good, permanent nursing jobs.”¹⁵ Nurses testified at the briefing about the impact of short-staffing on them and their patients.¹⁶

Legislation has also been introduced and advanced in several states:

- Illinois HB 3871, which requires hospitals to set and post written nurse staffing plans set by a nursing care committee, was introduced in the General Assembly in 2021.¹⁷ The bill mandates that staffing plans consider, among other factors, patient acuity and the complexity of clinical professional nursing judgment needed to design and implement a patient’s nursing care plan. Retaliation against an employee for expressing a concern regarding violation of the bill’s requirements would also be prohibited.¹⁸
- In Minnesota, the Keeping Nurses at the Bedside Act passed the House of Representatives in May 2022.¹⁹ The bill would establish committees to set hospital staffing levels by unit.²⁰
- Legislation similar to the Minnesota bill was enacted in New York State in 2021,²¹ though committee stalemates and worker dissatisfaction with management overrides are creating momentum for more stringent legislation.²²
- The Washington House of Representatives passed a bill in early 2022 to impose minimum staffing levels in hospitals.²³ The bill failed in the Senate, but healthcare workers and community groups are gearing up to fight in 2023 for legislation establishing ratios.²⁴

¹⁴ <https://www.congress.gov/bill/117th-congress/senate-bill/1567>; <https://www.congress.gov/bill/117th-congress/house-bill/3165>

¹⁵ <https://dailynurse.com/tag/respect-for-nurses/>

¹⁶ See <https://vimeo.com/showcase/9089138>

¹⁷ ilga.gov/legislation/BillStatus.asp?DocTypeID=HB&DocNum=3871&GAID=16&SessionID=110&LegID=132957

¹⁸ <https://ilga.gov/legislation/ilcs/fulltext.asp?DocName=021000850K10.10>

¹⁹ <https://mnnurses.org/nurses-celebrate-historic-passage-of-keeping-nurses-at-the-bedside-act-in-minnesota-house-senate-action/#:~:text=The%20Keeping%20Nurses%20at%20the%20Bedside%20Act%20addresses%20the%20short,limit%20on%20the%20number%20of>

²⁰ <https://mnnurses.org/nurses-celebrate-historic-passage-of-keeping-nurses-at-the-bedside-act-in-minnesota-house-senate-action/#:~:text=The%20Keeping%20Nurses%20at%20the%20Bedside%20Act%20addresses%20the%20short,limit%20on%20the%20number%20of>

²¹ <https://www.littler.com/publication-press/publication/new-york-governor-signs-legislation-establishing-mandatory-staffing>

²² <https://www.cityandstateny.com/policy/2023/01/57-new-york-hospitals-safe-staffing-law-falls-apart/381493/>

²³ <https://housedemocrats.wa.gov/riccelli/2022/02/13/house-approves-safe-staffing-standards-for-hospitals/>

²⁴ <https://www.thestand.org/2023/01/wa-healthcare-workers-renew-fight-for-safe-staffing-standards/>

- The Oregon Nurses Association recently announced it would press lawmakers in 2023 to pass legislation imposing specific staffing ratios.²⁵
- Pennsylvania House Bill 106/Senate Bill 240, the Patient Safety Act, introduced in 2021, would mandate staffing levels by unit and establish safe-staffing committees.²⁶
- In New York City, nurses testified at a recent City Council hearing on the “staffing crisis” driving many nurses to leave the profession.²⁷
- Similar testimony was provided at a hearing held in February 2022 by the New York State Department of Health’s Public Health and Public Health Planning Committee.²⁸

Staffing levels have also been the subject of significant worker actions. In 2022, nurses conducted informational pickets and protests about staffing ratios in Cincinnati, OH²⁹; Augusta and Atlanta, GA³⁰; Tuscaloosa, AL³¹; Chicago, IL³²; Eureka, Davis, San Francisco, West Anaheim, Los Angeles, Daly City, Duarte, Inglewood and Santa Monica, CA³³; Lauderdale Lakes, Miami, and Brooksville, FL³⁴; Reno, NV³⁵; St. Louis, MO³⁶; Corpus Christi, TX³⁷; Asheville, NC³⁸; and Nashville,

²⁵ <https://ktvz.com/news/2022/11/02/oregon-nurses-union-wants-lawmakers-to-toughen-safe-staffing-law-hospitals-say-it-would-worsen-crisis/>

²⁶ <https://why.org/articles/they-spread-nurses-dangerously-thin-pa-nurses-unions-unite-to-back-bills-on-staffing-levels/>

