It Doesn't Add Up!

Kaiser's Wealth = Pension + Benefit Cuts?

George Halvorson, Kaiser CEO, recently bragged about how rich Kaiser is:

> *"With more than $40 billion a year in revenue, we're [Kaiser] bigger than 42 states and 135 countries relative to our care delivery system and the population we care for."*[1]

SEIU and Kaiser have been saying over and over again we are in "*troubling economic times*." They agreed to cut our lump sum pension. And now, Kaiser is threatening to cut retiree health, pension, and health insurance benefits for all workers?

It doesn't add up. From 2002 to 2009, Kaiser's revenues totaled over **$276.0 billion**. In 2009 alone, Kaiser brought in more than **$48 billion** in revenue. [2]

Kaiser is **so Rich** it is *Giving Money Away*

At a time when Kaiser officials try to justify cutbacks to maintain a competitive edge, Kaiser has spent millions on administrative costs such as travel, conferences and advertising.

- **$144.6 Million** in GRANT SPENDING:

  In 2009, Kaiser gave a total of $144.6 million in grants and assistance to outside organizations.[3]

- **$640.5 Million** in TRAVEL EXPENDITURES:

  Between 2002 and 2009, Kaiser spent a total of $640.5 million on travel.

- **$1.4 Billion** in ADVERTISING COSTS (THRIVE):

  Kaiser spent $1.4 billion on advertising from 2002 to 2009. During this period Kaiser's advertising expenditures averaged $171.4 million a year.[4]

So much money for Kaiser Executives but so little for the workers who have made Kaiser successful.

When our employer is successful, we should share in that financial success. Instead, Kaiser and SEIU have been trying to convince us that we should be satisfied with less—fewer benefits, less wages, and less job security.

[1] Kaiser Health News, "Head Of Kaiser Health Plan Sees Openings For Accountable Care Organizations," July 25, 2011. Retrieved from: http://www.kaiserhealthnews.org/Stories/2011/July/25/halvorson-Q-and-A-kaiser-permanente-accountable-care-organizations.aspx

[2] Figures are combined totals for Kaiser Foundation Health Plan and Kaiser Foundation Hospitals. Source: IRS Form 990 for Kaiser Foundation Health Plan Inc. and Kaiser Foundation Hospitals, 2002-2009.

[3] Figure reflects a 218% increase from the prior year (2008) when Kaiser gave away $66.2 million in grant monies. Source: IRS Form 990, Part IX, Line1, ColumnA.

[4] According to Kaiser's IRS tax filings, Kaiser has spent more on travel than on grants. Between 2002 and 2009, Kaiser spent a total of $640.5 million on travel - $208.3 million more than the amount spent on grants during the same period.

NUHW

NATIONAL UNION OF HEALTHCARE WORKERS

www.NUHW.org

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Compensation

NUHW Releases Data on CEO Compensation At California HMOs, Says Workers 'Squeezed'

Executives at California health maintenance organizations are being paid large salaries while employees' pay and benefits are being cut, according to figures released July 14 by the National Union of Healthcare Workers, which represents many employees of large hospitals and health systems.

The union said it had gathered the data from public records, including figures on company profits from the California Department of Managed Care, as well as figures on executive compensation included on the companies' filings with the Securities and Exchange Commission.

The union placed extra scrutiny on nonprofit HMO and health care provider Kaiser Permanente, which operates numerous hospitals in California, including several where workers are represented by NUHW.

''During the past 27 months, Kaiser made record profits of more than $5 billion by boosting rates on consumers, even though a disproportionate share of its members are public employees who pass costs on to taxpayers,'' Sal Rosselli, president of NUHW, said in a statement. ''Furthermore, Kaiser is a tax-exempt nonprofit and, while Kaiser's [Chief Executive Officer George] Halvorson and other executives are living well, Kaiser's workers are being squeezed.''

Relations Strained Under Halvorson. Rosselli told BNA July 15 that while union-management relations at Kaiser have varied over the years, the relationship became worse since Halvorson took over. Rosselli said under Halvorson, the company has become much more focused on its bottom line, and executive compensation has increased.

''While their profits are unprecedented, [Kaiser] is now going after standards that were established 20 or 30 years ago for caregivers,'' Rosselli said. During the 1990s, he said, workers accepted wage freezes as part of collective bargaining agreements because Kaiser was in poor financial shape. But now, with the organization making multi-billion-dollar profits, workers ''are not willing to accept takeaways,'' Rosselli said.

According to the union, Halvorson's total compensation in 2009 was $7.9 million, including base salary, cash bonuses, stock and option awards, changes in deferred compensation earnings, and other compensation. Among the 11 for-profit and nonprofit companies surveyed by NUHW, the CEO with the largest total compensation package was Angela Braly of Wellpoint Inc., who made $13.1 million.

Rosselli also told BNA that Kaiser refused to include health care staffing ratios mandated by California law into a collective bargaining agreement with workers at Kaiser Los Angeles Medical Center, who engaged in a 24-hour strike earlier this year (41 DLR A-14, 3/2/11).

Pensions Revealed in Divorce Documents. Rosselli also explained that the union had obtained court documents filed in the course of the divorce proceedings of Bernard Tyson, Kaiser president and chief operating officer. The documents showed that Tyson was enrolled in eight separate pension plans, Rosselli told BNA.

In a prepared statement, Rosselli said it was ''simply unacceptable for Kaiser to try to eliminate employees' only defined-benefit pension plan while company executives enjoy eight separate pension, retirement, and deferred compensation plans.''

NUHW also highlighted the compensation of executives at Salinas Valley Memorial Hospital, a public facility where NUHW-represented workers also recently went on strike (122 DLR A-9, 6/24/11). According to the union, several news outlets previously reported that SVMH Chief Executive Officer Samuel Downing earlier this year had received a severance payment of more than $900,000 upon retirement, as well as a $3.9 million retirement payment, and that his ongoing pension payments totaled $150,000 per year.

''Last month, as a result of these disclosures, the California Assembly ordered an audit of the hospital district's finances,'' NUHW said. The hospital ''had tried to lay off 200 frontline health care workers in an attempt to find revenue to fund Downing's payout.''

Kaiser Permanente representatives did not respond to BNA's requests for comment July 15 and July 18, nor did a representative of Salinas Valley Memorial Hospital.

By Michael Rose

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