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Tools for covering hospitals: Hospital stories to do

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This is a companion to [How to cover your local hospital](#) and [Tools for covering hospitals: Financial documents](#).

The Hospital Salaries story

- **Obtain several years' worth of IRS form 990s**, so you can track salaries over time and make a graphic (Editors will love it!).
- **Where to look in IRS form 990s:** This document lists executive salaries under "Part V List of Officers, Directors & Trustees." It's also interesting to look at "Schedule A, Part I: Compensation of the Five Highest Paid Employees Other Than Officers, Directors and Trustees." This will often list the highest-paid doctors.
- **Investigate executive performance.** Ask how many years the hospital CEO has been there. How has she/he performed in that role over time? Has the hospital grown and added new services? Has it kept up its physical plant? Has its medical quality improved based on state inspection reports and other sources? Has it attracted more doctors? Is it a place where patients want to go?
- **Compare to other places.** Compare the biggest salaries at your local hospital to those of leaders of similar institutions in your area or in similar areas around the country. Benchmarking - comparing executive's salaries to others in the region, state and US - is critical to evaluating CEO salaries. See what the leaders of similar-sized institutions are paid.
- **Contrast executive salaries to hospital performance.** If executive salaries have risen, has the hospital's performance also increased? Executive pay should reflect hospital performance, especially in the year before. It will be interesting to your audience if your hospital leaders got a huge bump after laying people off or losing lots of money in the preceding year.
- **Get specifics on executive benefit packages.** The 990 lists only an executive's total benefits. Don't stop there. Get a full understanding. Nonprofits have gotten very creative about designing pay packages, which mimic those in the for-profit sector. Getting the specifics of the entire package can make for great stories.
- **Check for subsidiaries.** Sometimes nonprofits get slick and list parts of executives' salaries on each subsidiary. This makes your job harder: You must add up the salary and benefits from *each subsidiary*. However, this work is potentially more rewarding. Get all the nonprofit and for-profit subsidiaries, and ask if the leader got salary and benefits from each one.

People to interview:

- **Hospital CEO:** How does she/he justify her/his pay?
- **The chairman of the board of trustees and members of the board compensation committee?** The compensation committee (and sometimes the full board) approves all pay increases to top management and is ultimately responsible for pay. The toughest questions should go to board members who made the decision on pay.

- **Ask union leaders, the medical staff president, doctors, nurses, and other staff** (such as janitors) what they think of the hospital executives' pay. Also check with major donors to the hospital.
- **Scholars** who study nonprofit hospitals
- **Compensation consultants** can provide useful context. Just remember who they're really working for.

Coverage examples:

SALARIES FOR FOR-PROFIT HOSPITAL EXECUTIVES

Pay info on for-profit executives is more difficult to obtain. Here are some options for pursuing this story:

- **Talk to past CEOs.** Get the names of several past CEOs of your for-profit hospital and call them. Ask them to describe their salary range and incentive pay when they worked for the for-profit hospital. Call former executives from throughout the chain and make similar requests. Run what you hear by the for-profit company for comment. Pay special attention to incentive pay because for-profit hospital firms generally offer CEOs more incentives than nonprofits. For-profit executives can double their pay in a good year by meeting certain targets, such as how much earnings increased over the previous year. Other potential factors include the satisfaction of patients, employees and physicians and compliance with regulations.
- **Ask current top executives** to share information on their pay. This is a toughie but it's worth going through the exercise.
- **Check whether your state** collects salary information on for-profit hospitals.

Understand the nerve centers of a hospital. Don't just rely on PR. The Board of Directors, philanthropists who have buildings named after them, Medical Staff President (past & present), unions, nurses, Nursing VP, CFO, CEO, surgeons, top researchers, staff docs vs. outside docs with admitting privileges, outside docs who refer to the hospital, docs with their names on the wall, ER docs, Infectious disease docs, maintenance workers, suppliers, hospital chaplains, hospital historians, librarians, social workers.

The financial problems of hospitals - Things to care about:

- net income (operating income plus investments)
- occupancy
- debt
- unrestricted cash
- case mix index

Some ideas:

- Nonprofit Hospitals Tax Exempt Status (see Darragh story on LVH)
- Nursing shortage (see Edelman's NY Post piece)
- Uninsured getting charged more (see Lindy Washburn's Guido Osso story)
- Hospital inspection reports
- How many procedures are done in your hospital vs. others?
- ERs, a sensitive area
- Hospital Quality key areas include infections, medication errors, complications, readmission rates, deaths.