



NEWS

For Immediate Release

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Hospitals to Boost Nurse Salaries by \$30 Million *Medicaid Losses Continue to Undermine Efforts to Increase Pay*

DES MOINES – Iowa hospitals will commit approximately \$30 million to increase hospital nurse salaries in the period between July 1, 2008 and June 30, 2009, despite a sagging economy and uncertainty regarding future changes to the Medicare and Medicaid programs.

The raises are consistent with past annual trends, according to information gathered by the Iowa Hospital Association, which collected the data to comply with a legislative directive to compare the total amount of hospital nurse salary increases with the total amount of Medicaid increases.

After two years of no Medicaid provider rate increases, the Iowa General Assembly approved a 1 percent Medicaid payment increase for hospitals last year. When coupled with matching federal funds, the 1 percent increase netted Iowa hospitals approximately \$2.3 million in new Medicaid revenue.

Prospective payment hospitals – large rural and urban hospitals directly impacted by Medicaid increases – will provide \$23 million of the total \$30 million in nurse salary increases. However, the Iowa Department of Human Services recently announced that recent across-the-board budget cut ordered by Governor Chet Culver could wipe out the

last year's modest Medicaid provider rate increase unless new Medicaid money is included in a federal economic stimulus package.

"Iowa hospitals appreciate the overdue recognition of the Legislature that Medicaid increases tie directly into a hospital's ability to pay employee salaries," said Kirk Norris, IHA president. "However, this data also clearly identifies the disparity between government programs and the increasing costs necessary to maintain a quality health care work force.

"And while hospitals understand the state's current economic difficulties, cutting Medicaid and foregoing matching federal funds that accompany the program are detrimental to Iowa's overall health care system."

Norris also pointed out that Iowa hospital nurse salary increases have averaged 4 percent annually over the two preceding years, when no new Medicaid dollars were provided by the Legislature.

IHA has joined the governor's federal lobbying efforts supporting an increase in the matching rate for Iowa's Medicaid program as part of the economic stimulus plan currently being debated. Each 1 percent increase in that federal rate would mean approximately \$26 million for Iowa, which could be used to restore Medicaid program cuts.

IHA also opposes Medicaid cuts to physician payments, partly because Iowa hospitals now employ approximately 60 percent of the physicians in Iowa. Low Medicaid payments to physicians and dentists are forcing an increasing number of these independent practitioners to stop seeing Medicaid patients altogether.

Iowa registered nurse salaries have traditionally been among the lowest in the nation, largely mirroring the fact that Iowa's Medicare and Medicaid payments are also among the nation's lowest. However, as a group Iowa hospital registered nurses do far better,

with an annual average salary now exceeding \$52,000. Results from a 2006 U.S. Bureau of Labor Statistics survey showed the average income for registered nurses is \$57,280.

“Iowa hospitals must compete in a regional and national market for high quality nurses, physicians and other clinical professionals” Norris said. “Underfunded government payment programs that make up nearly 60 percent of Iowa hospital revenue make remaining competitive that much more difficult. Although Iowa hospitals are to be commended in their support of professional compensation, finding the resources to maintain this commitment will clearly be even more difficult in the future.”

Among the additional issues impacting hospital salaries cited by IHA is the dramatic increase in hospital charity care brought about by the recent economic recession. Iowa hospitals are on track to provide nearly \$400 million in charity care this year, up 22 percent from 2008.

A study done by the U.S. Bureau of Health Professions indicates that by 2020, the need for nurses in the U.S. will grow to more than 1.7 million registered nurses, while fewer than 635,000 nurses will be available. In fact, the U.S. Department of Labor has identified registered nursing as the top occupation in terms of job growth through the year 2014. Additionally, the average age of registered nurses in Iowa is approaching 50 years, meaning many nurses can be expected to retire in the next 10 to 15 years.

In addition to increasing salaries, many Iowa hospitals offer signing bonuses, family-friendly work schedules or subsidized continuing education as a means for attracting new nurses.

The Iowa Hospital Association is the trade organization representing all of Iowa’s 117 community hospitals. Iowa hospitals employ more than 72,000 people statewide and have a positive impact of more than \$5.8 billion on Iowa’s overall economy. IHA’s Iowa Hospital Education and Research Foundation (IHERF) has awarded more than \$340,000 to 114 scholarship winners over the past four years for nursing and other clinical specialists in an effort to keep those individuals working in Iowa’s health care system.

