UNCOMPENSATED CARE

HOW ST. JOSEPH'S LOW WAGES LEAVE CAREGIVERS BEHIND

St. Joseph Hospital, Eureka • Redwood Memorial Hospital, Fortuna

NUHW

National Union of Healthcare Workers

Contents

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May 2015

TASHA JIMENEZ

Five years at St. Joseph Hospital, Eureka
Nursing Assistant/Monitor Technician

Tasha Jimenez—a 31-year-old mother of three children, ages 7, 11, and 15—has lived in Humboldt County all her life. She grew up in Trinidad and now lives in McKinleyville. Prior to her marriage in 2014, Tasha was a single mother for many years.

Five years ago, Tasha began working at St. Joseph Hospital as a housekeeper earning $10.20 an hour and worked her way to her current position as a monitor technician and a certified nursing assistant. Despite her career growth, she is earning only $12.40 an hour and has not received a raise in almost four years. In order to make ends meet, she’d pick up two additional night shifts on top of her three scheduled 12-hour shifts. It is not uncommon for Tasha to work 60 hours a week.

“I have to pick up extra shifts,” Tasha says. “If not, my checks are like $700 for every two weeks. But if your kids are sick, you have to get medicine. My wages are just not enough.”

Working 60 hours a week takes both physical and emotional tolls. Tasha has missed out on quality time with her family—from helping her sons with homework to attending their sports games. Tasha is grateful that her own grandmother has been able to help with childcare. “If I had to pay childcare,” Tasha says, “I don’t know what I’d do.”

Prior to her marriage, Tasha, as the head of household, depended on public assistance to get by—food stamps, Medi-Cal, and CalWORKS (Temporary Assistance for Needy Families). When she was on her St. Joseph-based health insurance plan, she incurred a $150 co-pay and a $350 bill for an emergency room visit. This is a cost she still can’t afford and for which she is now working on a repayment plan. This is a story many St. Joseph–Humboldt County caregivers can relate to: Tasha, who delivers critical healthcare services to the community, cannot afford to access medical services for herself at the very facility where she provides care.

Although Tasha recently enrolled in her husband’s more affordable health insurance plan, the couple still lives paycheck to paycheck, strategizing ways to stretch their earnings to cover necessities from week to week. She buys food in bulk and is frequently forced to forego healthy options in favor of the least expensive options.

“I wish that we could get decent wages for the hard work that we do,” Tasha says. “We have patients’ lives in our hands. We work hard every day and are involved in the healing process of people’s families. As housekeepers, nurses’ aides, monitor techs, we are there every day. We are serving our community, while St. Joseph is making a lot of money by keeping their workers in poverty.”

Executive Summary

With over 1,400 employees, St. Joseph Health System is Humboldt County's largest private-sector employer. The company, which is known locally as St. Joseph Health–Humboldt County (SJH–HC), operates two hospitals: St. Joseph Hospital in Eureka (SJHE), a 146-bed full-service acute-care facility, and Redwood Memorial Hospital (RMH) in Fortuna, a 25-bed critical care access facility. Despite SJH–HC's important role in the regional economy, its low wages and inadequate health insurance cause harmful effects on its workforce and surrounding communities.

The nonprofit health system's compensation practices leave many caregivers and support staff at SJH–HC in economic insecurity and with substandard wages that fail to meet the income self-sufficiency standards established by three nonpartisan policy institutes. Wages at SJH–HC have not kept pace with the rapid growth of the healthcare industry in recent years, or with the increasing profits of its hospitals and parent company. Ironically, as a healthcare institution SJH–HC fails to provide affordable health coverage to its workforce, exposing many employees and their families to considerable health and financial risks.

This report analyzes the effects of SJH–HC's employment practices on the livelihoods of its employees and families, as well as the larger community.

FINDINGS

- The median hourly wage of nursing and support staff at both St. Joseph Hospital in Eureka and Redwood Memorial Hospital is only $12.95, or $26,936 per year for a full-time worker. This portion of the hospitals' workforce includes more than 300 caregivers in 36 job classifications, ranging from certified nursing assistants and lab assistants to cooks and environmental service aides. Many workers earn as little as $10.90 an hour—a mere $1.90 above the state minimum wage of $9 an hour.

ST. JOSEPH HOSPITAL'S WAGES ARE SO LOW THAT MANY WORKERS AND THEIR FAMILIES ARE ELIGIBLE FOR TAXPAYER-FUNDED SAFETY NET PROGRAMS.

- The median annual compensation levels of these caregivers fall as much as $37,000 below the income self-sufficiency standards developed by nonpartisan economic and policy institutes, including the California Budget Project, the Economic Policy Institute, and the Insight Center for Community Economic Development.

- SJH–HC's wages are so low that many workers and their families are eligible for taxpayer-funded safety net programs, such as CalFresh ("Food Stamps") and Medi-Cal. The lack of affordable employer-based health insurance forces many workers to enroll in Medi-Cal or delay necessary medical care.

- SJH–HC requires its full-time employees to pay as much as $5,200 per year to secure health insurance for their families. Excessive co-pays and deductibles shift even more healthcare costs to workers. In 2014, SJH–HC increased the co-pay for emergency care by 200 percent.

- Women compose the majority of the service workforce: 66 percent at St. Joseph Hospital and 73 percent at Redwood Memorial Hospital. SJH–HC's low wages create an extra penalty for working mothers and female heads of household.

- While workers struggle to make ends meet, SJH-HC's parent company, St. Joseph Health System, pays its top executives millions of dollars each year. St. Joseph Health System paid its CEO $2 million from July 2012 to June 2013—equal to 90 times the pay of the lowest-paid workers at SJH–HC, who earn $10.90 per hour.

