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nurses union is running a radio ad that criticizes Massachusetts hospital chiefs' compensation packages and calls for greater transparency of hospital finances.

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While hospital executives from across Massachusetts meet in Chatham this week, a nurses union is running a radio ad that criticizes Massachusetts hospital chiefs' compensation packages and calls for greater transparency of hospital finances.

The ad campaign started Tuesday and will run through Friday, David Schildmeier, spokesman for the Massachusetts Nurses Association/National Nurses United, said.

The heads of 17 nonprofit hospitals in Massachusetts are drawing more than \$1 million apiece in compensation annually, Schildmeier said. During these financial times the focus should be on patient care, especially since hospitals receive so much of their compensation from government programs such as Medicare and Medicaid, he said.

"I think the public has a right to know how their taxpayer dollars are being used for health care," Schildmeier said. "We're seeing it diverted to other sources, and services are being cut."

The ads running on the Cape's WXTK-FM and Boston's WBZ-AM seek to drum up support for a ballot initiative known as the Hospital Profit Transparency and Fairness Act, which would require hospitals receiving government money to disclose in a timely manner how large their profit margins are and how much money they pay their CEOs.

It also requires hospitals to disclose how much money they hold in offshore accounts, which is not currently enumerated on 990 tax returns filed with the IRS, Schildmeier said.

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Cape Cod Healthcare hospital patients are either on Medicare for people over 65 or Medicaid for low-income individuals.

The transparency act would require that hospitals that generate a significant amount of profit or pay their CEOs' high compensation packages contribute to a fund that would help distressed hospitals remain open and maintain services.

The problem with this proposal is it doesn't take into account that operating margins do not indicate how much cash a hospital has on hand, said Tim Gens, executive vice president of the Massachusetts Hospital Association, which is holding its annual meeting at Chatham Bars Inn through Friday.

The recently closed North Adams Regional Hospital is a case in point, Gens said. Two years ago it was operating with an almost 8 percent profit margin — which looks good but didn't take into account other financial woes and experiences with bankruptcy, he said.

He also said that instead of siphoning off government money, hospitals are subsidizing the government, since Medicare and Medicaid don't “pay the actual cost of care.”

Gens also said that money held in offshore accounts is considered a good business practice to pay for malpractice and liability.

It is up to hospital boards to determine how much CEO pay is appropriate, Gens said. “They are challenging jobs.”

Massachusetts Nurses Association officials have said if legislators don't enact the transparency bill by July 2, it will appear as a ballot question in November. They said nurses and advocates already have gathered more than 90,000 signatures and need 11,000 more to place the proposed act on the ballot.

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