

July 29, 2010

Dear Friends and Colleagues:

In the summer, senior management traditionally recommends compensation changes for the Board's Human Resources committee to consider. These changes take into account a multitude of factors—the general economy, healthcare reform, local and regional wages, the economic health of NCH and, most important, our desire to reward the staff for its contribution while remaining prudent in an uncertain economic environment.

At its core, NCH's pay philosophy is to maintain market competitiveness and continue to be the community's healthcare employer of choice. Our pay history over the past three years has been as follows:

- **2007**—We celebrated a good economic year. As a result all RNs received a 10% base rate increase and all other eligible employees received an 8% base rate increase. Also, all eligible employees received a 3.0% Board Designated Bonus.
- **2008**—With the economy sputtering, all eligible employees received a 2.0% base rate increase.
- **2009**—With the continued uncertain economy, all eligible employees received a 1.5% Board Designated Bonus but no base increase.

What about **2010**? While unemployment in the nation and region is still high and the economy is still unsettled, we're having a solid year at NCH and want to reward and thank the employees for their efforts. Consequently, we are planning a Board Designated Bonus of up to 3% for all eligible employees, payable in November, after the books on our fiscal year are audited and closed. Based on a labor compensation analysis, the overall economy, and anticipated further decreases in reimbursement under healthcare reform, we are not increasing the base rates for most positions. The exception is in certain critical needs positions where labor market competitiveness, turnover, and/or recruitment challenges have created a need to increase base wages—for example, direct patient care RNs and Lab Technologists.

Beginning in this next (2011) fiscal year, we are contemplating an "Employee Performance Bonus" focused on improving our patient satisfaction measurements, which directly impact our system's success. For this Employee Performance Bonus, we plan to use the Press Ganey scores which correlate with the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) metrics employed by Thomson Reuters. These metrics are public knowledge ([www.Hospitalcompare.hhs.gov](http://www.Hospitalcompare.hhs.gov) and [www.ThomsonReuters.com](http://www.ThomsonReuters.com)). I will provide more detail as this plan is finalized.

As we round into the final quarter of our 2010 fiscal year, my overriding message is: *So far, so good*. We are ahead of last year and ahead of budget. These improvements are due to everyone's hard work, diligence and prudence. And we intend to reward you for it.

At the same time, we must never lose sight of the fact that we are in a tough economic and healthcare environment. So we must remain vigilant, not only to ensure job security for 3,400 people but also to guarantee that we will constantly improve and grow in serving the healthcare needs of our community with the highest quality.

Thank you, as always, for working together to build a more responsive NCH.

Respectfully,



Allen S. Weiss, M.D., President and CEO

P.S. Feel free to share *Straight Talk* and ask anyone to email me at [allen.weiss@nchmd.org](mailto:allen.weiss@nchmd.org) to be added.