

## POLICY & PROCEDURE MANUAL

<b>Chapter:</b>	<b>Human Resources</b>		
<b>Title:</b>	<b>Employee Compensation Procedure</b>		
<b>Policy:</b> <input type="checkbox"/>	<b>Review Cycle:</b> Annually	<b>Adopted Date:</b> 11.04.2014	<b>Related Policies:</b> Employee Compensation Policy Personnel Manual
<b>Procedure:</b> <input checked="" type="checkbox"/>	<b>Author:</b> Chief Financial Officer	<b>Review Date:</b> 10.2017	
<b>Version:</b> 2.0		<b>Revision Eff. Date:</b> 11.2016	
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### **Purpose**

This procedure is established to provide guidelines for compensating all Mid-State Health Network (MSHN) direct employed positions.

### **Procedure**

#### **A. Overall Guidelines:**

1. These compensation guidelines serve as the foundation for the administration of the MSHN compensation program. They are designed to provide uniform, consistent and effective compensation program management.
2. These guidelines cover all MSHN employees and are administered without regard to race, color, nationality, religion, age, gender, sexual orientation, disability or other prohibited discrimination in violation of either state or federal law. These guidelines are subject to, and must be administered within, MSHN financial and business guidelines.
3. MSHN reserves the right to change, modify, eliminate or deviate from these guidelines at any time with or without notice, and to hire, transfer, promote, discipline, discharge, and otherwise manage its employees as it deems appropriate. These guidelines are provided for informational purposes only. These guidelines are not intended to create a contract of employment, either express or implied, or a binding agreement between MSHN and any of its employees, nor are they intended to create a right to any employment-related compensation, benefit, or procedure.

#### **B. Accountabilities:**

1. Employees are responsible for collaborating with management with the operation, compliance and updating of the compensation program. Specifically, employees are responsible for:
  - a) Reading and understanding the job descriptions and performance requirements for their jobs;
  - b) Keeping the job descriptions and performance requirements for their jobs current by identifying significant changes in their jobs and recommending to their supervisors changes to the job descriptions and performance requirements. Typically this occurs during the performance appraisal process; and
  - c) Making suggestions to their supervisors and/or Human Resources regarding the administration, operation, and implementation of the compensation and benefits programs.
2. Administrative Officers are responsible for ensuring the effectiveness of the compensation program for employees in their area(s) of responsibility including:
  - a) Develop up-to-date job descriptions for jobs within their assigned area(s) of responsibility consistent with this procedure;
  - b) Recommend appropriate starting salaries for new hires (see Section H.2 "Guidelines for Determining Starting Salaries");
  - c) Complete performance evaluations for direct reports according to the established procedures; and
  - d) Communicate individual compensation detail to employees including job title, job description, salary, and grade assignment
3. The Deputy Director/designee has the primary responsibility to formulate and administer the compensation program including:
  - a) Develops the organization-wide compensation program objectives and guidelines;

- b) Reviews, approves, and maintains a master file of all job descriptions;
  - c) Determines the salary grade and the Fair Labor Standards Act (FLSA) exemption status for all jobs;
  - d) Collaborates with management to assigns job titles that accurately reflect the level and nature of the work;
  - e) Collaborates with management to establish new hire rates of pay within the appropriate salary grade, based on the skills, knowledge, education and experience that a new employee brings to the organization, taking into account pay relationships with peers and supervisors;
  - f) Conducts periodic reviews of the compensation program to ensure that it meets the stated objectives (not less than biennially);
  - g) Periodically collects and analyzes wage and salary survey data to determine the organization's competitive position with reference to the external labor market;
  - h) Recommends the overall structure adjustment percentage and pay increase budget;
  - i) Reviews proposed compensation actions for conformance to the applicable guidelines and procedures, and approves all pay actions in conjunction with senior management; and
  - j) Communicates the objectives, design and administrative operation of the compensation program to managers and employees.
4. The Chief Executive Officer (CEO) is responsible for the overall effectiveness of the compensation program. In doing so, the CEO:
- a) Approves any changes to the compensation program;
  - b) Recommends to the Board of Directors the overall annual total compensation budget;
  - c) Approves for non-routine compensation actions; and
  - d) Approves any exceptions to these compensation administration guidelines.
5. The Board of Directors is responsible for reviewing any proposed changes to the design and administration of the total compensation (pay and benefits) program. This includes the review of any new compensation or benefits policy, a significant change to an existing policy, as well as the overall budget for these programs.
- C. Position Descriptions: MSHN maintains a position description for each of its jobs. The Deputy Director/designee is responsible for developing and maintaining the format to be used for all MSHN job descriptions including:
- 1. Position descriptions are developed in collaboration with management.
  - 2. Position descriptions are drafted by MSHN Administrative Officers for the jobs within their areas of responsibility.
  - 3. All position descriptions must be reviewed by the Deputy Director and approved by the CEO.
  - 4. The supervisor and the employee should review the position description at the time of the annual performance review. The job descriptions should be updated to reflect any significant changes to the employees' job duties, responsibilities, or job requirements.
  - 5. Employees are given a copy of their position description by their supervisor for review and signature.
  - 6. It is the responsibility of managers to keep the Deputy Director informed of any significant revisions to the jobs. The Deputy Director will maintain the official file of position descriptions for all MSHN jobs.
- D. Position Titles: The Deputy Director will work with the CEO to develop the appropriate job title for a new or changed job. Since job titles are used to identify potential job matches in the marketplace, they should reflect the primary function and level of the job and, to the extent possible, should be consistent with job titles used in the industry. A uniform format for the job titles will be applied throughout the organization. The Deputy Director must approve all job titles.

