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## Nurses Allege Collusion On Wages

**Four federal lawsuits allege hospitals in four cities conspired to increase profits by secretly agreeing to pay lower wages to nurses.**

By David Shadovitz

In a rare move that at least one observer describes as an "uphill battle," plaintiffs have accused hospitals in four cities of violating federal antitrust laws by conspiring to keep nurses' wages at artificially low levels.

In four separate class-action lawsuits against hospitals in Albany, N.Y., Chicago, Memphis, Tenn., and San Antonio, the plaintiffs allege the hospitals "deliberately, secretly and systematically exchanged detailed, non-public, current information about the wages each is paying its nurses."

"The hospitals in Albany, Chicago, Memphis and San Antonio have decided to increase their profits on the backs of their nurses," says Daniel A. Small, a partner at Cohen, Milstein, Hausfeld and Toll, who is representing the plaintiffs in all four cities. The lawsuits were filed on June 20 in federal courts in each city.

"We all know that health-care costs are on the rise, but denying a fair wage to the very people with front-line responsibility for patient care is not the way to contain these costs. Nurse pay should be set by the market, not by a secret agreement among hospitals," he says.

Despite media reports on nursing shortages, says Michael Lehmann, a managing partner with San Francisco-based The Furth Firm, there are serious concerns that nurses are being underpaid, especially in those cities where the lawsuits were filed.

The plaintiffs accuse the hospitals of underpaying them by approximately \$6,000 per year in Albany; \$5,000 in Chicago; \$1,300 in San Antonio; and \$14,000 in Memphis.

A statement issued by Baptist Memorial Health Care in Memphis, one of the hospitals named in the suits, said the suit was "completely without merit."

"We use industry-standard, legal practices to adjust salaries," according to Baptist Memorial. "Our salaries are market-based, and we use many methods to determine fair, competitive compensation packages."

Thomas Lewis, chairman of the employment litigation group at Stark and Stark in Princeton, N.J., believes the nurses are likely to have a difficult time proving their case.

"The allegations appear to be a stretch for the nurses," Lewis says. "In the competitive [field] of nursing, most the hospitals are trying to lure nurses away and not conspire to keep wages down. I think it's going to be a difficult case for the nurses to prove -- that they were losing thousands of dollars because of the sharing of compensation information."

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Lewis notes that there probably was some sharing of information at conferences, but "I can't imagine that HR directors would enter into an agreement about the wages of nurses, considering these organizations are in direct competition with another."

It especially doesn't make sense in restricted markets like Albany, Memphis and San Antonio, Lewis adds.

According to Cohen Milstein, headquartered in Washington, the lawsuits are based on dozens of interviews with insiders who have direct knowledge of the conspiracies.

July 31, 2006

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