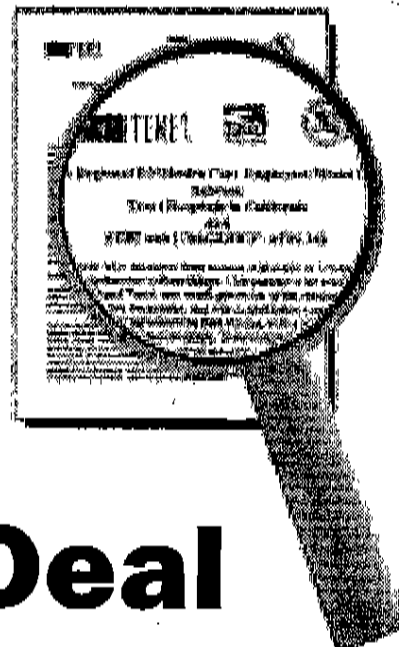




Analysis of the Tenet/SEIU Back Room Deal



Have you seen the actual contract language in the Tenet/SEIU/AFSCME deal? Probably not, because they've kept it under wraps. For a copy, call CNA and we will be happy to provide you one. Here is an analysis of the actual contract language that Tenet/SEIU/AFSCME hasn't shown you.

NO PENSION:

- X Tenet will not provide employee pensions** for at least the length of the contract (4 years), and SEIU waived their right to negotiate any pension. (Article 27, page 27)

NO SAFE STAFFING PROTECTIONS:

- X Employees are required to work under unsafe staffing conditions** and can be disciplined if they don't accept the assignment (Art. 8, p. 6). Tenet selects half the members of the Patient Care Committee which is tied into "work design" (also known as restructuring and deskilling) (Art. 8, sec. B, p. 7). No independent arbitration of staffing disputes. The committee only makes recommendations and must take Tenet's business needs into consideration (Art. 8, p. 8, and Art. 9, p. 11). No restrictions on floating, (Art. 12, p. 15) and employees cannot protest unfair practices or poor staffing. Preamble (p. 1-2). Prevents employees' from bargaining "settled" issues, like patient care.
- X Management retains the sole and exclusive right to determine the quality of patient services.** No acknowledgement of the RN's legal obligation to act as a patient advocate (Art. 21, p.20).

CONTRACT *NOT* NEGOTIATED BY TENET EMPLOYEES:

- X No employee of this hospital had anything to say about what's Included or not included in this contract.** The contract was negotiated by SEIU union bureaucrats and Tenet lawyers, not Tenet employees. The priorities expressed in this contract are Tenet's and SEIU's, with no input from hospital employees. (Preamble, p. 1)
- X Tenet employees will not have the right to vote to reject this contract, or the next contract, for 7 to 10 years.** If employees vote no on the contract, an outside arbitrator will have the power to impose a contract on the employees. Tenet employees could be forced to live with this deal indefinitely.
- X The Garfield contract, which Tenet/SEIU cite as a model for this deal, IS NOT SIGNED BY A SINGLE GARFIELD RN** - only by an SEIU bureaucrat from San Francisco.

INFERIOR WAGES AND BENEFITS:

- X Economic increases well below CNA first contract standards.** (see chart on back cover)
- X Disparity in wages and favoritism continues.** Tenet can continue to pay some employees more than it pays others, and **may pick and choose who may get additional wage increases** (favoritism). Tenet can also hire new employees at higher rates of pay than long-term employees. (Art. 14, p. 16)
- X No pay for experience or longevity.** No pay steps were negotiated based on experience, and there is no longevity pay. In CNA contracts, people receive annual across the board raises plus annual step raises, so that more experienced employees earn more. (Art. 11, p. 14)
- X No additional wage Improvements.** There are no improvements in shift differential, other differentials, bonuses, call back pay, in house registry pay, etc., unless it comes out of the negotiated raise. In 2nd, 3rd and 4th year of contract, up to 3% of the **raise may be diverted** to pay for higher medical premiums, etc. (Art. 13, p. 15)
- X Tenet can change the terms of its benefit plans at will,** and can increase out of pocket expenses, premium co-pays and office/per visit co-pays. (Art. 15, p. 16)
- X Per Diem Employees are not eligible for any benefits,** including retirement and cash plus (p. 4).