- Due to its nonprofit status, SJH–HC is exempted from paying property, income, and other taxes to local, state, and federal governments. In 2013, SJH-HC enjoyed savings of an estimated $11.5 million in corporate income and property taxes exemptions. During the same period, SJH–HC spent only $3 million on charity care.

- The low wages that SJH–HC pays its workers have far-reaching consequences, from patient safety concerns, hidden costs to taxpayers, and public health risks, to long-term impacts on our community's children and families.

RECOMMENDATIONS

Given the essential role of caregivers in Humboldt County's growing healthcare industry and St. Joseph Health–Humboldt County's responsibility for the well-being of its employees, we call for SJH–HC to adopt the following recommendations:

- Increase employees' wages to meet industry and regional standards and achieve parity with other St. Joseph Health System hospitals, such as Santa Rosa Memorial Hospital, in order to alleviate economic hardship, enhance job quality, and boost employee retention.

- Collaborate with employees to make long-overdue improvements to the working conditions at St. Joseph Hospital in Eureka and Redwood Memorial Hospital by negotiating labor contracts that meet industry standards and provide a voice for workers in the hospitals' decision-making processes.

- Ensure that employees have access to affordable healthcare, so they can take care of themselves, their families, and their patients.

As a vital healthcare provider and a major employer in Humboldt County, SJH–HC has a responsibility to serve as a source of locally based jobs that provide economic security to its workers and their families. Not only is it an economic imperative, it is also a moral imperative for the health system to pay sustainable wages to its employees and to build a more equitable economy. When workers thrive, our economy and our communities also thrive.

Introduction

The healthcare industry is one of the largest and fastest growing sectors in today's economy. It proved remarkably resilient during the Great Recession, sustained by a growing and aging population, advances in technology, and now the Affordable Care Act. Despite the tremendous potential of the industry to uplift the livelihoods of its workers, wages for many healthcare workers have neither kept pace with the growth of the industry, nor the profitability of hospitals and health systems.[1]

St. Joseph Health–Humboldt County (SJH–HC)—the largest private-sector employer in Humboldt County—operates St. Joseph Hospital in Eureka (SJHE), a 146-bed full-service acute-care facility, and Redwood Memorial Hospital in Fortuna (RMH), a 25-bed critical care access facility. The health system is a critical healthcare provider and, as an employer for over 1,400 local healthcare workers, a major driver of regional economic growth.[2] [3]

Yet SJH–HC pays wages so low that many of its nursing and support staff face economic insecurity.[4] The health system's service workers are hardest hit. Their median hourly wage is just $12.95, or $26,936 per year for a full-time worker, with many service workers earning as little as $10.90 an hour—a mere $1.90 above the state minimum wage of $9 an hour.[5] [6] Many live in poverty, turning to taxpayer-funded safety-net programs to secure food, housing, medical care, and other basic necessities.

While St. Joseph workers struggle to make ends meet, the health system's parent company, St. Joseph Health System, pays its top executives millions of dollars each year and provides them with lavish benefits. St. Joseph Health System paid its President and Chief Executive Officer, Deborah Proctor, $2 million from July 2012 to June 2013—an annual salary that equates to nearly $1,000 per hour. That's more than 90 times the pay of SJH–HC's lowest-paid workers, who earn $10.90 per hour.[7]

This report analyzes the following effects of SJH-HC's employment practices on the livelihoods of its employees and their families, as well as the larger community:

- Economic insecurity and hardships faced by caregivers and their families
- Workers' reliance on public assistance programs and the ensuing burden on taxpayers
- Increased patient safety and public health risks

BRANDI SCATES

Ten years at St. Joseph Hospital, Eureka
Nursing Assistant

A Humboldt County native, Brandi Scates is a 33-year-old single mother of three children, ages 7, 9, and 12. Ten years ago, Brandi took a job as a housekeeper at St. Joseph Hospital, having turned to the healthcare industry in search of economic stability. After working as a housekeeper for three years, Brandi then assisted surgery clean-up for four years, as a transporter for one year, and as an aide for another year. Now she works as a nursing assistant.

After ten years at SJHE, Brandi makes just $12.50 an hour.

As a single mother, Brandi struggles to make ends meet with SJHE’s low wages and has to make difficult choices about what necessities to forgo. Recently she opted out of a much-needed visit to the emergency room because she couldn’t afford the $150 co-pay, plus any additional hospital bills she might incur. She then enrolled in Medi-Cal, which already covered her three children. In addition, Brandi relies on subsidized housing.

Brandi’s second child was born with a serious medical condition, requiring regular treatment over the past nine years at the University of California, San Francisco, nearly 300 miles from where she lives and works. Time away from work and transportation expenses create greater economic hardship for Brandi and her family. She cannot afford childcare and relies on family for help. “Every little bit of income goes to food and clothes for my children,” says Brandi.

Brandi is proud of the patient care she provides at SJHE, but says, “After being there for ten years, I should be at a point in my life where I don’t need any public assistance, especially in a job that I put my hard work into. When you’re in a position at work, you evolve, you get better pay, better benefits. But here there’s nothing.”

The Healthcare Industry in Humboldt County

Humboldt is a rural county with a sparse population of 134,613 residents, 20.4 percent of whom live below the federal poverty line, which ranges from $11,770 for a single individual to $24,250 for a family of four.[8 9] This gives the county a poverty rate that is 4.5 percentage points higher than the state average. More than one in three Humboldt households make less than $35,000 a year.

