

23rd December 2013

Mr. Tony O'Brien,
Director General,
Health Service Executive,
Office of the Director General,
1st Floor, Dr. Steevens' Hospital,
Dublin 8.

Dear Mr. O'Brien,

The Chairman, in his cover letter to you (dated 23rd December 2013) has advised that we will be submitting additional correspondence.

As you are aware, St Vincent's Healthcare Group (SVHG) is unique in the healthcare sector as it combines the provision of care in both public and private hospitals within a single legal entity.

St. Vincent's Private Hospital was established by the SVHG shareholders, the Sisters of Charity, in 1974 for two primary purposes. Firstly, to reduce pressure on the public hospital by providing access for patients who could pay privately or were insured. Secondly, the Sisters wanted to be able to attract and retain some of the best medical consultants for the benefit of all patients.

SVHG is a private limited company. Most importantly it is a not for profit organisation, with charitable status. Any excess income generated by the private hospital is re-invested within the Group for healthcare purposes.

The integrated model of public and private has been essential to the provision of safe, quality care in the public and private hospitals for many years.

Without the ability to appropriately move insured patients into the private hospital, facilitated by the Group structure, the University hospital would be under even more pressure and would require a higher level of subvention from the HSE in order to meet demand.

This integrated model has also enabled SVUH to lead the establishment of the Ireland East Hospital Group, and to plan for Consultant delivered outreach clinics in early 2014.

The integrated management structure has ensured better access for public patients. At the end of 2013 SVUH will have no patients in breach of the inpatient/day case waiting time limits or the outpatient waiting times, despite a significant increase in activity.

An issue that has particularly concerned us is that the uniqueness of the Group within the Irish health sector has been misunderstood or ignored in much of the debate. The public/private co-location model that we achieved was actively promoted by the DoH up to recently as a major driver of Government policy. It was with this in mind that the private hospital was redeveloped.

Also, SVUH is not unique in having employees who have additional commitments in the private sector. Indeed, many employees across the wider public service have commitments in the private sector, which continue to be in place.

Below is a schedule of the remuneration of three senior posts within the Group whose overall remuneration includes a component for commitments over and above their public sector contracts.

I wish to emphasise that the remuneration is fully tax compliant and there are no charitable donations involved. The non-Exchequer remuneration does not attract any pension benefits.



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Their remuneration, approved by the Board of SVHG and regularly reviewed against performance and externally benchmarked reflects the complex and multi-faceted nature of the jobs carried out.

The Group is in a position to fund this remuneration as it has a source of private income from the operation of a private hospital, St Vincent's Private Hospital. The three posts identified in the schedule below contribute, inter alia, to the success of SVPH, SVUH and the wider Group.

Current Payment Summary 2013

Position	Publicly Funded HSE Salary	Privately Funded salary	Privately Funded car allowance	SVPH funded remuneration for separate commitments	TOTAL
Group CEO	136,282	136,591	19,796	Accountable to the Board of SVHG Ltd. for the private commercial operations. Revenue budget €100m and capital budget €180m	292,669
Director of Finance & Company Secretary	108,332	32,544		Accountable to the Board of SVHG Ltd. for the Group finances and the legal responsibilities associated with the role of Company Secretary	140,876
Director of Nursing	81,552	14,853		Co-ordination of nursing education and training activities across the Healthcare Group	96,405

There is a fourth executive who is currently on secondment to the HSE of which you are aware. There are three other people who are in receipt of additional taxable income (in total €28,211) from private sources – not charitable donations - which we are currently addressing through established mechanisms.

As advised, we will be making this letter available publicly.

I am pleased to confirm that the Chairman or other non-Executive Directors of the Board will be available to meet with you in early January as requested.

In the meantime I hope that you and your colleagues have a Happy Christmas and we look forward to working in continued partnership with you in the New Year.

With kind regards,

Yours sincerely,



Nicholas C. Jermyn
Group Chief Executive
St. Vincent's Healthcare Group Ltd.
(incorp. SVUH, SVPH and St. Michael's Hospital)

c.c. Minister James Reilly TD, Minister for Health, Hawkins House, Hawkins Street, D.2
Dr. Ambrose McLoughlin, Secretary General, Department of Health
Mr. John McGuinness, Chairman, Public Accounts Committee, Leinster House



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