²⁷ <https://www.nysna.org/press/2022/nysna-rns-sounded-alarm-short-staffing-crisis-city-council-oversight-hearing-state-nyc#.Y7xTK-zMLQ0>

²⁸ <https://www.nysna.org/blog/2022/02/09/nysna-nurses-testify-safe-staffing-and-health-equity-now#.Y7xVE-zMLQ0>

²⁹ <https://www.nationalnursesunited.org/press/cincinnati-va-nurses-to-hold-info-picket-for-patient-safety-and-va-employee-fairness-act>

³⁰ <https://www.nationalnursesunited.org/press/va-nurses-in-augusta-demand-va-leadership-address-persistent-safety-concerns>

³¹ <https://www.nationalnursesunited.org/press/va-nurses-in-augusta-demand-va-leadership-address-persistent-safety-concerns>

³² <https://www.nationalnursesunited.org/press/chicago-nurses-to-hold-protest-over-patient-safety>

³³ <https://www.nationalnursesunited.org/press/saint-joseph-hospital-nurses-to-hold-informational-picket;>

<https://www.nationalnursesunited.org/press/santa-monica-nurses-to-hold-informational-picket;>

<https://www.nationalnursesunited.org/press/seton-rns-prepare-for-two-day-strike;>

<https://www.nationalnursesunited.org/press/inglewood-nurses-to-hold-informational-picket-for-patient-safety;>

<https://www.nationalnursesunited.org/press/ucsf-and-ucla-medical-center-nurses-demand-uc-provide-safe-staffing;>

<https://www.nationalnursesunited.org/press/city-of-hope-nurses-to-hold-silent-protest-and-press-conference-demanding-patient-safety;>

<https://www.nationalnursesunited.org/press/oc-nurses-to-hold-informational-picket-for-patient-safety;>

<https://www.nationalnursesunited.org/press/uc-davis-medical-center-nurses-to-hold-virtual-press-conference>

³⁴ <https://www.nationalnursesunited.org/press/florida-medical-center-nurses-hold-informational-picket;>

<https://www.nationalnursesunited.org/press/oak-hill-nurses-will-rally-for-staff-recruitment-retention-and-patient-safety;>

<https://www.nationalnursesunited.org/press/miami-va-nurses-demand-management-resolve-patient-safety-issues-and-critical-staffing-crisis>

³⁵ <https://www.nationalnursesunited.org/press/reno-nurses-hold-informational-picket-to-urge-patient-safety>

³⁶ <https://www.nationalnursesunited.org/press/saint-louis-university-hospital-nurses-to-hold-rally-to-protest-chronic-understaffing>

³⁷ <https://www.nationalnursesunited.org/press/ccmc-nurses-plan-action-to-protest-high-turnover-and-understaffing>

³⁸ <https://www.nationalnursesunited.org/press/mission-hospital-nurses-to-rally-for-recruitment-retention-and-patient-safety>

TN³⁹ (a protest that focused on HCA’s staffing practices). Similar actions were held at various Tenet and Sutter sites throughout California.⁴⁰

Thus, as evidenced by the substantial media coverage, worker actions, and legislative initiatives on hospital staffing levels described above, the Proposal addresses a significant social policy issue. By contrast, in the determinations HCA cites, the proponents were unsuccessful in persuading the Staff that their proposals dealt with significant policy issues transcending ordinary business.

HCA cites Amazon (UAW Trust)⁴¹ in support of its contention that proposals addressing workforce staffing are excludable on ordinary business grounds. But the Amazon proposal differed from the Proposal in two important ways. First, the Amazon proposal asked for disclosure of risks associated with ensuring adequate staffing of its operations, including the company’s reliance on part-time and contingent workers and impact on its strategy. Those kinds of risks implicated the nitty gritty of Amazon’s day-to-day operations much more than the Proposal does, given its focus on board oversight. Second, the significant social policy issue advanced by the Amazon proponent was very broad—“the labor market tightening known as the ‘Great Resignation’ or ‘Great Quit’”—which the proponent asserted was causing the company to miss delivery commitments and raise prices for its Prime membership. Those consequences were important for Amazon, but likely do not constitute broad societal impacts.⁴²

Here, however, the Proposal and this response identify broad societal impacts of unsafe staffing levels. The Proponents disagree with HCA’s claim that the Proposal is not “focused on inherent and significant hazards to human health,” given the link between understaffing and numerous negative patient metrics. Moreover, the Staff has never required a proposal to satisfy that standard in order to avoid exclusion. Last season, for example, the Staff did not concur with CVS⁴³ that it could exclude on ordinary business grounds a proposal asking the company to publish a report on the link between the public-health costs created by CVS’s food, beverage, and candy business and its prioritization of financial returns over its healthcare purpose. The public health impact addressed in the CVS proposal was not only indirect—in the sense that CVS did not manufacture any of the products at issue—but also was not the proposal’s sole (or even arguably, primary) focus.

