



Dimensions Healthcare System

DATE: February 26, 2014
TO: Dimensions Healthcare System Leadership
FROM: John F. Peeples
Senior Vice President, Human Resources
RE: Contract Negotiations Update III

As mentioned numerous times before, health care is experiencing significant changes. The Affordable Care Act, mandatory introduction of new technologies, declining payer reimbursements, and population health management — all require us to fundamentally rethink the way we provide care. **Maintaining the status quo is not an option.**

Dimensions Healthcare System has taken many actions to reduce expenses and strengthen the organization, especially in regards to its labor costs. As a result, hard decisions have been made, such as restructuring Dimensions Healthcare System's management team, and eliminating 14 senior-level management positions and 64 middle-level management positions. Also, a position vacancy approval committee has been formed to closely evaluate all requests for new positions and continue to eliminate positions through attrition to minimize the direct impact on individuals and their families.

Management has been negotiating with the Service Employees International Union (SEIU) for nearly 12 months on successor contracts for nurses and service employees. Yet, progress remains slow. We are disappointed that the union leadership refuses to accept any meaningful changes to the collective bargaining agreements that expired April 30, 2013. The union has not countered with any reasonable proposals and fails to bargain about issues that are essential for Dimensions Healthcare System to effectively manage through this difficult transitional time.

However, the union has asked for wage increases – totaling approximately \$15 million. Given the current challenges we are facing, this is not realistic. We have offered counter proposals that will continue to provide nurses and service workers with market-competitive pay and benefits.

For service employees, SEIU is asking for an 11.25 percent increase across the length of a new contract. We have continued to provide RNs with their step increase of up to 3.5 percent, while other SEIU-represented employees and non-union employees have not received any increases during this time.

We continue to look critically at all of our operations and expenses to find areas where we can save money and eliminate waste so we can best use our limited resources to deliver safe, quality care to the communities that we serve. We hope that SEIU will thoughtfully consider our proposals and help Dimensions Healthcare System make the necessary changes to meet the future needs of the residents of Prince George's County.

Thank you.