- E. **Position Compensation Evaluations:** The position compensation evaluation is the process by which MSHN determines the relative value to be placed on various jobs within the organization through their placement within the pay structure.
- F. **Salary Grade Assignments:** MSHN guidelines and procedures for determining salary grade assignments for new or changed jobs are outlined below.
1. **Adding New Jobs or Changing Grade Assignments:** The Deputy Director must evaluate any newly created job before the recruitment process begins. Also, annually the Deputy Director reviews the all pay grade assignments. On an exception basis, a manager can request a mid-year review of a job that has changed significantly. Once the properly completed job documentation has been received, a salary grade will be assigned to the newly created or reclassified job. The procedure is as follows:
    - a) The Administrative Officer oversees the completion of an up-to-date job description.
    - b) The Deputy Director, or Administrative Officer, gathers and analyzes competitive labor market survey data.
    - c) The Deputy Director, in collaboration with the Administrative Officer, assigns the job to the appropriate salary grade with jobs of similar levels, considering the market value and internal equity compared to other jobs in the organization.
    - d) The MSHN CEO reviews and approves all grade assignments.
  2. **Guidelines for Determining Starting Salaries:** The Deputy Director will partner with management to establish new hire rates of pay within the appropriate salary grade range, based on the skills, knowledge, education and experience the new employee brings to the organization as well as internal equity considerations. The following are guidelines for determining new hire starting salaries.
    - a) New hires are not typically paid below the salary range minimum for the job.
    - b) New hires that meet the minimum qualifications for their jobs will be paid at the minimum of the salary range for the assigned grade.
    - c) Depending on the new employee's qualifications, the Deputy Director, or Administrative Officer, may recommend a starting salary above the salary range minimum, up to the salary range midpoint, taking into account the following:
      - i. The candidate's job-related skills, knowledge, education and experience;
      - ii. The current salaries of employees in the same or similar jobs; and
      - iii. The salaries of the immediate supervisor and any direct reports.
    - d) New hires with well-developed skills that considerably exceed the minimum qualifications for the job would typically receive starting rates commensurate with their qualifications and the qualifications of the current incumbents in the job.
    - e) Starting salary for new hires shall be documented on a payroll status change including justification for any salary that exceeds the base step for the position offered. Payroll Status Change forms for new hires requires the written approval of the CEO.
    - f) All job offers require the approval of the CEO.
- G. **Pay Increases:**
1. **Aggregate Pay Increase Budget:** Each year MSHN examines the competitiveness of its salary ranges and actual pay rates. Based on this analysis as well as an analysis of the available funds, the organization determines that amount of money that will be allocated to pay rates each year. In no case will the aggregate pay increases exceed the available budget.
  2. **Market Adjustments:** Each year the salary ranges are reviewed to ensure that they are competitive with the rates paid by the Community Mental Health Service Programs (CMHSP), or Prepaid Inpatient Health Plans (PIHP). If it is determined that the salary ranges need to be increased to remain competitive, then the steps are adjusted accordingly. At that time, employees receive a market increase equal to the amount of their range adjustment. Typically all market

adjustments are made at the same time for all eligible employees. Interim adjustments may be made due to critical needs with the approval of the CEO.

3. In-range Step Increases: Employees progress through the steps in their pay ranges based upon length of service in their jobs, provided satisfactory performance.

If an employee's overall performance is below expectations for the job, the step increase will be delayed for a term not to exceed six (6) months. During this six-month period the employee will be on disciplinary probation. The employee will be advised in writing of this action and the reasons for delaying the increase. If the employee does not show the required improvement at the end of the six (6) month period, the employee's status will be reviewed to determine if the probation period should be extended or the employee terminated.