TENET RETAINS ALL THE RIGHTS:

- X They can replace regular staff with registry/travelers. They can subcontract all jobs without restriction.**

They can determine hours of work and days off. They can give your work away to non bargaining unit employees. They can determine the quality of the work (high, low or otherwise) and can continue to "pay wages in excess of those required under the agreement" (i.e. more favoritism). (Art. 21, p. 19 - 20) (Art. 22, p. 20-21)

"The Facility may subcontract all or part of any operation performed by Employees"

from Article 22, page 20

- X SEIU agreed to a ban on Tenet employees negotiating over 30 contract articles, since they are "already resolved." These include: compensation, benefits, management rights, subcontracting, and patient care issues. (Article 28, page 27)**

- X SEIU gave up workers' legal rights to negotiate on any other matter during the life of the contract (Art. 27, p. 27)**

"The Facility retains, solely and exclusively, all the rights, powers and authority exercised by it prior to the execution of this Agreement"

from Article 21, page 19

SEIU UNION DUES:

- X Employees must pay \$100 Initiation fee and high dues immediately or be terminated. (Art. 23, p. 21)**

NO SENIORITY PROTECTION:

- X Favoritism can continue for layoffs and filling of vacancies. (Art. 4 & 5, p. 5)**

MANDATORY OVERTIME:

- X Employees can be forced to work overtime at the Supervisor's discretion. (Art. 11, p. 14)**

**Article and page numbers from Western Regional RN/Healthcare Employees Model Contract*



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How does this Tenet/SEIU contract compare to recent CNA first contracts in Southern California?

<i>Contract terms</i>	CNA <i>Long Beach Memorial</i>	CNA <i>Palomar Pomarado</i>	SEIU <i>Tenet backroom deal</i>
First year wage increase	Average 10%	Average 22%	8%
Annual step Increases	Automatic, based on RN experience	Automatic, based on RN experience	None
Equity/longevity Increases, credit for RN experience in U.S. and abroad	Included	Included	None; can be negotiated later years only by lowering across the board raises
Shift differentials, Paid education leave, Standby, Charge, Preceptor, and Weekend pay,	Increased, in addition to regular wage increases	Increased, in addition to regular wage increases	No improvements; can be negotiated in later years only by lowering across the board raises
Pension	Brand new pension plan with guaranteed benefits; pension doesn't require matching RN contribution	Brand new pension plan with guaranteed benefits; pension doesn't require matching RN contribution	No improvements in substandard plan. If RN doesn't contribute, Tenet makes no contribution.
Health Benefits	Current benefits guaranteed for full contract	Current benefits guaranteed for full contract	No guarantee that Tenet will maintain current benefits
Professional Performance Committee	All-RN committee meets on paid time to deal with professional and staffing issues	All-RN committee meets on paid time to deal with professional and staffing issues	None. "Patient Care Committee" is half management with no power
Staffing Disputes	Can be submitted to binding arbitration if unresolved.	Can be submitted to binding arbitration if unresolved.	Only non-binding mediation. Management has the final say
Mandatory Overtime	Prohibited	Prohibited	Administrator may require forced overtime
Determining contract terms	RNs surveyed, elected bargaining team, negotiated own contract	RNs surveyed, elected bargaining team, negotiated own contract	SEIU and Tenet decided contract without consulting or meeting with RNs
Right to vote on contract	Contract not in effect until the RNs voted to accept it	Contract not in effect until the RNs voted to accept it	RNs had no voice and no vote on main provisions
Monthly Dues	CNA dues: \$44.03	CNA dues: \$45.72	SEIU dues: \$78-\$110



May 5, 2003

Nurses association files charges against

Tenet, unions

The California Nurses Association filed formal charges Monday with the National Labor Relations Board to overturn an agreement announced Friday by Tenet Healthcare and the Service Employees International Union and the United Nurses of California.

The association said Tenet violated federal labor law by putting conditions on pay increases and other benefits on its employees joining the SEIU/UNAC. The association further claims SEIU has distributed flyers stating that employees must join SEIU to receive promised pay increases.