Micromanagement

Finally, the Proposal would not micromanage HCA. SLB 14L clarified the Staff’s approach to micromanagement claims. It states that the Staff will analyze “the level of granularity sought in the proposal and to what extent it inappropriately limits the discretion of the board or

³⁹ <https://www.nationalnursesunited.org/press/nurses-request-frist-gala-celebrants-to-encourage-frist-family-to-improve-HCA-healthcare-conditions>

⁴⁰ <https://www.nationalnursesunited.org/press/rns-to-hold-info-pickets-and-public-actions-april-27-tenet-hospitals>; <https://www.nationalnursesunited.org/press/nurses-and-health-care-workers-at-15-sutter-facilities-to-hold-one-day-strike>

⁴¹ Amazon.com, Inc. (Apr. 7, 2022)(UAW Retiree Medical Benefits Trust).

⁴² The other determinations on which HCA relies are inapposite because they were decided prior to the issuance of SLB 14L and its restored emphasis on the “social” aspect of the significant social policy issue analysis. (See No-Action request, at 5)

⁴³ CVS Health Corp. (Mar. 15, 2022).

management.”⁴⁴ SLB 14L indicated that a proposal can ask a company to change its behavior, even to set a specific objective like an emissions reduction target, as long as it doesn’t instruct management or the board on exactly how to implement the change.

The Proposal asks that the Committee be given responsibility for reviewing staffing levels and their impact on patient safety and the quality of care. It does not specify how often such a review should occur, the kinds of information the Committee should request in connection with the reviews, or any actions the Committee should take in response to the reviews. The Proposal’s focus is purely process-based. The Proposal, then, suggests a topic for Committee oversight but “afford[s] discretion to management as to how to achieve” that outcome, in the words of SLB 14L.

In sum, HCA is not entitled to exclude the Proposal on ordinary business grounds because healthcare staffing levels is a significant social policy issue with broad societal impact, as evidenced by the consistent and widespread public debate in the media and among policy makers. The Proposal gives HCA’s board significant discretion over how to exercise its oversight responsibilities, precluding a conclusion that the Proposal would micromanage HCA.

* * *

For the reasons set forth above, HCA has not satisfied its burden of showing that it is entitled to omit the Proposal in reliance on Rule 14a-8(i)(7)). The Proponents thus respectfully request that HCA’s request for relief be denied.

The Proponents appreciate the opportunity to be of assistance in this matter. If you have any questions or need additional information, please contact me at [REDACTED] ^{PII}.

Sincerely,



Francisco R. Coronado

cc: John M. Franck II
John.Franck@HCAHealthcare.com

⁴⁴ Staff Legal Bulletin 14L (Nov. 3, 2021).



OFFICE OF THE ILLINOIS STATE TREASURER
MICHAEL W. FRERICHS

January 13, 2023

VIA E-MAIL

Securities and Exchange Commission
Office of the Chief Counsel
Division of Corporation Finance
100 F Street, NE
Washington, DC 20549

Re: HCA Healthcare, Inc.’s Requested Exclusion of the Shareholder Proposal Submitted by Michael Frerichs, as Trustee of the Bright Start College Savings Trust

Ladies and Gentlemen:

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, Michael Frerichs, as Treasurer for the State of Illinois and Trustee of the Bright Start College Savings Trust (the “Proponent”) submitted a shareholder proposal (the “Proposal”) to HCA Healthcare, Inc. (“HCA” or the “Company”).

The Proposal states: “**RESOLVED**, that shareholders of HCA Healthcare, Inc. (“HCA”) urge the Board of Directors to take the steps necessary to amend the charter of the Board’s Patient Safety and Quality of Care Committee (the “Committee”) to provide that the Committee has the power and duty to review staffing levels and their impact on patient safety and the quality of patient care.”

