

July 28, 2011

Dear Friends and Colleagues,

One goal at NCH is to be the “*employer of choice*” in Collier County, by being market competitive while adding value for those who deliver care, as well as for those who receive care in our community. To achieve that goal, we “plan for the worst and work for the best” to create competitive rewards and job security.

Taking care of ourselves, as we remain prudent and poised for future success, requires a careful balance that is considered daily by the leadership team and bimonthly by our 24-member Board of Trustees. At yesterday’s board meeting, we reviewed our quality metrics, patient satisfaction scores, philanthropic support, capital needs and economic progress—all in connection with how best to reward the 3,703 employees responsible for our success in caring for our community.

In assessing our rewards and recognition structure, we first consider our local labor markets of Lee and Collier Counties, as well as our regional areas of Tampa and Orlando. We also factor in national comparisons as we look at salaries and benefits. Of prime importance in our calculations is the ability of our major payer, Medicare, to continue to pay for care at the same rate that it has in the past. We must be concerned with the prospect that the Federal government’s current crisis may well affect the more than 60% of NCH income comprised of Medicare payments.

Medicaid is responsible for another 9% of our total revenue. In June, we were told that Florida’s Medicaid payment would be reduced by 12% starting in July. About two weeks ago, this directive was modified, and we were advised that the reduction in Florida’s payment may be more modestly decreased, depending on Federal funding of State Medicaid programs. The point is these are rapidly changing reimbursement times, and we need to remain flexible to respond to the uncertain healthcare landscape.

For the past four years, despite economic uncertainty, we have consistently awarded employees either a raise and/or bonus. Happily, we have weathered the economic storm, while improving the level of care we provide our friends and neighbors and fortifying our financial stability, as evidenced by the strong bond ratings we received earlier this year from Moody’s and Fitch.

Due to the uncertainty about governmental reimbursement, we are not planning a raise at this time. However in appreciation of our accomplishments this past year, I am pleased to announce that the Board is planning a **bonus—2%** this year for all eligible employees. The bonus is expected to be paid, as is our custom, in November before the Thanksgiving holiday after the books on our financial year are audited and closed.

You will be pleased to know that we have already started planning for next year. Our bonus will be tied to our ability to work together to raise the overall hospital system’s HCAHP (Hospital Consumer Assessment of Healthcare Providers and Systems) score greater than the 50<sup>th</sup> percentile. Importantly, Medicare will withhold 1% of our payment, unless our mean score is 66 or higher from patients rating us a 9 or 10 on the question, “*How do patients rate the hospital overall?*”

NCH has performed admirably in these challenging times. The board’s bonus commitment to employees is well deserved and a reflection of our collective success. Our goal—even with continuing uncertain reimbursement rates that squeeze us financially—is to continue to be the economic beacon of southwest Florida and the “*employer of choice*” in Collier County. Thank you for all you do, along with our 1,028 volunteers, for NCH and our community.

Respectfully,



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

P.S. Feel free to share *Straight Talk* by emailing me at [allen.weiss@nchmd.org](mailto:allen.weiss@nchmd.org) to be added; and join us on Facebook at [www.facebook.com/nchflorida](http://www.facebook.com/nchflorida).