The association also claims the SEIU/UNAC granted preferential treatment in meeting with employees.

Under the charges filed by the association, any private elections held under the agreement, or union recognition granted by Tenet to SEIU/UNAC as a result of the pact, could be set aside. The association said it will press charges.

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Nursing A Grudge:

Nader Says Health Care Has New Enemy: Big Labor

by Nick Schou, Orange County Weekly - May 16 - 22, 2003

When thousands of health-care workers won union contracts at 40 California and Florida hospitals owned by the notoriously anti-union Tenet Healthcare Corp., it was hailed as another victory for the labor movement. So how come Ralph Nader, other consumer advocates and the state's largest nurses' union aren't celebrating?

In a statement issued on behalf of the California Nurses Association (CNA), Nader says the deal is the latest example of big unions signing "backroom deals" with questionable health-care corporations at the expense of the greater public good.

"Tenet is notorious for its commitment to profits regardless of the consequences for the public's well-being," Nader stated. "As has already occurred with other arrangements, SEIU's backroom deal degrades independent professional responsibility of nurses for patient-care protection."

The Service Employees International Union (SEIU) joined with the American Federation of State, County and Municipal Employees (AFSCME) in an unprecedented labor agreement with Santa Barbara-based Tenet, which was, until this deal, California's largest nonunion health-care chain.

"This is a huge breakthrough for everyone who works in these Tenet hospitals, and for their patients, too," said Luisa Blue, president of the SEIU Nurse Alliance of Southern California in a press release posted on the union's website. Also quoted was Tenet president Trevor Fetter, who said the agreement "makes Tenet a stronger company, allowing us to move into the future with a motivated workforce focused on quality patient care."

Separately, the CNA and SEIU for years had sought to force Tenet to sign a contract. Nader believes the reason Tenet went with SEIU was because of the union's good relationship with such other budget-oriented health-care companies as Kaiser Permanente.

In 1997, SEIU signed a labor-management partnership agreement with Kaiser. In return for gaining major wage increases and benefits for its members, the union cooperated with Kaiser's controversial cost-cutting campaign to replace registered nurses with lesser-licensed hospital staff. Those measures were widely attacked by groups seeking to reform the health-care industry and directly killed CNA's union drive. CNA claimed Kaiser and SEIU were intentionally trying to drive nurses out of the medical profession.

"If you look at what SEIU and Kaiser agreed to, it is insidious for the public," said Charles Idelson, CNA's communications director. "They agreed to gag their employees on any criticism of Kaiser. They were silent when Kaiser closed hospitals, made cuts in patient services and cooperated with Kaiser on reductions in care, including the replacement of registered nurses with lesser-licensed or unlicensed staff." Jamie Court, executive director of the Santa Monica-based Foundation for Taxpayer and Consumer Rights, agrees. "Kaiser and SEIU cut deals over the years that basically speeded up the de-skilling of the nurses' profession," he said. "They allowed unlicensed personnel, housekeepers, to answer patient call buttons. They stepped up the role of unlicensed professionals in the delivery of medical care at hospitals.

It was cheaper for Kaiser, and it was good for SEIU because they represented the less-skilled workers, but it was bad for registered nurses and bad for patients."

Court criticized SEIU for signing a similar agreement with Tenet. "No labor union should ever take a bribe to be silent about abuses, and SEIU has done that with Kaiser, and now it looks like that is what's happening with Tenet," he said. But he believes SEIU's latest deal is even worse for the public good because of Tenet's terrible corporate history. "Here's a union that has compromised patient care before in pursuing its own interests—and a company that probably shouldn't be in business," he said.

Tenet's reputation is so bad the Foundation for Taxpayer and Consumer Rights is using the company to promote state Senate Bill 335, the so-called Corporate Three Strikes Act, which would ban any corporation convicted of three felonies from doing business in California.

"As far as corporate crooks are concerned, Tenet jumps out of the bunch," said Carmen Balber, a consumer advocate with the organization. "We use Tenet as an example because their actions are so egregious and what they've done is such an affront to decency that Tenet is a poster child for this bill."