In a letter to the Division dated December 20, 2022 (the “No-Action Request”), HCA stated that it intends to omit the Proposal from its proxy materials to be distributed to shareholders in connection with the Company’s 2023 annual meeting of shareholders. The Company argues that it is entitled to exclude the Proposal in reliance on Rule 14a-8(i)(7), as relating to ordinary business operations.

As discussed more fully below, HCA has not met its burden of proving its entitlement to exclude the Proposal and the Proponent respectfully requests that the Company’s request for relief be

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denied. The Proposal relates to the scope of board oversight. It does not deal with matters relating to the Company's ordinary business operations, nor does it seek to micromanage the Company. Furthermore, the Proposal involves a significant social policy issue that transcends the ordinary business of the Company.

I. The Proposal Does Not Relate to Ordinary Business

Rule 14a-8(i)(7) permits a company to omit a proposal that "deals with a matter relating to the company's ordinary business operations." HCA invokes Staff Legal Bulletin No. 14L (Nov. 3, 2021) ("SBL 14L"), arguing on page four of its letter that the "Shareholder Proposal, which effectively seeks to require the Patient Safety and Quality of Care Committee (the "Committee") of the Company's board of directors (the "Board") to expressly review staffing levels and related impacts on patients, attempts to direct decisions relating to the management of the Company's workforce and therefore involves the Company's 'ordinary business.'"

The Company's summary misreads the Proposal. The Proponent does not attempt to direct decisions on management of the Company's workforce. Rather, the Proponent observes a concerning and documented trend about an operational and reputational risk to HCA and asks the Board to take a more active role in oversight. The Board's Patient Safety and Quality of Care Committee (the "Committee") is already tasked with overseeing patient safety and the quality of patient care. The powers and duties of the Committee are enumerated in the Charter as provided below.

1. Review the Quality, Safety, Risk, and Clinical Services Improvement Strategies.
2. Review the policies and procedures developed by the Chief Medical Officer, the Clinical Services Group, and other Company departments to promote quality patient care and patient safety.
3. To the extent it may deem necessary or appropriate, retain, or approve the recommendation of the Chief Medical Officer or the Clinical Services Group for the retention of, consultants or other advisors from time to time concerning quality of patient care and patient safety matters.
4. Review, in conjunction with the relevant Company departments and the Chief Medical Officer, the development of internal systems and controls to carry out the Company's standards, policies and procedures relating to quality of patient care and patient safety, including, without limitation, controls designed to facilitate communication across the organization regarding patient care and safety improvement opportunities and activities and the evaluation thereof.
5. Review, as appropriate, information relating to Company quality, clinical risk, patient safety and performance improvement.
6. Review the Company's graduate medical education (GME) programs.

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7. Take such other actions and perform such services as may be referred to it from time to time by the Board, including the conduct of special reviews as it may deem necessary or appropriate to fulfill its responsibilities.
8. Delegate any of its responsibilities to one or more subcommittees as the Committee may deem appropriate, when appropriate and consistent with applicable law.
9. Review and oversee the Company's policies and practices for promoting its commitment to equity of patient care.

Left unstated is whether consideration of the impact of staffing levels is part of the Committee's purview. Investors would benefit from knowing if the Committee assesses staffing levels as part of its patient safety evaluation to be able to determine the robustness of the Committee's oversight.

The Proposal asks that the Committee's charter include a provision to provide the Committee the "power and duty to review staffing levels *and their impact on patient safety and the quality of patient care*" (emphasis added). It seeks to clarify the Board's consideration of staffing levels as part of its existing role overseeing patient safety and quality of care. The Company cites several previous decisions that are distinguishable from the Proponent's request.

In *Amazon.com Inc.* (Apr. 7, 2022), the proponent requested specific data on staffing levels (part-time, temporary, and contracted workers in each of three operating segments; how staffing affected expansion plans and entry into new geographies or lines of business). Conversely, the Proponent is not seeking specific data on staffing levels. Rather the Proponent seeks to understand the scope of the board oversight for upholding its duty to provide for patient safety and address potential material risks to company performance and shareholder value.

HCA likewise cites additional precedents that are distinct from the Proposal in that they request workforce data or relate to specific workforce practices. The Proposal's central consideration is board oversight, not the release of staffing data. In *Starwood Hotels & Resorts Worldwide, Inc.* (Feb. 14, 2012), the proponent asks for verification of the U.S. citizenship status of the company's workforce; in *Northrop Grumman Corp.* (March 18, 2010) for the company to give rehiring priority to active employees and ensure personnel has access to internal job listings; in *Walmart, Inc.* (Apr. 8, 2019) to identify risk of discrimination against hourly workers taking absences for illness; in *Yum! Brands, Inc.* (Mar. 6, 2019) for a discontinuation of mandatory arbitration of employment-related claims and related practices; and in *Chemours Co.* (Jan. 17, 2017) for a report on staffing levels, among other requests.

