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'Pay Disparity' Disclosure is Focus of Unprecedented New Shareholder Push Targeting 21 Major Health Insurers, Medical System Providers and Related Companies

Push By 30 Faith-Based Investors Aims at Many Leading Opponents of Health Care Reform; Pay for Executives Seen As Possible Factor Fueling Out-of-Control Health Care Costs and Shrinking Coverage.

NEW YORK, Dec. 1 /PRNewswire-USNewswire/ -- In an unprecedented move by faith-based institutional shareholders, at least 21 U.S.-based health industry companies, including Aetna, AIG, Eli Lilly and UnitedHealth Group, are the focus of shareholder resolutions asking them to publicly disclose the total compensation packages of their top executives, including their health care packages, vis-a-vis that of their lowest paid U.S. workers. Among the insurers, medical device makers and other companies receiving the resolutions are many of the leading opponents of Congressional action on health care reform.

The 30 investors filing the resolutions belong to the Interfaith Center on Corporate Responsibility (ICCR), which has an estimated 300 faith-based institutional investor-members with assets in excess of \$100 billion.

The 21 companies receiving the shareholder resolutions are (in alphabetical order): Aetna; AIG; Allstate; Amerisource Bergen; Amgen; Cardinal Health; Cigna; Coventry Health; General Electric; Humana; Lilly (Eli) & Co; Lincoln National; McKesson; Medco Health Solutions; Medtronic; Stryker; The Travelers Corporation; 3M; UnitedHealth Group; UNUM Group; and WellPoint.

ICCR Executive Director Laura Berry said: "Shareholders, the government, citizens and investors are increasingly concerned about seemingly out of control growth in compensation packages for top executives at U.S. corporations, including those in the health industry. When the causes of skyrocketing health care costs are examined, this growth in health industry compensation is clearly a factor. These packages often reveal an accelerating pay gap between highest and lowest paid employees. Compounding this disparity, many employers have shifted a greater share of the overall health costs onto employees and their families. This makes lower-wage employees bear the burden of increased premiums, higher deductibles and out-of-pocket expenses. This can lead to particularly egregious disparities when it comes to health industry companies that are simultaneously fueling health care expenses, opposing needed health care reform in Congress and covering fewer and fewer Americans."

Capuchin Rev. Michael H. Crosby, Coordinator of the Wisconsin, Iowa, Minnesota/Coalition for Responsible Investment and a member of ICCR's Health Care Working Group, said: "Pay disparity is an important issue because costs in the market-based health industry have been much higher than other industries. Insurance companies and medical systems companies have been highlighted as among the most aggressive in challenging health care reform efforts in the United States. The filers believe health care costs will increase even more if universal health care fails. This will mean even higher costs and even fewer people covered by the health care system. This has led the faith-based shareholders in these companies to seek data whether there already may not be excessive compensation packages (including health care benefits) for the top executives within these companies vis-a-vis their lowest paid workers."

Members of Crosby's Coalition filed almost 25 percent of the total resolutions sent the various companies.

ICCR Board Chair Margaret Weber, who also represents the Basilian Fathers of Toronto, said: "What is the gap between the compensation packages (including health care) of the top health industry executives and their lowest-paid U.S. workers? Given the historical lack of transparency in the health care industry related to costs, this is not something that shareholders know today. And that is the basis for the request for such information in the shareholder resolutions. Given the huge problems and gross inefficiencies in the U.S. health industry, we think this information is vital to ourselves and other shareholders."

The new pay-disparity resolution asks for a report covering:

1. A comparison of the total compensation package of our company's top executives and our lowest paid employees (including health care benefits and costs), in the United States in July 2000, July 2004 and July 2009;
2. An analysis of any changes in the relative size of the gap between the two groups and an analysis and rationale justifying any such trend;
3. An evaluation of whether our top executive compensation packages (including options, benefits, perks, loans, health care, and retirement agreements) would be considered "excessive" and should be modified to be kept within reasonable boundaries; and
4. An explanation of whether any such comparison of compensation packages (including health care benefits) of our highest and lowest paid workers, invites changes in executive compensation, including health care benefits for departing executives, to more reasonable and justifiable levels, and whether the Board should monitor the results of this comparison in the future -- with greater equity as the goal.

The full text of the resolution is available online at <http://www.iccr.org>.

The full list of shareholder filers and the related health care companies are as follows (alphabetically): Adrian (MI) Dominican Sisters; Ancilla Systems Inc./Poor Handmaids of Jesus Christ, IN; Basilian Fathers of Toronto; Benedictine Sisters of Mount

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Angel, OR; Benedictine Sisters of Virginia; Catholic Healthcare East; Congregation of Benedictine Sisters, Boerne, TX; Diocese of Green Bay; Dominican Sisters of Hope; Franciscan Sisters of Perpetual Adoration, LaCrosse, WI; Mercy Investment Program; Midwest Coalition for Responsible Investment (STL); Northwest Women Religious Investment Trust, Seattle; Province of St. Joseph of the Capuchin Order (Midwest Capuchin Franciscans); SSM Finance, Inc. of Brown Deer, WI; School Sisters of Notre Dame, Milwaukee Province; School Sisters of Notre Dame Cooperative Fund (STL); School Sisters of Notre Dame, St. Louis; School Sisters of St. Francis, U.S. Province, Milwaukee; Sisters of Charity of the Blessed Virgin Mary; Sisters of the Holy Cross, Notre Dame, IN; Sisters of the Humility of Mary; Sisters of Mercy of the Regional Community of Detroit; Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, SD; Sisters of St. Francis of Green Bay; Sisters of St. Francis of Philadelphia; Sisters of St. Joseph, Philadelphia; Sisters of St. Joseph of Carondelet (STL); Socially Responsible Investment Coalition, San Antonio; and Ursuline Sisters of Tildonk, U. S. Province.

The health care industry consists of five main sectors (pharmaceuticals, health insurance, medical systems, hospitals, and drug stores chains). Because members of ICCR are in ongoing discussions with many of the pharmaceutical companies on the issue of universal health care itself, such companies were not sent a resolution. Neither are some others in the health care industry due to other dialogues.

Separately, on November 10, 2009, 60 ICCR members announced that there were asking 36 major companies -- including Merck, Wal-Mart, McDonald's, AT&T, IBM and General Electric -- to state publicly if the U.S. Chamber speaks for them in its aggressive campaign to kill efforts to overhaul the U.S. health care system. All of the companies had previously agreed at the urging of shareholders to embrace health care principles that are now inconsistent with the anti-reform stance of the U.S. Chamber of Commerce on health care legislation.

ABOUT ICCR

The Interfaith Center on Corporate Responsibility (<http://www.iccr.org>) is a coalition of approximately 300 faith-based institutional investors, representing well over \$100 billion in invested capital. ICCR members bridge the divide between morality and markets by envisioning a civic economy that integrates ethical, environmental and social values. Inspired by faith, committed to action, ICCR members work to build a just and sustainable global community.

SOURCE Interfaith Center on Corporate Responsibility, New York City