



Dimensions Healthcare System

DATE: February 10, 2014

TO: Dimensions Healthcare System Employees

FROM: John F. Peeples, MBA, SPHR, CCP  
Senior Vice President, Human Resources

RE: Contract Negotiations Update II

---

Management's goal since negotiations began in early 2013 has been to work with the union in good faith to reach a fair, competitive contract that helps to address issues affecting patient care and employees as well as operations and finances. This will require a certain amount of operational flexibility in the new contract. To be successful in healthcare, Dimensions Healthcare System (DHS) will need to use its limited resources more wisely.

Since November 2013, there have been six (6) negotiation sessions with SEIU UHW-East. The last sessions were held on January 27 and 29. In our opinion, the union has not made any meaningful movement toward the contract items that are important to DHS. So we are working with a neutral mediator from the Federal Mediation and Conciliation Service to help us reach a new agreement.

During the latest round of bargaining, management presented a comprehensive proposal package. Similar to the proposal presented in January, this package reflects the necessary changes that need to be made in order to be a successful healthcare provider given the dramatic challenges for healthcare providers in Maryland and across the United States.

The union verbally rejected all of the proposals for improved efficiency and operational flexibility that are critical to the future success of DHS and its employees, despite repeated explanations of the need for change. And although we have supplied the union with requested information – including the business rationale for many of our proposals – SEIU has disregarded the data and is asking for richer benefits than the ones currently provided to DHS employees.

For instance, DHS employees currently pay 25 percent of their healthcare insurance premiums; DHS pays the other 75 percent. SEIU first proposed that DHS pay the full 100 percent and then came back requesting that DHS pay 90 percent. Insurance premiums for employee health benefits are a tremendous cost to DHS. Health insurance costs nationally have climbed 182 percent between 1999 and 2013 to an average annual premium of \$16,351, according to the Kaiser Family Foundation.<sup>1</sup> Average annual premiums for family health plans rose 4 percent in 2012 across the United States.

The union also asked for a 4 percent pay increase for each year of a three-year contract. It later pulled back and proposed a 3.75 percent pay increase annually. An 11.25 percent wage increase is a multi-million dollar request at a time when hospitals in our region have frozen wages and/or are laying off hundreds of employees. Hospitals nationally are struggling to balance shrinking revenue and rising costs as a result of healthcare reform, the economic recession and lower federal, state and commercial reimbursements and DHS is no different. Nationally, hospitals on average are providing staff with pay increases less than 3 percent.<sup>2</sup>

Management is scheduled to meet with the union again on February 17, 18 and 24. We will continue to keep you informed about the progress of negotiations. Thank you.

---

<sup>1</sup> Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2013.

<sup>2</sup> Herman, Bob. "8 Survey Findings on Hospital Salaries and Incentives." *Becker's Hospital Review*. 24 Jul. 2013.