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November 23, 2016

The Honorable Muriel Bowser
Mayor
Government of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W.
Washington, DC 20004

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Ste 504
Washington, DC 20004

Dear Mayor Bowser & Chairman Mendelson:

We are writing today on behalf of the District of Columbia Hospital Association to give more clarity to our position on Paid Medical and Family Leave generally and the potential impact of paid leave proposals. We want to reiterate that District of Columbia hospitals fully support paid leave as an important benefit for our employees. In fact, DCHA members have a strong history of providing generous benefit programs structured to allow maximum flexibility to accommodate family and medical needs as well as to promote work-life balance for all employees. However, given the unique roles of our institutions and the specialized nature of our workforce, we firmly believe that hospitals, as employers, must retain maximum flexibility in the design and operation of comprehensive employee benefit programs, including paid leave.

The nature of hospitals is fundamentally different from most other industries. We must fully staff our facilities **24 hours a day, 7 days a week** to maintain access to vital services. Hospitals already contribute more than **\$101 million** annually to provide care to those who do not have health insurance or are underinsured and offer more than **\$219 million** in community benefits.

DCHA and its members believe that any legislation that expands the availability of paid leave must include the following provisions: 1) Employers should be allowed to control and operate the program and not have it administered by a government agency; 2) Employers should be allowed to apply an employee's leave benefit to assist in meeting the minimum requirement; 3) Any new paid leave program should start at no more than 4 weeks in order for businesses to gain experience with the effects of the program and allow the Council and the Government of the District of Columbia to analyze the impact of the program on employers, employees, and the District's economy; 4) In order to maximize the impact for employees, their wages should be protected up to 100% of their base wage; 5) The definition of "family" should be limited to no more than spouse, domestic partner, child, and parent; 6) Employees should have to work at least 1,250 hours in the preceding 12 months before the qualifying event 7) Any leave program must run concurrently with DCFMLA & FMLA and should not include intermittent leave. 8) The paid leave program must be protected from fraud and abuse.

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We estimate the twelve-week proposal, circulated in February, could cost the District hospitals more than **\$71 million** in additional expenditures per year. This estimate assumes a 16% take-up rate. There are no reductions to current paid leave accrual programs because we are not convinced that a rollback of these programs is a viable option, especially with multiple union contracts, so this figure would be on top of the over \$125 million in paid leave we already provide to our employees. The employee replacement cost for hospitals is the largest cost driver because the pay premiums for temporary labor can be up to 200%. Foregone revenue based on the temporary closure of a program cannot be estimated, and therefore is not included in this estimate. This increase in expenditure would be layered on top of our current generous leave programs and would not be sustainable. Therefore, we cannot support a paid leave program operated by the District Government that does not incorporate the exhaustion of existing leave benefits.

An up to four-week employer mandate model, similar to proposals by other organizations and in line with our tenets would be optimal and reduce negative impacts on our current benefits programs that our employees enjoy. We estimate the cost to hospitals for this proposal to be more than \$24 million, inclusive of replacement costs.

Our position is further outlined in the attached position paper on Universal Paid Leave. We are happy to discuss our position further with either of you at your convenience. We look forward to continuing our productive dialogue on this important matter that must be right for workers and employers. If you or your staffs have additional questions, please feel free to contact Justin Palmer in our office at jpalmmer@dcha.org or (202) 289-6212.

Sincerely,



Richard O. Davis, PhD
President
Sibley Memorial Hospital



Kimberly Russo
Chief Executive Officer
The George Washington University Hospital



Charles Baumgardner
Chief Executive Officer
& Managing Director
Psychiatric Institute of Washington



Jacqueline D. Bowens
President & CEO
District of Columbia Hospital Association



John Sullivan
President
MedStar Washington Hospital Center



Kurt Newman
President & Chief Executive Officer
Children's National Health System



Darcy Burthay
President & CEO
Providence Health System



Jim Linhares
Chief Executive Officer
BridgePoint Hospital Capitol Hill



Kevin Chavez
Chief Executive Officer
BridgePoint Hospital National Harbor



John Rockwood
President
MedStar National Rehabilitation Hospital



James A. Diegel
Chief Executive Officer
Howard University Hospital



Michael Sachtleben
President
MedStar Georgetown University Hospital

Enclosures (2)

Cc: All Councilmembers
The Honorable Jeffery DeWitt, Chief Financial Officer

Benefits Provided by District Hospitals:

Patient Days:	1,115,304
Employees:	
District Residents	6714
Maryland Residents	16905
Virginia Residents	5235
Other States	440
Total Employees	29294
Salary and Benefits:	
Total Payroll	\$ 1,898,596,730.57
Total Benefits	\$ 348,510,580.51
Total Payroll and Benefits Cost	\$ 2,247,107,311.08
Employment Economic Benefit:	
- Salary/Payroll FTE	\$78,657
- Benefits/Payroll FTE	\$14,438
Salary and Benefits/Payroll FTE	\$93,095
District Residents:	
Salaries	\$435,143,736
Benefits	\$79,875,939
Total Salaries and Benefits	\$515,019,675
District Fees Paid 2014:	Amt.
Ballpark Fee	\$19,305
Patient User Fee	\$344,147
Bed Tax	\$14,010,129
Unemployment Taxes	\$3,841,175
Sales Taxes	\$4,095,026
Real Estate Property Taxes	\$1,877,409
Total Other District Payments 2014	\$24,187,192
Uncompensated Care	\$101,441,419.55
Community Benefits	
Community Health Improvement Services & Community Benefit Operations	\$9,894,915.81
Health Professions Education	\$168,431,607.66
Subsidized Health Services	\$28,030,028.25
Research	\$11,239,464.49
Cash and In-Kind Contributions for Community Benefit	\$1,512,748.64
Total Community Benefit	\$219,108,7964.86