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Suit Claims Hospitals Fixed Nurses' Pay

By [STEVEN GREENHOUSE](#)

Nurses filed class-action lawsuits yesterday against hospitals in Chicago, Memphis, San Antonio and Albany, asserting that the hospitals had violated federal antitrust laws by conspiring to hold down nurses' wages.

The lawsuits maintain that hospitals in each city agreed not to pay their registered nurses above a certain amount and exchanged information about how much they were paying their nurses.

Lawyers for the nurses said the hospitals had artificially depressed wages by hundreds of millions of dollars in Chicago and Memphis and by tens of millions of dollars in San Antonio and Albany.

"The hospitals in Albany, Chicago, Memphis and San Antonio have decided to increase their profits on the backs of their nurses," said Daniel A. Small, the lead lawyer for the nurses. "Nurse pay should be set by the market, not by a secret agreement among hospitals."

The nurses' lawyers filed separate but similar lawsuits in federal court in each of the four cities, charging separate conspiracies in each city. The sued hospitals either said they had done nothing wrong or said they would not comment because they had not seen the legal papers.

"It's important for our employees and our community to know this is completely without merit," said Echelle Lane Rutschman, a spokeswoman for the Baptist Memorial Health Care Corporation in Memphis, one of the two hospital chains sued in that city. "We use industry-standard, legal practices to adjust salaries. Our salaries are market-based, and we use many methods to determine fair, competitive, compensation packages."

Gregory McGarry, the chief spokesman for a defendant, Albany Medical Center, said, "These allegations are completely unfounded, and we will contest them vigorously."

Lisa Reed, a plaintiff in the Illinois lawsuit, said that low wages were aggravating the nursing shortage.

"All of this has led to more of my nurse colleagues becoming travel agents, consultants and real estate agents," said Ms. Reed, a nurse at Advocate South Suburban Hospital in Hazel Crest, Ill., a Chicago suburb.

"Nurses today are frustrated with the increasingly difficult working conditions," she said. "When we ask for more nurses, they say it's not in the budget."

Speaking at a news conference in Washington, where his firm is based, Mr. Small asserted that an antitrust

conspiracy had cost nurses in Memphis \$14,000 each annually, in Albany \$6,200 each, in Chicago \$5,400 each and in San Antonio \$1,300 each.

Mr. Small said his firm had conducted an investigation in which human resources officials, recruiters and others provided evidence of a wage-fixing conspiracy. He said human resources officials at hospitals in different cities had talked with each other by phone or at industry meetings to share salary information and to agree not to raise salaries to steal nurses from each other.

Mr. Small said, "We are continuing our investigation in other cities with the possibility that there will be additional cases filed."

He said his firm became involved in the case after nurses in the various hospitals became suspicious about similarities in wages.

Mr. Small said the [Service Employees International Union](#), which is trying to unionize nurses, had provided information and sources that helped his firm's investigation.

"Who pays for all this illegality and conspiracy?" asked Andrew Stern, the union's president. "We all do. Nurses pay for it in terms of short staffing and inadequate wages, and patients pay for it through decreased time with R.N.'s."

Caryn Stancik, a spokeswoman for the Metropolitan Chicago Healthcare Council, acknowledged that her group conducted periodic surveys about employee salaries at many hospitals. But she said it was an innocent exercise that helped hospitals understand the marketplace and develop compensation packages.

"We do what many other associations do," Ms. Stancik said. "We conduct salary surveys, and all of the surveyed information is gathered totally within the guidelines of the antitrust laws."

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