The healthcare sector represents an area of widening economic opportunities in Humboldt County. In its 2012 report, North Coast Prosperity, the official economic development center of the North Coast region, designated the healthcare industry as one of its "Targets of Opportunity," or industries identified with the greatest potential in terms of new jobs, career possibilities, and better wages.[10 11] The California Employment Development Department also projects the healthcare industry to be one of the top three generators of jobs in the state's northern region.[12]

According to the Center for Economic Development (CED) at California State University, Chico (2007), the total economic impact of the healthcare industry in Humboldt County is more than $1.1 billion in revenue to businesses and organizations, nearly $500 million in labor income, and more than 12,000 jobs.[13] Humboldt County hospitals have been important drivers of this extraordinary economic impact, generating nearly $364 million in revenue for businesses and organizations, more than $160 million in labor income, and more than 4,000 jobs, with SJH–HC as the leading stimulator. This economic impact represented about 20 percent of Humboldt County's economy at the time of the study. In 2009, another CED study found that SJH–HC was responsible for about one in 28 jobs in all of Humboldt County.[14]

The local outlook reflects the state of the healthcare industry statewide and nationally. In California, the healthcare industry is expected to expand significantly, with the number of Californians working in health care occupations projected to grow 23 percent by 2020, accounting for almost 10 percent of all new jobs.[15] Over the next decade, California's health workforce is expected to need nearly 450,000 new workers.

Source: California Employment Development Department, Projections of Employment 2010-2020

The healthcare industry is one of the most robust sectors in the United States economy and is projected to be among those with the fastest and largest growth by 2022.[16] The U.S. Bureau of Labor Statistics predicts that employment in the healthcare and social assistance in-

St. Joseph Health System By the Numbers

14 acute care hospitals	**3** states (California, Texas, New Mexico)	**2,557,852** outpatient visits
2 affiliated hospitals	**3,098** operated beds	**24,279** employees
2 home health agencies	**150,667** discharges	**$5.6 billion** in revenue
1 health plan	**664,984** patient days	**$300 million** in profit

dustry sector will grow at an annual rate of 2.6 percent between 2012 and 2022—a rate faster than observed in the previous decade.[17] [18] Furthermore, hospitals are expected to add 814,000 jobs between 2012 and 2022—the fifth-largest increase in employment among all industries. Even during turbulent economic times, the healthcare industry has displayed remarkable resilience. The industry added hundreds of thousands of new jobs at a time when the economy suffered from more than 7.5 million job losses, a national unemployment rate of 10 percent, and a steep decline in the gross domestic product.[19] The industry added 428,000 jobs during the 18-month recession from December 2007 to June 2009, and has continued to grow at a steady rate ever since.[20]

This resilience should continue to drive employment growth in the healthcare industry. Because the industry is an important and reliable source of jobs, efforts must be taken to ensure that these jobs provide sustainable wages, affordable benefits, and good working conditions that bolster the long-term prosperity of healthcare workers and their families.

ST. JOSEPH HEALTH SYSTEM

St. Joseph Health – Humboldt County is part of the larger St. Joseph Health System. St. Joseph Health System is a ministry of the Sisters of St. Joseph of Orange, who first provided healthcare during the flu epidemic of 1918 in Eureka.[21] The system now operates 16 hospitals in three states (California, New Mexico and Texas). For the fiscal year ended June 30, 2014, St. Joseph Health System reported total revenues of $5.6 billion.[22] In Humboldt County, St. Joseph Hospital in Eureka opened its operations in 1920 and Redwood Memorial Hospital in 1946.

Humboldt County has a private healthcare safety net system in which non-government facilities provide all safety net healthcare services. As a health system operating the largest hospital in the county and housing the only Level II Neonatal Intensive Care Unit on the North Coast, SJH–HC is critical to Humboldt County's healthcare infrastructure.[23]

Estimated Value of Corporate Income and Property Taxes Exemptions Provided to SJH-HC, 2013

VALUE OF EXEMPTION	SJHE	RMH
Property tax exemption	$2,112,582	$264,570
State income tax exemption	$1,130,314	$744,644
Federal income tax exemption	$4,375,227	$2,864,015
Total	**$11,491,352**	

Source: Humboldt County Assessor's Office, NUHW Analysis

SJH–HC has experienced a strong financial performance over the last several years, reporting almost $100 million in profit from January 2010 to December 2014, $62.4 million at SJHE and $36.1 million at RMH. Also, as tax-exempt non-profit hospitals with a charitable mission, SJHE and RMH are exempt from paying corporate income or property taxes.[24] In 2013, SJH–HC enjoyed an estimated savings of $11.5 million from those exemptions at the expense of taxpayers.[25] During the same period, SJHE spent $2.2 million in charity care, or 1.2% of its operating expenses, while RMH spent almost $800,000, or 2.2% of its operating expenses, on charity care.

This $11.5 million figure understates the full cost of SJH–HC's tax savings since it does not include savings from its tax-exempt bond financing, which allows it to borrow millions of dollars at favorable interest rates. Through these exemptions, SJH–HC saves a sizable amount of money at a hidden cost to the public.

The Workforce

The National Union of Healthcare Workers represents 423 service and technical workers at SJH–HC: 349 workers from SJHE and 74 workers from RMH. Service positions include nursing assistants, dietary aides, clerks, secretaries, cooks, food service workers, housekeepers, lab assistants, lift and monitor technicians, operators, registration specialists, rehabilitation aides, transcriptionists, and other similar job classifications. Respiratory care practitioners, pharmacy technicians, and technologists working in anesthesia, MRI, histology, nuclear medicine, and echocardiogram are among some of the technical job classifications.[26]

SERVICE WORKERS

There are 262 service workers at SJHE and 52 service workers at RMH. At SJHE, 73 percent of service workers are full-time, 12 percent are part-time, and 15 percent are per diem workers. At RMH, 64 percent of service workers are full-time, while 36 percent are part-time.

