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## 76 CASE

### *Managing Nonmonetary Compensation*

Andrew Nelson supervised the respiratory therapy department at Dunesbury Medical Center in Owatonna and Waseca, Minnesota, towns of 16,000 and 2,000, respectively. Though he worked mainly at the local hospitals, he was employed by Breathing Care Associates (BCA), which was affiliated with St. Luke's Hospital in Rochester, Minnesota.

Nelson graduated from the Mayo Clinic Respiratory Therapy Program and earned a BS in Biology from a Minnesota state college. Before accepting this supervisory position three years ago, he had been a staff therapist at Mount Olympus Medical Center in Milwaukee, Wisconsin. A highly respected professional, Nelson tried to keep up with current developments in his field. He was well-liked by staff and patients and had a good sense of humor. If there was one thing Nelson lacked, it was formal management training. He now wished he had taken some business courses during college.

Nelson did not belong to a labor union. His parents had owned a trucking business and had dealt with teamsters. Stories about their shenanigans soured Nelson on union membership. However, therapists at St. Luke's Hospital who were employed by BCA were represented by a bargaining unit.

Nelson's supervisor, Matt Barnes, used to call or visit the Dunesbury Medical Center at Owatonna regularly to see how things were going or to bring supplies. Lately, Barnes's visits were less frequent. Months could go by before Nelson saw him.

Since 1963, Dunesbury Medical Center had operated another facility in Waseca, about 12 miles west of Owatonna. In 2009, Dunesbury's board of directors decided to close the Waseca facility on June 30th for economic reasons.

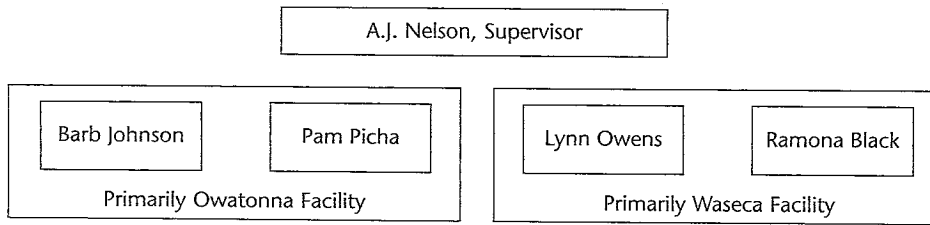
Exhibit 4.7 shows an organizational chart for the respiratory therapy department at Dunesbury Medical Center in January 2009.

Beginning January 3, 2009, Barb Johnson took a six-week paid maternity leave permitted under BCA's temporary disability program. At the end of January, Ramona Black had surgery and took a six-week medical leave. That left only Nelson, Pam Picha, and Lynn Owens to staff the two facilities.

Nelson was under pressure from BCA to cut labor costs. For about a month, he worked six days per week. The length of his workday varied from 8 to 12 hours or more. On the days Nelson worked, he also was on call. If a patient had breathing difficulties, Nelson was called to the hospital after normal working hours. Sometimes he would not get called in for several days. On other nights, he might get called in two or three times. If a doctor wanted a patient to be on an artificial breathing machine, called a respirator, Nelson had to provide staff at the hospital 24 hours a day.

Since he was an exempt employee, Nelson received no overtime pay. Originally he was not paid for on-call hours either. Then, he successfully negotiated with BCA to get \$10.00 per hour on-call pay. In January and February 2009 combined, Nelson worked more than 140 hours beyond his normal scheduled work week. His salary was about \$65,000.

In March, Pam Picha resigned to move to Texas. Lynn Owens gave two weeks' notice on April 2; she had accepted a position in a Minneapolis hospital. While Nelson attended a Minnesota Association of Respiratory Therapists' Convention in mid-April, Ramona Black quit without giving notice. Nelson left the conference early to fill in at the Owatonna facility.



He began to feel he needed some time off from work as he was getting burned out with all of the overtime hours. Nelson's earned time account, which could be used for sick leave, vacation, holidays, and so on, had almost reached the 400-hour maximum. On April 21, Nelson asked Barnes if he could take a vacation from May 20–26. His wife had to attend a business meeting in New Orleans, and this would be a good chance for the family to spend a few extra days together sightseeing.

Upon receiving no reply from Barnes, Nelson sent him a note with the weekly payroll report of May 5 asking what decision had been made on his vacation request. In the meantime, Barb Johnson found out that Nelson was planning to take time off. She refused to work seven days in a row, which would have been necessary to provide adequate staffing in Nelson's absence. The previous summer, Nelson had worked seven days in a row so that she could take a vacation.

Finally, on May 12, Barnes called Nelson. "Good morning, Drew. Say about this vacation request. . . . I really can't let you take off right now. I can't force Barb to work seven days in a row. Besides, if she did, I'd have to pay her overtime." Nelson swallowed hard, but before he could reply, Matt ended their conversation.

BCA's policy on earned time accrual and use is presented in Exhibit 4.8.

#### QUESTIONS

1. What are Andrew Nelson's alternatives?
2. What do you think Nelson should do? Justify your answer.
3. Does the hospital administration have any obligation to help alleviate Nelson's situation?