RN Salary-1% Medicaid Increase Comparison

Prepared (12/9/08)

Hospital Name	City	RN Salary Increase	1% Increase*	Medicaid Losses (cost)
Alegent Health Mercy Hospital	Council Bluffs	\$676,048.78	\$72,331.41	(\$5,509,173.55)
Allen Health System	Waterloo	\$807,120.00	\$64,186.39	(\$2,716,906.22)
Broadlawns Medical Center	Des Moines	\$213,256.00	\$59,632.01	(\$1,840,313.68)
Covenant Medical Center	Waterloo	\$850,036.46	\$78,058.49	(\$5,210,552.23)
Fort Madison Community Hospital	Fort Madison	\$251,816.00	\$20,029.05	(\$1,614,013.80)
Genesis Medical Center	Davenport	\$1,429,083.00	\$163,199.22	(\$11,322,072.31)
Great River Medical Center	West Burlington	\$629,338.57	\$69,706.84	(\$3,482,581.70)
Grinnell Regional Medical Center	Grinnell	\$93,000.00	\$17,703.36	(\$859,590.98)
Iowa Health- Des Moines (IMMC, Lutheran & Blank)	Des Moines	\$3,100,000.00	\$293,940.93	(\$19,956,039.35)
Jennie Edmundson Hospital	Council Bluffs	\$380,637.00	\$70,707.11	(\$5,755,674.17)
Keokuk Area Hospital	Keokuk	\$119,059.00	\$21,835.64	(\$548,235.00)
Lakes Regional Healthcare	Spirit Lake	\$164,890.00	\$7,883.66	(\$622,012.05)
Marshalltown Medical & Surgical Center	Marshalltown	\$264,771.94	\$35,294.34	(\$2,238,088.13)
Mary Greeley Medical Center	Ames	\$614,866.00	\$42,482.19	(\$3,958,209.94)
Mercy Iowa City	Iowa City	\$667,721.32	\$33,331.10	(\$4,161,614.52)
Mercy Medical Center-Cedar Rapids	Cedar Rapids	\$860,843.00	\$68,430.03	(\$7,686,897.92)
Mercy Medical Center-Clinton	Clinton	\$226,026.00	\$35,265.11	(\$2,837,058.86)
Mercy Medical Center-Des Moines (Mercy & Capitol)	Des Moines	\$1,833,175.00	\$287,640.30	(\$14,035,738.06)
Mercy Medical Center-Dubuque	Dubuque	\$504,799.00	\$30,425.60	(\$1,497,712.90)
Mercy Medical Center-North Iowa	Mason City	\$472,922.00	\$81,608.72	(\$7,666,819.14)
Mercy Medical Center-Sioux City	Sioux City	\$719,396.00	\$96,019.78	(\$2,639,759.85)
Ottumwa Regional Health Center	Ottumwa	\$394,654.00	\$54,203.30	(\$3,029,580.27)
Sartori Memorial Hospital, Inc.	Cedar Falls	\$150,905.51	\$5,320.04	(\$180,804.11)
Skiff Medical Center	Newton	\$141,000.00	\$16,613.67	(\$1,758,766.17)
Spencer Municipal Hospital	Spencer	\$243,109.00	\$23,812.87	(\$1,523,317.24)
St. Anthony Regional Hospital***	Carroll	\$203,658.00	\$12,034.96	(\$1,240,681.70)
St. Luke's Health System, Inc.	Sioux City	\$309,320.00	\$72,532.06	(\$6,587,218.26)
St. Luke's Hospital***	Cedar Rapids	\$1,420,125.00	\$145,254.76	(\$13,349,484.41)
The Finley Hospital**	Dubuque	\$205,856.35	\$30,070.86	(\$1,778,594.23)
The University of Iowa Hospitals and Clinics	Iowa City	\$4,431,269.96	\$783,454.06	(\$34,727,422.87)
Trinity at Terrace Park***	Bettendorf	\$202,234.70	\$27,906.38	(\$2,745,217.34)
Trinity Regional Medical Center***	Fort Dodge	\$718,378.00	\$51,928.02	(\$3,282,716.36)
Unity HealthCare	Muscatine	\$110,000.00	\$25,566.57	(\$1,279,834.87)
Totals:		\$23,409,315.59	\$2,898,408.83	(\$177,642,702.19)

*Based on FY08 total payments Iowa Medicaid Enterprise (IME) PS&R data

**This is the market adjustment in addition to the 3% merit increase effective June 2008 pursuant to the collective bargaining agreement

***2008 data because 2009 wage increases not yet finalized

Senate File 2425 (2008)

52 35 (c) Hospitals paid under the prospective payment system
53 1 methodology under the medical assistance program shall report
53 2 to the department the total amount of nurse salary increases
53 3 compared to the total amount of the medical assistance payment
53 4 increase for the fiscal year beginning July 1, 2008. Nurse
53 5 salary information shall only include information for
53 6 registered nurses who are permanent employees, eligible for
53 7 benefits, and who provide direct care to patients. Reports
53 8 submitted shall be a public record.