The median hourly wage among service workers at both SJHE and RMH is $12.95, which amounts to $26,936 per year for a full-time employee working 40 hours per week. However, many workers classified as full-time actually receive far fewer than 40 hours per week, causing them to earn less. In 2014, the average full-time service worker at SJHE received only 33.8 hours of paid work each week, meaning many workers make about $22,700 annually—just slightly above the poverty threshold for a family of three.[27]

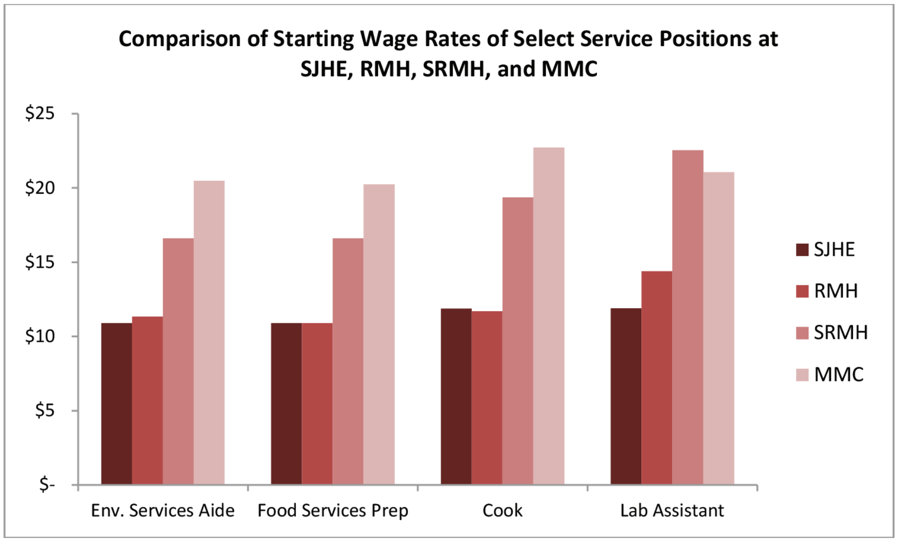
Women compose the majority of the service workforce, 66 percent at SJHE and 73 percent at RMH. SJH–HC's low wages create an extra penalty for working mothers and female heads of household.

TECHNICAL WORKERS

There are 87 technical workers at SJHE and 22 technical workers at RMH. At SJHE, 80 percent of technical workers are full-time, 10 percent are part-time, and 10 percent are per diem workers. At RMH, part-time and full-time workers are evenly split. The median hourly wage among SJHE's technical workers is $34.93, while the median hourly wage is $33.32 at RMH.

IN 2014, THE AVERAGE FULL-TIME SERVICE WORKER AT SJ. JOSEPH HOSPITAL RECEIVED ONLY 33.8 HOURS OF PAID WORK EACH WEEK, MEANING MANY WORKERS MAKE ABOUT $22,700 ANNUALLY – JUST SLIGHTLY ABOVE THE POVERTY THRESHOLD FOR A FAMILY OF THREE.

Similar to service workers, SJH–HC does not always guarantee full-time hours to its technical employees. In 2014, for instance, SJHE's full-time technical employees received on average only 30 hours of paid work each week, resulting in many workers there earning about $54,000 annually.

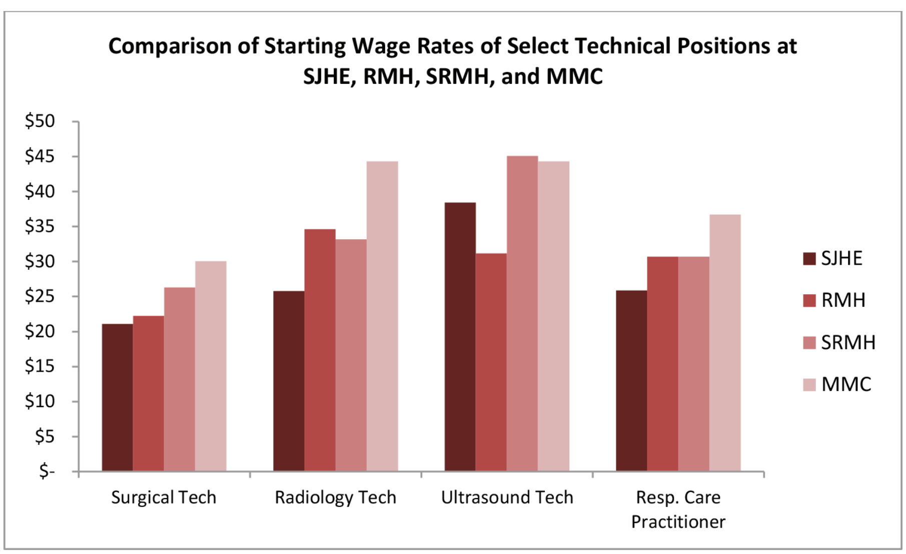


SJH–HC WAGES LAG BEHIND OTHER HOSPITALS

Wages for both service and technical workers trail far behind the wages of workers performing the same or similar work at nearby Mercy Medical Center (MMC) in Shasta County and at St. Joseph Health System's Santa Rosa Memorial Hospital (SRMH) in Sonoma County.