The Company's response to the Proposal also suggests the Committee is not reviewing staffing levels as an indicator of patient safety and quality of care since it does not argue for no-action relief on the basis of substantial implementation. This omission suggests that the Committee

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does not already review staffing levels as requested in the Proposal and therefore underscores why the Company’s request for no action should be denied.

Staffing levels are an indicator of patient safety and if the Committee lacks the ability to consider the impacts of staffing issues, its mandate to promote patient safety is compromised. One academic study found adding one patient to a registered nurse’s workload increased the mortality rate by 7 percent.¹ Additional studies have found correlations between nurse staffing and the number of patients developing pneumonia while at the hospital.² Further academic evidence links staffing levels and incidents of patient falls, longer than expected stays, and medication errors.³ The Proposal included further evidence of the links between staffing levels and harmful consequences for patient care and safety such as the U.S. Surgeon General’s recent report citing inadequate staffing levels contributing to high turnover and harmful consequences for patient safety and care.⁴

The Proponent recognizes management is in the best position to determine adequate staffing levels, and where mismanagement arises, the Committee is best positioned to intervene. The Proposal simply seeks to clarify the Committee’s review of staffing levels as part of its oversight of patient safety and quality of care.

II. The Proposal Does Not Seek to Micromanage Staffing Levels

SLB 14L provides the most recent guidance on no-action relief sought under Rule 14a-8(i)(7). The guidance makes clear that the staff’s decisions rest on two central considerations. First, consideration is given to the proposal’s subject matter. Second, consideration is given to whether the subject matter micromanages by “probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgement.”

¹ Aiken LH, Clarke SP, Sloane DM, Sochalski J, Silber JH. Hospital nurse staffing and patient mortality, nurse burnout, and job dissatisfaction. *J Am Med Assoc* 2002; 288: 1987–1993.

² Needleman J, Buerhaus P, Mattke S, Stewart M, Zelevinsky K. Nurse-staffing levels and quality of care in hospitals. *N Engl J Med* 2002; 346: 1415–1422. Kovner C, Gergen PJ. Nurse staffing levels and adverse events following surgery in U.S. hospitals. *J Nurs Scholarship* 1998; 30: 315–321. Unruh L. Licensed nurse staffing and adverse events in hospitals. *Med Care* 2003; 41: 142–152.

³ Blegen MA, Vaughn T. A multisite study of nurse staffing and patient occurrences. *Nurs Econ* 1998; 16: 196–203. Langemo DK, Anderson J, Volden CM. Nursing quality outcome indicators. The North Dakota Study. *J Nurs Admin* 2002; 32: 98–105. Needleman J, Buerhaus P, Mattke S, Stewart M, Zelevinsky K. Nurse-staffing levels and quality of care in hospitals. *N Engl J Med* 2002; 346: 1415–1422. Schultz MA, van Servellen G, Chang BL, McNeese-Smith D, Waxenberg E. The relationship of hospital structural and financial characteristics to mortality and length of stay in acute myocardial infarction patients. *Outcomes Manage Nurs Practice* 1998; 2: 130–136. Dimick JB, Swoboda SM, Pronovost PJ, Lipsett PA. Effect of nurse-to-patient ratio in the intensive care unit on pulmonary complications and resource use after hepatectomy. *Am J Crit Care* 2001; 10: 376–382. Blegen M, Goode C, Reed L. Nurse staffing and patient outcomes. *Nurs Res* 1998; 47: 43–50. Blegen MA, Vaughn T. A multisite study of nurse staffing and patient occurrences. *Nurs Econ* 1998; 16: 196–203.

⁴ “Addressing Health Worker Burnout,” The U.S. Surgeon General’s Advisory on Building a Thriving Health Workforce., 2022, available at: <https://www.hhs.gov/sites/default/files/health-worker-wellbeing-advisory.pdf>.

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The Proponent does not suggest how to micromanage or even generically manage staffing; rather it asks that the Committee be empowered to oversee management decisions that relate directly to patient safety and care. Secondly, shareholders are also health care consumers. The Proponent expects each reader of the Proposal has been a patient in a medical facility or a family member of a patient in a medical facility. Thus, investors understand that staffing levels at medical facilities may contribute to patient safety. The quality of patient care is a widely shared experience and therefore not too complex a matter upon which shareholders would be able to make an informed judgement.