A quick review of Tenet's corporate history provides the details. In 1994, the company pleaded guilty to federal conspiracy charges for paying kickbacks and bribes to doctors. In return for payments, doctors were told to direct psychiatric patients to mental hospitals, where they were held against their will until their insurance benefits expired. Tenet ultimately paid more than half a billion dollars in fines and settlements relating to the scandal.

Last year, federal and state authorities began investigating Tenet for Medicare fraud and for overcharging patients for medications and other services. SEIU, which was still trying to pressure Tenet to negotiate with the union at the time, uncovered evidence that the company's average charge for a hospital stay was 63 percent higher than its competitors'. In February of this year, Tenet paid \$4.2 million to settle similar charges involving its hospitals in Florida. Tenet is currently being investigated in Northern California, where 82 former patients sued two of the company's doctors for subjecting them to unnecessary heart surgeries at Redding Medical Center. The lawsuit charges Tenet with fraud, conspiracy, battery, wrongful death, negligence and elder abuse.

As a result, Tenet's stock value plunged by 70 percent last year. "For Tenet, this deal with SEIU is about trying to repair its image with shareholders and inspire investor confidence," said CNA's Idelson. "But, if anything, it will probably generate more investor insecurity because of all the legal problems it is creating."

Idelson was referring to the lawsuit CNA filed last week against SEIU and Tenet with the National Labor Relations Board, demanding an open election at seven of the 40 Tenet hospitals covered by the deal, including one in Los Alamitos.

"This deal is patently illegal, and we believe it will ultimately be overturned," Idelson said. "Tenet should not be handpicking who represents the registered nurses and other employees in its hospitals. The registered nurses and other hospital workers have no voice in this process, and that's the exact-opposite goal of the labor movement."

Ke = SEIU / See

Melissa Davis

Tenet Tussle Shows Dissent Rising In RanksBy **Melissa Davis**

Staff Reporter

06/10/2003 02:50 PM EDT

URL: <http://www.thestreet.com/stocks/melissadavid/10092669.html>*Vs: CNA. P. 2**See page*

The biggest threat to **Tenet** (THC:NYSE - news - commentary) could be festering inside its own walls.

Already ambushed by numerous external probes, the giant hospital operator now must deal with mounting attacks from within its own ranks. During the past week, at least one physician and thousands of registered nurses have taken fresh swings at the ailing hospital chain. Both parties essentially accuse Tenet of violating federal laws.

For Tenet, the doctor's testimony could prove especially troubling. By now, the hospital chain is accustomed to serious allegations from nurses seeking workplace improvements. But the doctor's attack -- which already has triggered one indictment -- appears to be a first.

"Never before has the government been able to get between Tenet and its doctors," said Jim Moriarty, a Houston attorney who scored a huge settlement against Tenet nearly a decade ago. "This could be the linchpin that brings the whole company down."

Tenet has downplayed the indictment as the "unfortunate" result of one doctor's desperate attempts to avoid jail time for his own misconduct. Investors continued to watch warily, sending the stock -- which has lost 69% of its value over the last year -- up a nickel Tuesday to \$16.05.

Sunnier Climes

Based largely on the testimony of former internist Paul Ver Hoeve -- described by Tenet as a "disgraced physician" guilty of 64 counts of felony Medicare fraud -- federal authorities last week indicted Alvarado Hospital CEO Barry Weinbaum on charges he broke Medicare laws himself.

Specifically, the feds have accused Weinbaum of paying various physicians more than \$10 million in the aggregate to relocate to San Diego and refer Medicare patients to the Tenet-owned hospital Weinbaum has led there for more than a decade.

The indictment also alleges that Weinbaum knew he was breaking rules and attempted to cover his tracks. The government cites testimony from Ver Hoeve -- who confessed to participating in the alleged scam -- as evidence for its case.

"Barry Weinbaum instructed Dr. Paul Ver Hoeve and his accountant not to characterize the money that Alvarado Hospital had paid to Dr. Paul Ver Hoeve through the relocated physicians as 'Alvarado Income,'" the indictment states. So "Dr. Paul Ver Hoeve directed his accountant to change the characterization of the money that he received from Alvarado Hospital from 'Alvarado Income' to 'Other Income.'"

