

Holding the Hospital Industry Accountable

RESOLUTION 22-16

Background on Our Executive Compensation Initiative

As part of our mission to operate in the broad public interest and improve healthcare for all Californians, SEIU-UHW- members filed signatures in May for a ballot initiative called the *Hospital Executive Compensation Act of 2016*. The initiative would provide at minimum \$100 million of additional dollars for healthcare by limiting the compensation of hospital executives to no more than the salary and expense account of the President of the United States, or \$450,000 a year. Thousands of SEIU-UHW members and supporters talked to their families, co-workers and neighbors about the initiative and collected more than 90,000 of the 650,000 signatures we filed to qualify it for the ballot.

California hospital executives, however, seeing the initiative's popularity and desperate to hang on to their multi-million dollar salaries, filed for arbitration to stop the measure under our expired May 2014 agreement with the California Hospital Association.

In a deeply flawed decision, an arbitrator ruled (and a Superior Court judge later affirmed) that the initiative must be withdrawn, and if it is not then SEIU-UHW could face tens of millions of dollars in fines. In effect, this one person, who doesn't even live in California, said that the voices of 650,000 California voters who signed the executive compensation initiative should not be heard, and California's 17.9 million voters should be denied the right to cast a ballot on the measure.

Another hospital money grab

In addition, the hospital industry has filed its own initiative, titled *State Fees on Hospitals. Federal Medi-Cal Matching Funds. Initiative Statutory and Constitutional Amendment*, for the November ballot that would undercut the Hospital Provider Fee (also known as the Quality Assurance Fee). This initiative would require that 75% of the money raised by the fee, or \$3 billion a year, go to hospitals **only**, walling the money off from doctors, specialty care, women's clinics, and other parts of the healthcare system that care for low-income Californians. We call their initiative "The Hospital Money Grab."

What's worse, hospitals would not be required to spend the \$3 billion on healthcare for low-income people. They can use it for anything, like paying outrageous multi-million dollar salaries to hospital executives, \$1,000-a month car allowances, country club memberships, or anything else they want.

We believe Medi-Cal money should be used for the purpose it was intended – to provide healthcare to low-income Californians. It should not be used to line the pockets of rich hospital executives. We also believe the money should not be locked up permanently in hospitals. It should go where it is needed to pay the salaries and benefits of caregivers and provide health services to low-income Californians, whether that's in hospitals, doctors' offices, clinics or elsewhere.

Stopping their initiative will not reduce Medi-Cal funding. The Hospital Provider Fee will still be in place, but the money will be able to go where it can do the most good.

Resolution:

BE IT RESOLVED that despite the arbitrator's attempt to silence our voices, SEIU-UHW

**HOLDING THE HOSPITAL INDUSTRY ACCOUNTABLE
RESOLUTION 22-16**

members will continue holding the hospital industry accountable to caregivers and patients in as many ways as possible, including by opposing the industry’s ballot initiative to permanently wall off billions of dollars in the state budget for the exclusive use of hospital executives without imposing any obligation to improve quality or expand access to care for Californians who need it. Our opposition will include committing monetary and human resources to defeating The Hospital Money Grab during the November 2016 election, and

BE IT FURTHER RESOLVED that we will continue our campaign to fix California’s broken Medi-Cal system to ensure the highest quality healthcare for **all** Californians, no matter where they live, their income, age, race, gender, sexual preference or immigration status, and

BE IT FURTHER RESOLVED that reluctantly, but in consideration of the risk posed by the arbitrator’s decision, the SEIU-UHW Executive Board calls on the initiative’s proponents to withdraw the *Hospital Executive Compensation Act of 2016*, and

BE IT FINALLY RESOLVED that while we are angry over being threatened into supporting the withdrawal of this initiative, we will not back down, but will keep speaking out on the corrupting effects of excessive executive compensation in our healthcare system, and will work to bring a similar initiative back to the ballot as soon as possible.