Wages at MMC are remarkably higher than wages at SJH-HC even though the cost of living in the two counties is very comparable (California Budget Project's Family Budget Calculator, 2013). A household in Shasta County, consisting of one parent and two children requires $62,833 annually to cover basic expenses, whereas the same family configuration in Humboldt County requires $63,904.[28]

While the annual family budget for Sonoma County is 23 percent higher than in Humboldt County, the wage differences between the two counties' hospitals are far higher. For example, while the starting hourly wage for an Anesthesia Tech at SJHE is $15.87, a similar worker performing similar duties at SRMH earns almost double — $28.46 per hour.



Source: SJHE and RMH Bargaining Unit Data, 2015; Collective Bargaining Agreement between SRMH and NUHW, 2012-2015; Collective Bargaining Agreement between Catholic Healthcare West (now Dignity Health) and SEIU-UHW, 2008-2012; Tentative Agreements between Dignity Health and SEIU-UHW, 2013-2014.

Note: Starting wages for SRMH and MMC indicate the starting wage rates specified in their respective collective bargaining agreements for the current period (i.e. April/May 2015). As of April 2015, NUHW and SJHE/RMH are bargaining their first collective bargaining agreement. Since wage scales have not yet been negotiated, the "starting wages" for SJHE and RMH indicate the lowest hourly rate that workers receive in a given job classification during the current period (i.e. April/May 2015).

The High Cost of Low Wages

St. Joseph's substandard wages and inadequate benefits have far-reaching consequences. When healthcare workers endure economic hardship, the community suffers from the effects through an increase in hidden costs to taxpayers, patient safety concerns, and public health risks.

ECONOMIC INSECURITY AND HARDSHIP

SJH-HC's wages fall far below the income self-sufficiency standards developed by nonpartisan economic and policy institutes, such as the California Budget Project, the Economic Policy Institute, and the Insight Center for Community Economic Development. These organizations analyze data from federal sources, including the U.S. Census Bureau, Bureau of Labor Statistics, Department of Agriculture, and Department of Health and Human Services, to calculate the annual income needed to sustain households in each county across California, including their costs for housing, food, transportation, health insurance, clothing, and child care.[29]

For Humboldt County, these three organizations calculate that a single parent with two children needs a minimum annual income between $55,000 and $64,000 to sustain their family. In contrast, the median annual income for service workers at SJHE and RMH is $26,936, creating an average shortfall of $32,000. This dramatic shortfall compromises workers' ability to afford basic expenses, forcing many to make difficult choices each month about forgoing one necessity in favor of another. Many are just one emergency away from financial disaster.

Low-wage work takes a toll on families and children.

Basic Family Budget Calculator, 1 Parent/2 Children

MONTHLY COSTS	EPI[30]	CBP[31]	INSIGHT[32]
Housing	$899	$973	$986
Food	$546	$627	$557
Childcare	$890	$896	$1,281
Transportation	$570	$313	$285
Healthcare	$1,421	$1,381	$639
Other Necessities	$370	$439	$375
Taxes	$363	$696	$452
Monthly Income	$5,059	$5,325	$4,575
Annual Total	$60,702	$63,904	$54,900
Median Annual Income of SJH-HC Service Workers	**$26,936**		
Shortfall	*-$33,766*	*-$36,968*	*-$27,964*

Source: EPI, CBP, & Insight Center

Meager earnings make it difficult to provide adequately for children, while workers taking on additional shifts for extra pay makes it challenging to find time for parenting. Research shows that workers' low-wage jobs can harm their children's health, education, and overall development.[33] In a 2015 poll conducted by the Robert Wood Johnson Foundation, the Harvard School of Public Health, and National Public Radio, one third of respondents who are low-income say lack of money has a harmful effect on their own health.[34]

SJH–HC has created additional economic hardships by requiring full-time employees to pay as much as $5,200 per year for family health insurance, forcing a number of workers to enroll in Medi-Cal or delay necessary medical

Annual Employee Contribution for Medical Benefits at SJH-HC					
COVERAGE LEVEL	FT (36-40 hours/week)	PT (32-35.5 hours/week)	PT (28-31.5 hours/week)	PT (24-27.5 hours/week)	PT (20-23.5 hours/week)
EPO MEDICAL PLAN					
Employee Only	$0.00	$596.18	$647.92	$699.92	$751.66
Employee & Adult	$1,550.64	$2,488.20	$2,669.16	$2,877.94	$3,086.72
Employee & Children	$1,090.18	$1,926.34	$2,069.08	$2,231.06	$2,393.30
Family	$2,802.02	$4,015.44	$4,300.92	$4,636.32	$4,971.46
PPO MEDICAL PLAN					
Employee Only	$375.44	$1,239.16	$1,314.30	$1,389.44	$1,464.58
Employee & Adult	$3,049.80	$4,581.98	$5,325.58	$6,069.18	$6,812.78
Employee & Children	$2,255.76	$3,589.56	$4,134.52	$4,679.74	$5,224.70
Family	$5,208.58	$7,280.52	$8,563.88	$9,846.98	$11,130.60

Source: SJH-HC, Benefits Handout Effective July 2014

care. Full-time employees—defined by SJH–HC as those working between 36 to 40 hours per week—must pay between $2,802 and $5,208 per year for family health insurance, with deductibles and co-pays adding hundreds, even thousands of dollars.[35]

Meanwhile, part-time employees must pay even more—as much as $8,563 per year—to obtain health coverage for their families. For employees working between 28 and 31.5 hours per week, their share of annual premiums for family health insurance ranges from $4,300 for an EPO plan to $8,563 for a PPO plan. For a service employee working an average of 28 hours per week at the median wage of $12.95—an annual salary of $18,855—a family EPO plan would cost them one-fifth of their salary, while a family PPO plan would cost 45 percent of their salary. Furthermore, in July 2014, SJH–HC increased the co-pay for emergency visits by 200 percent, from $50 to $150.