In some underserved areas -- such as rural states and Indian reservations -- hospitals are allowed to pay

relocation expenses for physicians who are willing to practice there. But Moriarty, for one, scoffs at the notion that Tenet needed perks to lure doctors to a Southern California city best known for its mild weather and beautiful beaches.

"That's an outrageous joke," Moriarty said. "When Tenet deliberately intercedes like that, it results in the most egregious violation of a doctor's duties. Now, the doctors are serving Tenet instead of their patients."

Moriarty is representing dozens of patients and survivors who've taken aim at Tenet's most scandalized hospital. Essentially, Moriarty's clients believe that doctors at Tenet's Redding, Calif., hospital performed dangerous -- and unnecessary -- heart procedures on them just to generate huge payments from Medicare. Since the Redding scandal broke last fall, Tenet has slowed down its billing for such procedures and shut down its busy Redding heart center because of a huge slump in admissions. But Redding heart surgeons, the hospital and Tenet itself remain under investigation by federal authorities.

Moriarty estimates that Tenet faces at least \$1 billion in legal bills because of its practices at Redding alone. He describes Tenet as a hospital chain that has always viewed patients as nothing more than "billing opportunities." And he insists that Tenet's problems are systemwide.

For its part, Tenet has portrayed the Redding fiasco as an isolated problem that appears to be limited to two contract physicians who no longer practice at the hospital. But the company, which has denied any wrongdoing itself, faces serious patient backlash at other facilities as well. Busy Tenet hospitals on both sides of the country currently stand accused of providing poor or unnecessary medical treatment.

Risk Profile

A former employee of Hilton Head Medical Center, a Tenet hospital in South Carolina, says doctors there regularly took risks -- with management's blessing.

"Because there was no open-heart unit, the hospital's cath [catheterization] lab was only licensed by the state to do emergency heart caths -- not routine caths," the former employee said. "Despite this, the cardiologists regularly scheduled patients for nonemergent cardiac caths."

"Management knew about this, of course. But since the procedures generated enormous profits, they didn't do anything to stop it."

The California Nurses Association -- a vocal critic of Tenet -- predicts that scandals will soon erupt at multiple Tenet facilities. In the meantime, the powerful group is fighting to unionize Tenet's home-state nurses against the company's wishes. Last week, the union explicitly accused Tenet of breaking labor laws by attempting to block nurses from voting to join its ranks and pushing them toward less critical unions instead.

SEIU

Tenet hammered out a deal last month with two CNA competitors -- the Service Employees Union and the American Federation of State, County and Municipal Employees -- that guarantees nurses set raises in exchange for joining the one of the two unions and curtailing the threat of future strikes. Since then, an estimated 2,500 employees at six Tenet hospitals have taken the company up on its offer. But CNA -- perhaps the state's most powerful union -- claims far greater support.

In a statement last week, CNA said that 4,000 registered nurses at 13 Tenet hospitals have signed petitions demanding that CNA be added to the list of union choices.

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Tenet Tussle Shows Dissent Rising in Ranks

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"Tenet RNs do not want sham elections. They do not want Tenet handpicking a union for them. And they are offended at Tenet's crass efforts to bribe them into voting for" another union, CNA stated last week. "CNA is confident that the elections will go forward, and that the illegal backroom deal will be overturned."

CNA is primarily fighting to improve working conditions for current Tenet nurses and secure healthcare benefits for retired ones. But CNA's powerful voice -- rather than its specific labor demands -- may prove to be the biggest threat for Tenet. The big California union has aggressively sought to expose alleged abuses inside Tenet hospitals and, by now, dedicates an entire section of its Web site to the company's scandals.

Moriarty describes the nurses as "canaries" who are the only true patient advocates throughout the Tenet system. But he now has his ear turned in another direction. Moriarty believes the newly indicted Weinbaum -- currently backed by Tenet as "ethical and admired" -- could soon be singing as well.

"He will tell all," Moriarty predicted. "If I were the top five or 10 Tenet executives, I'd be hiring the best criminal lawyers in America right now."
