

The Evidence is Clear – High Wages for AHS Executives

It is easier to find out the salary of the mayor of Timbuktu, in southern Mali, than it is to learn the salaries paid to our healthcare executives.

But the scandal over the *Washington Post* revelations, about multimillion-dollar yearly compensation paid to a variety of executives at one comparatively little Adventist hospital near Washington, D.C. (Shady Grove Hospital), has so shaken enough church members that we now have a glimpse of these salaries.

On its web site, the *Review* has published two partial financial lists, introduced by a comment by William Johnsson. (*This material is reprinted in its entirety on pages 2 and 3 of this tract, so you can easily read and compare it.*)

The first partial list only provides the compensation (yearly salaries) paid to the first, second, and third highest executives in each of eight unnamed Adventist Health Systems for 1996, 1997, and 1998.

The second list provides the benefit plans for the same individuals, systems, and years.

Before considering the dollar amounts, certain facts should be noted:

1 - **These are partial lists**, in that they only list salaries and benefit plans for 24 of the hundreds of AHS executives in America. We are not told how many other executives are also receiving high salaries and benefits.

Let me give you just one example from the eight "systems": Sunbelt System has a "president," two "executive vice-presidents," three "senior vice-presidents," and seven "vice-presidents." And that is only what we find at its Winter Park headquarters. In addition, there are executives and sub-executives in each of its 27 hospitals, nursing homes, surgical centers, home health-care facilities, its college and hospice, and subsidiary system headquarters (such as AHS/Texas, AHS/Central Texas, etc.).

2 - **The eight health systems are not named.** Here are the names and headquarters of all nine. We have placed the large city, which each headquarters is located near, in parenthesis. Note that some are variously called "Health Care," "Healthcare," or "HealthCare."

Adventist Health Mid-America, Shawnee Mission, Kansas (Kansas City).

Adventist Health System Sunbelt Health Care

Corporation, Winter Park, Florida (Orlando).

Adventist Health System/West dba Adventist Health, Roseville, California (Sacramento) ["dba" means "also known as"].

Adventist HealthCare, Rockville, Maryland (Washington, D.C.).

Atlantic Adventist Healthcare Corporation, Stoneham, Massachusetts (Boston).

Kettering Adventist Healthcare, Kettering, Ohio (Dayton).

Loma Linda University Adventist Health Sciences Center, Loma Linda, California.

Portercare Adventist Health System, Englewood, Colorado (Denver).

3 - The salaries and compensation of **only three years are listed.**

4 - In the second list, **we are given no hint of what the "benefit plans" include.** That list amounts to a lot of money.

For example: The "highest paid executive" in "Corporation 1" received \$451,721 in 1997. (Two other corporations paid theirs even more that year.) That same executive received a "benefit plan" of \$227,449 for that same year. (Another corporation paid even more that year). That one executive received a listed \$679,170 for that one year.

5 - **We are told nothing about the "termination packages,"** routinely given to executives when they leave their post or retire. We know that these can be excessive in the extreme, even when the vacating executive has brought the hospital to near bankruptcy.

For more on this, read our earlier reports on the *Washington Post* disclosure of what occurred at the Shady Grove Hospital in Rockville, Maryland, and the *Boston Globe* exposé of how a few executives destroyed Boston Regional Hospital, formerly New England Hospital and Sanitarium within a single decade (*Boston Regional Medical Center Closes [WM-875]*, April 1999; *Boston Crisis Deepens [WM-918]*, November 1999; *Shady Grove Shakes the Church [WM-933]*, February 2000).

If you read our earlier report about Shady Grove, you learned that, between 1996 and 1998, four men voted themselves \$10,788,000 in salaries and benefits!

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- \$4.74 million to Bryan Breckenridge
- \$3.1 million to Edmund R. Peters
- \$972,000 to Ronald M. Wisbey
- \$1,976,000 to Cory S. Chambers.

Yet, by 1997, funds had become so depleted and so many workers had been laid off at Shady Grove Hospital and Washington Adventist Hospital (in Takoma Park, next door to Sligo Church and Columbia Union College), that *Washington Post* and other news articles were appearing about the drastically reduced quality of patient care at those two facilities. The situation became so bad that one patient died from lack of attention.

Think not that church leaders were ignorant of what was taking place. They constitute a majority of the board members! What kind of rewards are they receiving for voting for such large salaries and perks for these hospital executives?

“Financially, the regional Adventist health care companies are independent and unrelated to the Seventh-day Adventist Church. **But the regional firms’ boards are dominated by representatives of the church.**”—*Maryland Chief Financial Officer Quits Adventist Hospital Company, The Washington Post, January 7, 2000.*

Even though they were making fabulous salaries, each year they voted themselves even higher wages for the next!

“Adventist officials have commissioned several surveys of executive compensation in area hospital systems. **Consultants found that in several cases, Adventist executives with relatively high salaries were receiving big raises anyway.** In 1996, **Breckenridge, for example, was receiving \$416,000 in total [yearly] pay**—equal to the highest pay in the surveys—**but his compensation for that year was increased to \$716,000.**”—*“Compensation of Top Executives at Adventist HealthCare, Washington Post, December 1, 1999.*

One might wonder what the majority of union and General Conference officials on those boards receive for letting those AHS executives give themselves continually higher wages?

First, the church leaders are promised that, when their children or other relatives graduate from college, they will be slipped into high-paying management jobs at a hospital somewhere.

Second, they are assured that, if they ever get in trouble with the brethren because of their actions, they will be quietly slipped into an AHS position. That is what happened to some of the men when the Davenport scandal occurred in the early 1980s.

Third, they know that when they themselves retire, they can move right on into a nice position in

one of the systems.

Case in point: Back at the beginning of the 1990s, **Ronald M. Wisbey** was president of the Columbia Union. As such, he was a key figure at every AHS board meeting in his territory. Generous Ron, he kindly approved every request by the medical executives for ever higher salaries and retirement benefits.

But, in 1991, the situation became uncomfortable at the union office—because David Dennis had disclosed to the General Conference committee that Wisbey was deeply involved in an ongoing money-laundering scheme, which was secretly funneling money through the union’s “Worthy Student Fund” to the wives of Folkenberg and McClure.

So Wisbey “retired,”—and immediately was placed in the newly invented job of “liaison” between the union and the AHS. No one could figure out what his duties were, but his paychecks were excellent.

Later still, he was slipped into the position of Board Chairman of Adventist HealthCare, the AHS which included the Maryland area, and Board Chairman of Kettering Adventist Healthcare, in Ohio. His salary and benefits significantly improved.

“Adventist’s board chairman, **Ronald M. Wisbey, saw his compensation leap from \$161,000 in 1996 to \$447,000 the next year and \$364,000 in 1998.** Adventist officials said half of Wisbey’s compensation—salary, benefits, deferred salary, and expense accounts—is reimbursed by another pair of Adventist hospitals in Ohio that also employ Wisbey as their board chairman.”—*Washington Post, December 1, 1999.*

When, in December, the *Post* opened up the big-salary scandal, the January issue of the *Columbia Union Visitor* announced that the problem would be solved: Wisbey had been appointed head of Shady Grove Hospital, and church officials expressed certainty that his wise management would solve all the financial and other problems. **But, in preceding years, he had been the chairman of the AHS board which voted those high salaries!** (As the scandal deepened, he announced his complete retirement. Very likely he was given an outstanding termination pay package.)

An outstanding collection of Spirit of Prophecy statements on this subject will be found in *2 Selected Messages, 173-209*. In those 35 pages, she clearly and repeatedly stated there that is wrong for the Adventist Church to give markedly higher salaries to certain men.

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