PUBLIC SUBSIDIES AND THE BURDEN ON TAXPAYERS

By forcing many employees to rely on public assistance programs, SJH–HC shifts the responsibility for ensuring the livelihoods of its employees to taxpayers. With even full-time jobs paying too little for workers to meet their basic needs, a growing number of working families must rely on publicly-funded safety net programs to make ends meet. Many SJH–HC employees earn so little they qualify for public assistance programs, such as CalFRESH ("Food Stamps"), Medi-Cal, Earned Income Tax Credit (EITC), and subsidized housing.

While comprehensive household income data for SJH–HC employees is unavailable, SJH–HC's payroll data offers a close proxy. According to this data, even a full-time service employee with one child, earning the median hourly wage of $12.95, is eligible for public assistance programs such as EITC and CalFresh. EITC is a federal benefit for working people with low or moderate income that reduces the amount of federal income taxes they owe and may give them a refund. In 2014, a worker with one child, who filed a tax return as single or a head of household, earning $38,511 or less a year, qualified for the benefit.[36]

ST. JOSEPH HOSPITAL'S WAGES FALL FAR BELOW THE INCOME SELF-SUFFICIENCY STANDARDS DEVELOPED BY NONPARTISAN ECONOMIC AND POLICY INSTITUTES.

CalFresh—federally known as the Supplemental Nutrition Assistance Program and more commonly known as "food stamps"—helps low-to-no-income households access nutritious food. According to 2015 CalFresh eligibility guidelines, a household of three earning less than $3,300 a month, or $39,600 per year, qualifies for benefits. A household of four earning less than $3,976 per month, or $47,712 per year, qualifies for benefits.[37] The number of Humboldt County residents participating in the CalFresh program has increased by a record 83 percent in the past six years.[38]

Annual Income Eligibility Standards, 2015

Household Size	Subsidized Housing[39]	CalFRESH[40]	Medi-Cal[41]
1	$31,850	$23,352	$16,105
2	$36,400	$31,464	$21,708
3	$40,950	$39,600	$27,311
4	$45,500	$47,712	$32,913
5	$49,150	$55,824	$38,516
6	$52,800	$63,960	$44,119

Source: U.S. Department of Housing and Urban Development CA Department of Social Services CA Department of Health Care Services

Earned Income Tax Credit Annual Income Limits, 2014

Filing Status	Qualifying Children Claimed			
	Zero	One	Two	Three or More
Single or Widowed	$14,590	$38,511	$43,756	$46,997
Married Filing Jointly	$20,020	$43,941	$49,186	$52,247

Source: Internal Revenue Service

A variety of studies have documented that many U.S. corporations rely on taxpayer-funded public assistance programs to subsidize their employees' poverty wages and substandard benefits.[42] A recent study from the University of California, Berkeley (2015), estimates that low wages cost U.S. taxpayers $152.8 billion each year in public subsidies for working families.[43] Public assistance has become a wage supplement for low-wage workers, rather than a source of emergency assistance. This unjustly pushes onto taxpayers the cost of supplementing the substandard wages paid by the employer.

SJH–HC arguably relies more on a greater array of taxpayer-funded subsidies than many companies. As a tax-exempt corporation, it receives additional subsidies in the form of exemptions from property and corporate income taxes, as well as government-issued tax-exempt bond financing.

RISKS TO PATIENT CARE AND PUBLIC HEALTH

The Cost of Turnover

Low wages often lead to high employee turnover and poor quality of care.[44 45] For caregivers, more years of service tends to translate into higher quality of care through greater expertise, familiarity with hospital operations, sharper technical skills, and the ability to develop deeper bonds with returning patients. In addition, more years of service fosters stronger teamwork, which is essential in health care.

Although nursing and support workers at SJH–HC are essential to ensuring that patients receive proper care and attention, their low wages have translated to a high turnover rate. For example, at SJHE, 57.6 percent of service workers have less than five years of service and 76.7 percent have fewer than 10 years of service. The higher wages paid to technical workers ensure longer periods of service, but their turnover rate is still high. Thirty percent have less than five years of service, and 55 percent have worked at SJHE for fewer than 10 years.[46]

LOW WAGES OFTEN LEAD TO HIGH EMPLOYEE TURNOVER, WHICH RESEARCH SHOWS IS CORRELATED WITH POOR QUALITY OF CARE.

SJH–HC's reliance on outsourced temporary workers may also reflect its problems with workforce turnover. During the 12 months ending June 30, 2013, SJHE and RMH paid approximately $7 million and $900,000, respectively, to Medical Staffing Network, Inc.—a staffing agency that provides temporary personnel to hospitals to staff areas such as anesthesia, ultrasound, and nursing.[47] Temporary staff, also known as "travelers," are typically employed by national staffing agencies, have their permanent residence in other regions or states, and are concentrated in licensed and technical job titles. Typically, their employment contracts are of a minimum of 13 weeks, but are often repeatedly extended, at times up to several years.[48]

Caring While Sick

SJH-HC endangers patient safety and public health when its employees cannot afford to take time off when they are sick. While SJH–HC workers receive paid sick days, many workers take on additional shifts in order to supplement their insufficient earnings. When they are sick, they often cannot afford to forgo those extra shifts. Staying home to recuperate often results in having less food on the table, or being forced to choose between basic necessities.