Progress through the steps is based on the time periods indicated on the salary schedule. When an employee is hired at a rate above the entry level, progression proceeds from the step at which hired. For example, an employee hired at step one (1) would progress to step two (2) after one (1) year of employment. The employee's anniversary date will remain the same regardless of time-period adjustments to step increases.

4. Part-time Employees: Part-time employees are those who are regularly scheduled, and work, at least 16 hours per week or at least 800 hours per year. Part-time employees meeting these criteria are eligible for step increases each year on their respective job anniversary dates. As with all other employees, part-time employees are eligible for a market adjustment at the time salary ranges are updated.
5. Temporary and Substitute Employees: Temporary and/or substitute personnel are not eligible for step increases. Employees in these categories will be eligible for the market adjustment but will remain at the step at which they were hired for their job.

- H. Promotions: A promotion is the movement of an employee to a job with a higher salary range. Factors to be considered in determining the amount of the increase associated with a promotion:

1. The employee's performance;
2. The employee's qualifications for the new job (including job-related skills, knowledge, education and experience);
3. The employee's relevant knowledge of the organization and the new job;
4. The magnitude of the increase in responsibilities; and
5. The new pay relationships with peers, supervisors and any direct reports.

A promotion should result in an increase to the employee's base salary to at least the minimum of the new pay range. The amount of the increase is determined using the established criteria for determining starting salaries and would be effective on first day of the pay period following the employee's promotion date. Generally, increases should not place an employee's pay below the minimum or above the maximum of the salary grade range for the job. In no case will the new pay level be less than 5% higher than the employee's current pay rate. The CEO must approve all promotion increases.

- I. Lateral Transfers: A transfer occurs when an employee is moved to a different job inside or outside of his or her department that is classified at the same salary range as the employee's current job.

Salary Adjustment Guidelines: Transfers within the same classification are normally not accompanied by pay increases. A transfer to a position of increased responsibility may be received an adjustment commensurate to the approved salary guidelines.

- J. Downgrades: An employee is considered to have received a downgrade when he or she is moved to a job with a lower salary range. Downgrades may occur due to a change to an employee's job through

reorganization, job elimination, decline in labor market rates, or due to the employee's transfer to a job with a lower salary grade. Such a change may result in a reduction of the employee's salary.

Salary Adjustment Guidelines: The amount of the pay reduction, if any, will be determined on a case-by-case basis. If the downgrade is voluntary or due to performance issues, the incumbent's pay is typically reduced. The criteria established for determining starting salaries will be used to determine the appropriate new salary. If the employee is re-assigned due to reorganization, job elimination, or a decline in labor market rates, the employee's base pay may or may not be reduced and/or red circled based on the recommendation of the CO&FO and the approval of the CEO.

- K. **Reclassification of a Job:** A reclassification occurs when a job is re-evaluated and is placed in a new pay grade and range. Salary Adjustment Guidelines:
1. Salary adjustments upon reclassification of a job to a lower salary range will be made according to the downgrade guidelines as described in these policies.
  2. If a job is reclassified to a higher salary range, the incumbents will be paid at the same step in the new pay range as they held in the range prior to reclassification.
- L. **Communication: Salary Communications Guidelines.**
1. All changes in job titles, job descriptions, salaries, and grade assignments shall be documented on a payroll status change form that must be faxed or scanned and e-mailed to Human Capital.
  2. Employees will receive information regarding their job titles, job descriptions, career/job opportunities, salaries, and grade assignments, as well as any changes to these from their immediate supervisor.
  3. Department management will answer general questions regarding the administration of the compensation program. If department management is uncertain about how to answer a question, they should contact Human Resources for guidance.
  4. Employees who are being considered for promotion, transfer, or downgrade may receive compensation information for jobs other than their current job.
- M. **Severance Pay:** Severance pay may be authorized in the judgment and at the discretion of the CEO.
- N. **Overtime:**
1. Employees of MSHN that are subject to the overtime provisions of the FLSA shall be paid overtime compensation at the rate of time and one-half (1-1/2) of regular rate of pay for all hours actually worked in excess of forty (40) hours worked in a work week. (Workweek is defined as seven (7) consecutive twenty-four hour periods from Monday through Sunday). If paid time off (PTO) or paid holidays are included in the payroll week during which overtime is worked, PTO will be adjusted and may be banked. Overtime pay is only authorized for hours actually worked in excess of forty (40) per week.
  2. Overtime work must receive prior authorization by the appropriate supervisor/CEO. Employees that are exempt from the overtime provisions of the FLSA are not eligible for, and will not receive, overtime pay as defined here.
  3. Salary exempt employees are not entitled to overtime pay. However, MSHN recognizes that certain projects may require salary exempt employees to work overtime. The employee's direct supervisor may recommend projects for which MSHN will pay overtime to exempt employees, with CEO approval. MSHN will pay a pre-determined lump sum payment at the end of project designated for overtime pay. The Administrative Officer must approve all overtime before it is worked. Employees working on designated projects must provide time records on the Monday following the workweek in which the overtime was worked. MSHN will pay the overtime on the next regular pay day following the completion of the project. Any approval granted by the CEO will be communicated to the CFO for implementation.

