

Negotiations UPDATE

Kenmore Mercy, Mercy, and Sisters - St. Joseph Campus Present Initial Economic Package – More Bargaining to Come

The hospitals presented their initial comprehensive economic proposal package to the union today. Hospitals across the country as well as in Western New York have been devastated by the COVID pandemic despite financial assistance from the federal government. While Catholic Health presented financial updates to the union during bargaining showing the challenges we face, the union still made economic proposals that would cost \$140 million over three years – an amount that is unsustainable in today's economic environment. Below is an overview of some of the proposals contained in the hospitals' economic package.

WAGES

The hospitals presented an initial offer of a 1% wage increase for each year of the contracts; the union's initial offer included a 6% annual wage increase. We are committed to providing all associates – whether represented by a union or not – with market-competitive compensation, including wages and benefits. However, the healthcare sector and hospitals in particular experienced dramatic changes this past year, some of which are here to stay. This has led to unprecedented losses for our industry and our system, which we have outlined in previous communications.

While Catholic Health has a strong strategic plan that includes growth and quality improvement opportunities, as well as initiatives to operate more efficiently, we know it will take some time to recover from the economic downturn we have experienced in recent years. The redevelopment of St. Joseph Campus, our new Lockport hospital, the launch of Epic, and expansion of ambulatory services, are building positive momentum and paving the way for a more sustainable financial future. Through negotiations, we expect to exchange counter proposals with the union that move us closer to market-based wage increases. We are also preparing our proposal on bonus pay and will be presenting it to the union shortly.

PENSION

There are two main types of retirement plans – Defined Benefit (DB) Plans, which are usually funded by the employer, like our current pension plans, and Defined Contribution (DC) Plans, in which employees make their own contributions, like our 403(b) plan, that are sometimes matched up to a certain percentage by the employer. The hospitals proposed freezing the various Catholic Health DB plans at their current levels on 1/1/22 and offering associates a DC Plan, with a percentage match, through our 403(b) program.

Over the past few decades, the vast majority of employers have shifted away from DB plans because they are exceedingly cost-prohibitive to maintain and their returns are unpredictable. Instead, most employers, including many healthcare organizations, have opted for DC plans, which offer a number of benefits, including the following:

- Investment Options – you can decide how aggressively or conservatively you want to invest your money
- Employer Matches – your DC savings are compounded through employer percentage matches
- Tax Savings – you can save for your retirement on a pre-tax basis, reducing your income tax bill
- Portability – you can roll the money into a new plan or IRA if you change employers

HEALTHCARE COVERAGE

The hospitals proposed making the First Choice Hybrid/High Deductible Health Plan (Hybrid/HDHP) available to CWA members in 2022 and transitioning all bargaining unit associates to the Hybrid Plan in 2023. The hybrid plan design offers many of the benefits of a comprehensive, copay-based health plan with the lower bi-weekly premiums. While an annual deductible needs to be met for many services, **the Hybrid/HDHP offers prescription coverage with tiered copays, and pays 100% for preventive care services from in-network providers, like annual checkups, colonoscopies, mammograms, immunizations and well-child visits, all of which are not subject to the annual deductible.** The Hybrid/HDHP design offers lower bi-weekly associate premium payroll deductions than the original First Choice Plan.

Watch for more details on the Defined Contribution Pension Plan and Hybrid/High Deductible Health Plan coming soon.

Because it's important to have the facts regarding contract negotiations, we will share regular *Negotiation Updates* with you. You may visit www.chsbuffalo.org/negotiations at any time for the latest news and information related to bargaining and to review copies of these updates and other FAQs.

Where Do We Go from Here?

We will work with the union to bargain in good faith (presenting proposals, responding to each other's proposals and working toward consensus) in an effort to reach an agreement that better reflects our current situation and better positions Catholic Health to provide the highest quality care to our community, strengthen our future financial outlook, and offer greater job security to our associates.