Furthermore, the Proposal does not ask shareholders to directly assess staffing levels or patient care, but seeks to clarify that the relevant board committee should have the power and duty to oversee how staffing levels contribute to patient care.

III. The Impact of Staffing on Patient Care is a Significant Social Policy Issue

Healthcare staffing levels and their impact on patient safety and quality of care are broad societal issues that transcend the ordinary business of the Company. This topic was the subject of a front-page investigative piece by *The New York Times* last month.⁵ As the Proposal further notes, media has widely covered how the COVID-19 pandemic exacerbated health care worker burnout and the impact of that burnout on the quality of patient care.⁶ The impact of healthcare staffing on quality of patient care has become such a significant social policy issue that the Biden Administration awarded \$103 million in American Rescue Plan funds to address it. Specifically, the funds are directed “to improve the retention of health care workers and help respond to the nation’s critical staffing needs by reducing burnout.”⁷ Additional bipartisan federal legislation as well as state legislation has also sought to remedy this significant social policy issue.⁸ The 2022 U.S. Surgeon General’s report found, “Investing in health workers and

⁵ Robbins, Rebecca, Thomas, Katie and Silver-Greenberg, Jessica. “How a Sprawling Hospital Chain Ignited Its Own Staffing Crisis,” *The New York Times*, Dec. 15, 2022, available at: <https://www.nytimes.com/2022/12/15/business/hospital-staffing-ascension.html>

⁶ Lagasse, Jeff, “Cost of burnout-related physician turnover totals \$5 billion annually.” *Healthcare Finance*, Nov. 28, 2022, available at: <https://www.healthcarefinancenews.com/news/cost-burnout-related-physician-turnover-totals-5-billion-annually>. Levine, David, “U.S. Faces Crisis of Burned-Out Health Care Workers.” *U.S. News*, Nov 15, 2021, available at: <https://www.usnews.com/news/health-news/articles/2021-11-15/us-faces-crisis-of-burned-out-health-care-workers>. Reed, Allie, “Burned Out Health-Care Workers Get \$103 Million Boost from HHS.” *Jan. 20, 2022*, available at: <https://news.bloomberglaw.com/health-law-and-business/bidens-hhs-invests-103-million-to-beat-health-worker-burnout>.

⁷ Biden-Harris Administration Awards \$103 Million in American Rescue Plan Funds to Reduce Burnout and Promote Mental Health and Wellness Among Health Care Workforce. *HHS Press Office*, Jan. 20, 2022, available at: <https://www.hhs.gov/about/news/2022/01/20/biden-harris-administration-awards-103-million-american-rescue-plan-funds-reduce-burnout-promote-mental-health-wellness-among-health-care-workforce.html>

⁸H.R. 8890 – Physician Wellness Program Act of 2022, available at: <https://www.congress.gov/bill/117th-congress/house-bill/8890?s=1&r=6>; Mensik, Hailey, “New York passes safe staffing law for hospitals, nursing homes.” *June 22, 2022*, available at: <https://www.healthcarediver.com/news/new-york-passes-safe-staffing-law-for-hospitals-nursing-homes/602171/>; Gooch, Kelly. “Colorado requires hospitals to establish nurse staffing committees.” *May 19, 2022*, available at: <https://www.beckershospitalreview.com/workforce/colorado-requires-hospitals-to-establish-nurse-staffing-committees.html>.

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safeguarding their well-being protects their health, our health and our entire health care system.”⁹

* * *

For the reasons set forth above, HCA has not satisfied its burden of showing that it is entitled to omit the Proposal. The Proponent thus respectfully requests that HCA’s request for relief be denied. The Proponent appreciates the opportunity to be of assistance in this matter. If you have any questions or need additional information, please contact Joe Aguilar, Chief Investment Officer, Illinois State Treasurer Michael W. Frerichs, at (312) 814-1529 or jaguilar@illinoistreasurer.gov.

Sincerely,



Michael Frerichs
Illinois State Treasurer

CC: John M. Franck II, HCA Healthcare
Denine Pritchett, HCA Healthcare

⁹ “Addressing Health Worker Burnout,” The U.S. Surgeon General’s Advisory on Building a Thriving Health Workforce., 2022, available at: <https://www.hhs.gov/sites/default/files/health-worker-wellbeing-advisory.pdf>

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