All work beyond the normal work schedule must receive prior authorization by the appropriate supervisor. All emergencies or unforeseen problems resulting in work beyond the normal work schedule must be reported to the appropriate supervisor/CEO for approval on the following workday.

- O. Computation of Pay Status: Time spent on an approved leave of absence of thirty (30) or more consecutive calendar days (excluding PTO) are not credited toward step increases. Temporary service will not be credited toward step increases. Regular part-time service, which immediately precedes the transfer of an employee to regular full-time service in the same position, will be credited at one half (1/2) time regardless of the number of hours actually worked.
- P. On-Call Duty Compensation: Employees required to provide on-call services will receive compensation for this service in their base salary.
- Q. Former Employee: A former employee who is rehired shall be treated as a new hire.
- R. Pay Periods: Employees shall be paid on a bi-weekly basis.
- S. Agency Closure: If it is announced that MSHN is closed and staff are instructed not to report to work or are sent home, employees will receive compensation for their full scheduled shift. This time is recorded under "time worked" on the time sheet.

**Applies to**

- ☒ All Mid-State Health Network Staff
- ☐ Selected MSHN Staff, as follows:
- ☐ MSHN's Affiliates: ☐ Policy Only ☐ Policy and Procedure
- ☐ Other: Sub-contract Providers

**Definitions**

**Administrative Officer:** MSHN officer of administrative services (Chief Executive Officer, Deputy Director, Chief Finance Officer, Chief Information Officer, Chief Clinical Officer)

**CEO:** Chief Executive Officer

**MSHN:** Mid-State Health Network

**Other Related Materials**

Attachment A: MSHN Salary Schedule

**References/Legal Authority**

Fair Labor Standards Act

**Change Log:**

Date of Change	Description of Change	Responsible Party
09.2014	New Procedure	Chief Finance Officer
11.2015	Annual Review	Deputy Director
11.2016	Annual Review	Deputy Director
07.2017	Annual Review	Deputy Director
10.2017	Revised Attachment A	Deputy Director

## ATTACHMENT A

Mid-State Health Network								
SALARY SCALES - NEW - Effective 10.1.17								
	Entry	Max	Range	3% of Entry	8 Years	Mid - Entry	Mid Point	Mid - Max
Deputy Director	\$132,740	\$162,740	\$30,000	\$3,982	\$4,286	\$15,000	\$147,740	\$15,000
Officers	\$113,470	\$143,470	\$30,000	\$3,404	\$4,286	\$15,000	\$128,470	\$15,000
Directors	\$82,140	\$112,140	\$30,000	\$2,464	\$4,286	\$15,000	\$97,140	\$15,000
Managers, Leads	\$75,805	\$105,805	\$30,000	\$2,274	\$4,286	\$15,000	\$90,805	\$15,000
Coordinators, Specialist, Auditors	\$48,870	\$80,000	\$31,130	\$1,466	\$4,447	\$15,000	\$63,870	\$16,130
Assistants, Claims Processors	\$27,000	\$60,000	\$33,000	\$810	\$4,714	\$15,000	\$42,000	\$18,000
SALARY SCALES								
	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8
Deputy Director	\$132,740	\$137,026	\$141,311	\$145,597	\$149,883	\$154,169	\$158,454	\$162,740
Officers	\$113,470	\$117,756	\$122,041	\$126,327	\$130,613	\$134,899	\$139,184	\$143,470
Directors	\$82,140	\$86,426	\$90,711	\$94,997	\$99,283	\$103,569	\$107,854	\$112,140
Managers, Leads	\$75,805	\$80,091	\$84,376	\$88,662	\$92,948	\$97,234	\$101,519	\$105,805
Coordinators, Specialist, Auditors	\$48,870	\$53,317	\$57,764	\$62,211	\$66,659	\$71,106	\$75,553	\$80,000
Assistants, Claims Processors	\$27,000	\$31,714	\$36,429	\$41,143	\$45,857	\$50,571	\$55,286	\$60,000