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10/17/2017

Courtney Niebel
ONA Labor Relations Representative

RE: Meeting Request to Discuss ONA Benefit Plans and Wage Rates

Dear Courtney,

As you know, St. Charles Health System is currently experiencing financial challenges similar to many health organizations and systems across the state of Oregon and the nation. A few of the reasons for the change in healthcare's financial landscape includes pressure on hospital reimbursements, conclusion of meaningful use and other transformation incentive payments, and the legislative environment. In addition the payor mix continues to shift to more government business, and we are faced with uncertainty on the federal and state levels. It is imperative for St. Charles Health System to evaluate our cost structure and how we provide services, and seek opportunities for revenue growth to ensure the health system has the continued ability to meet the needs of our patients, caregivers and community.

We have recently offered a Voluntary Severance Option (VSO) that will continue to be facilitated in the coming weeks and months. We appreciated the Oregon Nurses Association's (ONA) support and participation throughout the VSO offering. There was success in this endeavor but it is apparent that we need to move forward with an involuntary reduction in force. Many St. Charles' caregivers will be impacted and the focus will be coordinating this process in the spirit of love and compassion, as this will have significant impact for our caregivers and within the community. Fortunately, at this time no ONA positions will be impacted.

St. Charles is also implementing a 5% premium cost shift to caregivers for both the Preferred Provider Option (PPO) benefit plan and the Consumer Driven Health Plan (CDHP) for all non-bargaining unit caregivers within the health system beginning January 2018. The overall benefits package is still very competitive and the premium shift will have a positive impact to St. Charles's current financial position.

Wages are also being evaluated with executives currently participating in a 10% salary reduction effort. It is also expected that all exempt caregivers will participate in a 5% salary reduction beginning January 28, 2018 for a minimum of a six-month period, along with no annual Merit increases in 2018.

St. Charles would like to invite the ONA Bend, Redmond, & Prineville bargaining units to participate in the costs reduction initiative for 2018, focusing on benefit premiums and wages across the three bargaining units.

St. Charles' bargaining unit nurses are essential in meeting the needs of our patients and community and are essential in meeting the organization's vision, mission, & values along with strengthening our financial position for the long-term viability of the health system. As always, we must keep patients in the forefront of every decision we make.

Chad Davis, Manager Labor & Caregiver Relations will be reaching out to you shortly in hopes of securing a date when these initial conversations may take place. We appreciate the continued support and partnership with the ONA and are optimistic in moving forward with productive dialogue in the near future.

Sincerely,

Joe Sluka
President & CEO
St. Charles Health System