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NEWS RELEASE

Statement Regarding Chambersburg Hospital's Union Negotiations

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CHAMBERSBURG, Pa. (June 27, 2012) - For many decades, Chambersburg Hospital has carefully executed a long-term plan allowing it to become one of the premier health care facilities in the region. That success has allowed Chambersburg Hospital to invest in wages and benefits for employees (56 cents of every dollar spent), as well as physicians, technology, and facilities. In December of this year, the hospital will open a new addition that will be the centerpiece of quality patient care for the next 30 years.

Despite this success, the hospital needs to prepare for a future clouded with uncertainty and a health care reimbursement environment that will not be hospital-friendly in years to come. The federal government, state government, and the major insurance carriers all plan to pay the hospital less for services rendered.

While the different solutions for health care reform are undecided, all parties have agreed that the two common threads for our future health care system are high quality and lower cost. Now, it is more important than ever that Chambersburg Hospital structures its compensation programs to fit within the mainstream of the market for this region to ensure that the hospital continues to deliver high quality services at a reasonable cost.

Over the last four years, even though the cost of living has gone up by 7 percent, staff wages have increased 27 percent. As a result, in many instances, staff wage rates are 25 percent to 30 percent higher than the market average for comparable services. To address this problem, the hospital has proposed a new market-based wage structure for employees hired on or after July 1, 2012. Current employees will not be impacted by this plan. Plus, current employees will continue to receive longevity step increases as well as cost of living increases. We think this plan is fair.

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Regarding health insurance, employees who have five or more years of service have enjoyed very rich health insurance benefits at no cost. That has been the case for more than 30 years.

On average, most American workers currently pay anywhere between 15 percent and 25 percent toward the cost of health care premiums. The hospital's non-union employees have paid a portion of their health care premiums for a few years, and they currently pay 10 percent toward their premiums. In fact, employees of other hospitals who are represented by SEIU Healthcare PA, pay between 10 percent and 20 percent toward the cost of health care. Our proposal puts employees within the mainstream of the market. We think this proposal is fair as well.

We are optimistic that a contract can be reached within the next few days. To facilitate the process and to help offset the implementation of health insurance premium sharing, the hospital has proposed a generous ratification bonus if the contract is ratified by 8 p.m. Friday, June 29.

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Chambersburg Hospital, an affiliate of Summit Health, is a non-profit community hospital dedicated to building a healthier community through leading-edge medical technology, skilled physicians, caring staff, and convenient locations. For more information about Chambersburg Hospital, call (717) 267-7136 or visit www.SummitHealth.org