Working when ill in a healthcare setting has implications beyond the worker's personal health. It is a serious matter of public health and patient safety since working while sick increases the risk of infectious disease transmission to vulnerable patient populations. Research shows that healthcare workers are more likely than non-healthcare workers to continue to work when infected with diseases such as influenza despite the serious public health risks.[49] Working while impaired by illness—sometimes referred to as "presenteeism"—is strongly associated with a higher number of patient falls, a higher number of medication errors, and lower quality-of-care scores.[50]

ROSEMARY LOPEZ

Two years at St. Joseph Hospital, Eureka
Housekeeper

Twenty-five year old Rosemary Lopez first entered the healthcare industry at the encouragement of her relatives because of the promise of a good paying job at a hospital. Her reality, however, is far from that promise.

Rosemary was hired as a housekeeper at SJHE at $10.90. Two years later, she still makes $10.90 an hour.

In addition to being a mother of two young children, an 8-month-old baby and a 30-month-old toddler, Rosemary is also the primary caretaker of her ten-year-old sister. Due to the low wages SJHE pays, Rosemary and her family were forced to rely on public assistance programs such as food stamps to help meet daily needs. This, however, is no longer open to them as Rosemary and her partner, who also works year-round, though for meager wages as well, do not meet elibility standards. However, even with both working year-round, Rosemary and her family continue to struggle to make ends meet. Rosemary had considered working extra shifts, but decided against it because that would mean paying more for childcare.

With rising premiums and co-pays from SJH–HC, half of her paycheck goes to healthcare costs for her family. "No, I can't afford to save money for emergency expenses. I have no money. I have to pay bills and babysitting. When I get my check, it's gone."

"I really like what I do," says Rosemary. "I really enjoy working with people, talking to people. You get to meet a new person every day. You get to learn something new. You never stop learning at the hospital. But when you just get your check, you're already thinking about your next check. You need to write down every little expense. These are things that you need, not just what you want, but you'd have to wait until the end of the year to get your taxes back to afford these things. But for now, we're just living paycheck to paycheck."

WANDA CLOUD

One and a half years at St. Joseph Hospital, Eureka
Unit Secretary

After working as a substance abuse counselor and community health educator in Placer County, Wanda Cloud, a single mother of a 13-year-old son, moved to Humboldt County 18 months ago and took a job at SJHE as a unit secretary. She works 20 hours a week at $11.26 an hour.

When Wanda and her son first moved to the region, they stayed in Wanda's sister's spare bedroom. Because of the low wages and limited hours, Wanda struggled to afford basic needs and expenses and relied on food stamps to provide for her son. The wages that SJHE paid her were not enough. To supplement her earnings and to secure housing for her family, Wanda took a second job, working an additional 40 hours a week.

Working 60 hours a week means sacrificing precious time with her son, but Wanda needed the money in order to move out of her sister's home. This is the first time in her career where she has had to put in this many hours. At her age, Wanda feels that the long hours are too physically and mentally draining for her to sustain this pace for long.

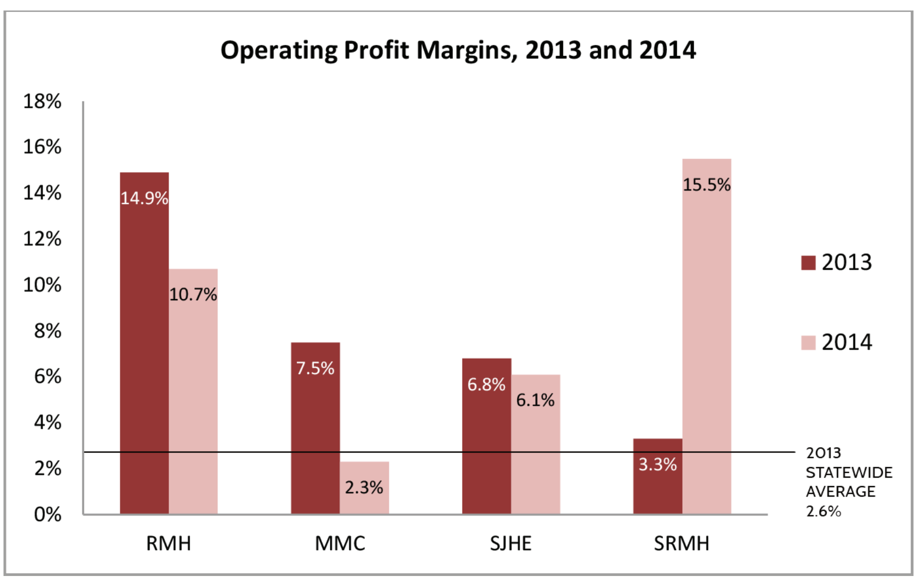
"Even my son wants me to scale back on my work, so that I'd have more time to spend with him on the weekends," Wanda says. "I'm losing out on a lot of quality time with my son, from baseball practice to basketball practice. These are things that are really important to him at his age."

Can St. Joseph Health Afford to Pay More?

St. Joseph Health–Humboldt County can well afford to improve the pay and benefits of its caregivers. SJH-HC has experienced a strong financial performance over the last several years, earning almost $100 million in profit from January 2010 to December 2014, $62.4 million at SJHE and $36.1 million at RMH.[51] In 2013, SJHE's profit margin from operations was 6.8 percent and RMH's was 14.9 percent, far exceeding the statewide average of 2.6 percent for all California hospitals.[52]

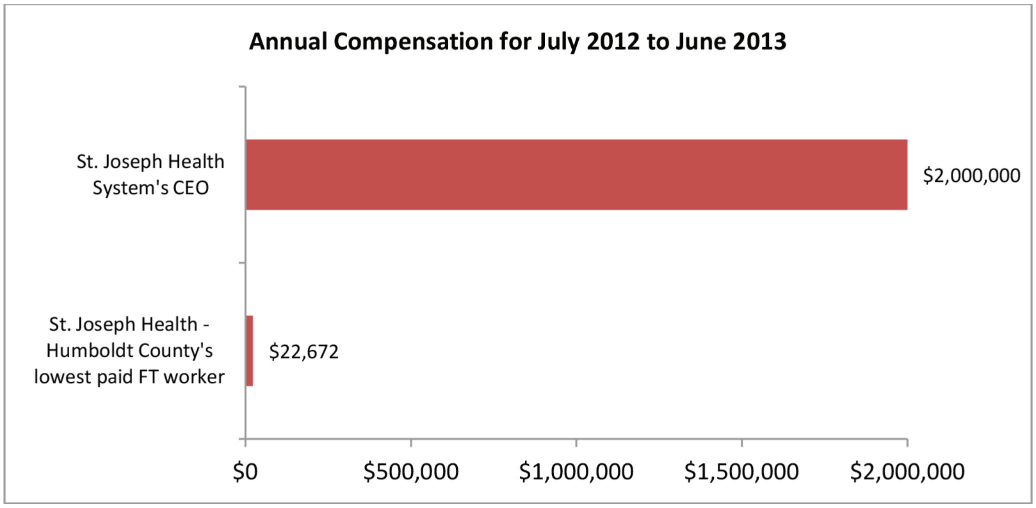
Furthermore, SJH-HC can draw on the financial resources of its parent company to provide fair and sustainable compensation to its workers. Since 2010, St. Joseph Health System has reported more than $1 billion in "net income" or profits. At the end of 2014, the company held $3.8 billion in cash and investments, according to its financial statements.[53]

While St. Joseph Health System pays poverty-level wages to many of its staff in Humboldt County, it compensates its executives very generously.[54] From July 2008 to June 2013, St. Joseph Health System paid its President and CEO, Deborah Proctor, $11.1 million. From July 2012 to June 2013, Proctor received $2 million in compensation, which is almost 90 times the pay of the lowest-paid workers at SJH–HC, who earn $10.90 per hour, or $22,672 annually.



Source: California Office of Statewide Planning and Development (OSHPD), Annual Financial Data Pivot Tables 2013, Quarterly Data 2014 (Quarters 1 through 4)

Note: The statewide figure was derived from OSHPD Annual Financial Data Pivot Tables for 2013. Pivot tables are only available for annual data, not quarterly data; therefore, 2013 is the most recent year for which aggregated statewide data is available.



Source: St. Joseph Health System IRS 990 Form, FY Ended June 30, 2013; SJHE and RMH Bargaining Unit Data, 2015

In another example, for the fiscal year ended June 30, 2013, St. Joseph Health System paid its Integrated Services President, Darrin Montalvo, more than $1.1 million and Joseph Randolph, its Executive Vice President and Chief Operating Officer, $1.3 million.

During the same period, St. Joseph Health – Humboldt County paid $610,219 to its CEO David O'Brien, who started as interim CEO in March 2013. At the same time, SJH–HC paid $753,172, of which $183,000 was severance pay, to outgoing CEO, Joseph E. Mark, following his resignation effective June 2012.[55]

If St. Joseph Health System is able to pay millions of dollars a year to its top executives, it can certainly find the resources to fairly compensate its frontline caregivers.

Top Highest Paid Executives, St. Joseph Health – Humboldt County

NAME	POSITION	SALARY 7/2012 – 6/2013
Joseph E. Mark	Former CEO	$753,172
David O'Brien	Current CEO	$610,219
Jim Strong	VP, Chief Financial Officer/Chief Operations Officer	$402,185
Matthew Miller	VP, Medical Affairs/Chief Medical Officer	$272,672
Laurie Watson-Stone	VP Ancillary Services/Support Services	$246,265

Source: Humboldt County Assessor's Office, NUHW Analysis

Recommendations

St. Joseph Health – Humboldt County's substandard wages and unaffordable health insurance premiums have harmful effects on its workforce and the larger community. Improving pay and benefits will mitigate the economic hardship of the health system's employees and their families and also help SJH–HC recruit and retain a stable and experienced workforce—a key element in delivering high-quality patient care. As Humboldt County's largest private-sector employer, SJH–HC's compensation standards have a considerable impact on the community. Improving those standards will make a significant contribution to the health of the regional economy and will set a high-road example for the North Coast business community.

Given the essential role of caregivers in Humboldt County's growing healthcare industry and SJH–HC's responsibility for the well-being of its employees, we call for SJH–HC to adopt the following recommendations:

- Increase employees' wages to meet industry and regional standards and achieve parity with other St. Joseph Health System hospitals, such as Santa Rosa Memorial Hospital, in order to alleviate economic hardship, enhance job quality, and boost employee retention.

- Collaborate with employees to make long-overdue improvements to the working conditions at both St. Joseph Hospital in Eureka and Redwood Memorial Hospital by negotiating labor contracts that meet industry standards and provide a voice for workers in the hospitals' decision-making processes.

- Ensure that employees have access to affordable healthcare, so they can take care of themselves, their families, and their patients.

With population growth, changing demographics, expanded coverage under the Affordable Care Act, and advances in technology, the healthcare industry will continue to grow and shape Humboldt County's economy. SJH–HC has an economic imperative, as well as a moral responsibility to pay sustainable wages to its employees and to help build a more equitable regional economy. When workers thrive, our economy and our communities also thrive.

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