

POLICY & PROCEDURE MANUAL

Chapter:	Human Resources		
Title:	Employee Compensation Procedure		
Policy: ☐	Review Cycle: Biennial	Adopted Date: 11.04.2014	Related Policies: Employee Compensation Personnel Manual
Procedure: ☒	Author: Deputy Director	Review Date: 09.29.2026	
Page: 1 of 8			

Purpose

This procedure is established to provide guidelines for the administration of the Mid-State Health Network (MSHN) Compensation Policy.

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. These guidelines are subject to, and must be administered within, MSHN financial and business guidelines.
3. Mid-State Health Network is committed to equal opportunity for all persons consistent with our values and commitments to diversity, equity and inclusion. This compensation program and all human resources policies, procedures and practices are administered in a manner that does not discriminate on any basis, including race, color, nationality, national origin, religion, religious practices, age, gender, marital status, sexual orientation, sexual expression, disability, height, weight or veteran's status - or other prohibited discrimination in violation of either state or federal law.
4. MSHN reserves the right to change, modify, eliminate, or deviate from these guidelines (except those associated with applicable law or regulation, including equal opportunity, diversity, equity and inclusion) 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 supervisor's 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. Supervisors are responsible for
 - a) Developing up-to-date job descriptions for jobs within their assigned area(s) of responsibility consistent with this procedure;
 - b) Ensuring backup for each identified job responsibilities and indicating such on the job description; and
 - c) Completing performance evaluations for direct reports according to the established procedures;

3. The Deputy Director is the MSHN designated Human Resources Executive and 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 and recommends placement on the salary schedule to the CEO;
 - d) Collaborates with supervisors to assign job titles that accurately reflect the level and nature of the work;
 - e) Collaborates with supervisors 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, the background/experience of the candidate, and the needs of the organization;
 - f) Conducts periodic reviews of the compensation program to ensure that it meets the stated objectives (not less than biennially);
 - g) Periodically, but not less than every three years, collects and analyzes wage and salary market 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 recommends all pay actions in conjunction with Leadership to the Chief Executive Officer; and
 - j) Communicates the objectives, design, and administrative operation of the compensation program to supervisors and employees.
 4. The Chief Executive Officer (CEO) is responsible for the overall compliance with and effectiveness of the compensation program. In doing so, the CEO:
 - a) Approves any changes to the compensation program or to the compensation of any individual employee;
 - b) Recommends to the Board of Directors the overall annual total compensation budget and any periodic adjustments;
 - c) Approves non-routine/non-standard 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 resources required to implement the total compensation (pay and benefits) program. This includes the review of any new compensation or benefits policy, and the overall budget for these programs.
- C. Position Descriptions: MSHN maintains a position description for each of its jobs. The Deputy Director 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 supervisors.
 2. Position descriptions are drafted by MSHN supervisors for the jobs within their areas of responsibility.
 3. All position descriptions must be reviewed by the Deputy Director, recommended to 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, job requirements, and/or designated backup.
 5. Employees are given a copy of their position description by their supervisor for review and signature at the time of the annual performance review.
 6. It is the responsibility of supervisors to keep the Deputy Director informed of any revisions to the job descriptions. 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 placement of various jobs within the organization within the approved compensation schedule/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. The Deputy Director reviews all pay grade assignments. On an exception basis, a supervisor can request a non-scheduled 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 Supervisor oversees the completion of an up-to-date job description.
 - b) The Deputy Director works with the supervisor to gather and analyze competitive labor market survey data.
 - c) The Deputy Director, in collaboration with the supervisor, recommends assignment of 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 supervisors 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 and organizational needs. 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 supervisor, may recommend a starting salary above the salary range minimum, 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, and
 - iv. The needs of the organization.
 - 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 form.
 - f) All job offers require the signature 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. MSHN, in its sole discretion of the MSHN Chief Executive Officer, and in the case of across-the-board adjustments with the approval of the Board of Directors, may provide cost of living or other workforce attraction/retention/recognition incentives provided these have been budgeted and the budget approved by the MSHN board of directors.

2. Market Adjustments: Periodically, but not less than once every three years, the salary ranges are reviewed to ensure that they are competitive with the rates paid by similar employers in the industry(ies) within which MSHN operates. This task is typically completed by an outside subject matter expert after a request for quote or other procurement process. If it is determined that the salary ranges need to be adjusted to remain competitive, then the salary schedule steps are recommended for adjustment by the Deputy Director in consultation with the Chief Financial Officer. If approved by the Chief Executive Officer, agency salary scales are adjusted to market and affected employees receive a market increase equal to the next highest amount in their range and step. Typically, all market adjustments are made at the same time for all eligible employees (for example, at the beginning of a fiscal year or fiscal quarter). 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 may be delayed for a term not to exceed six (6) months (see HR – Performance Evaluation Policy & Procedure). 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. If an employee is on disciplinary probation at the time of their annual performance evaluation, the step increase may also be delayed until the six-month period is completed.

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.
 6. Retention Payments: MSHN, in its sole discretion, may determine one-time or recurring payments to support retention of staff or to stabilize high turnover positions. Retention payments will be determined based on individual job responsibilities and the needed continuation of the functions. The CEO will determine in accordance with the Board approved budget, any retention plan payments, including implementation timeframes.
- 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 qualifications for the new job (including job-related skills, knowledge, education and experience);
2. The employee's relevant knowledge of the organization and the new job;
3. The magnitude of the increase in responsibilities; and
4. 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.
 1. **Salary Adjustment Guidelines:** Transfers within the same classification are normally not accompanied by pay increases. A transfer to a position of increased responsibility may receive 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.
 1. **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 (meaning held indefinitely at the then current compensation level) based on the recommendation of the Deputy Director 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 this procedure.
 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 and e-mailed to the Professional Employment Organization (PEO).
 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. To ensure as much consistency as possible, the Deputy Director will answer general questions regarding the administration of the compensation program.
- M. **Severance Pay:** Severance pay is typically not offered to employees exiting employment but depending on circumstances and agency needs 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 pay 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.

O. Compensation for Special Projects: Exempt staff would be considered for additional compensation for projects as deemed appropriate when they are working “out of classification”, at the request of the C-level executive, on a mission-critical project, for a limited time. The employee’s direct supervisor may recommend projects for which MSHN will compensate to exempt employees, to the Deputy Director, and if the Deputy Director agrees, recommends CEO approval. Any approval granted by the CEO will be communicated to the employee, Deputy Director, PEO and Chief Financial Officer for implementation.

P. 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.

Q. On-Call Duty Compensation: Employees required to provide on-call services will be compensated.

R. Former Employee: A former employee who is rehired shall be treated as a new hire.

S. Pay Periods: Employees shall be paid on a bi-weekly basis.

T. 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 in accordance with the Office Closure policy. 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 CMHSP Participants: ☐ 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, Chief Behavioral Health Officer, Chief Compliance and Quality Officer)

CEO: Chief Executive Officer

FLSA: Fair Labor Standards Act

MSHN: Mid-State Health Network

PEO: Professional Employment Organization

PTO: Paid Time Off

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
05.2018	Annual Review	Deputy Director
05.2019	Annual Review	Deputy Director
09.2020	Revised Attachment A	Deputy Director
07.2021	Biennial Review	Deputy Director
09.2022	Revised Attachment A	Deputy Director
11.2022	Revised Attachment A – Inclusion of Administrator Scale	Deputy Director
02.2023	Biennial Review	Deputy Director
09.2023	Revised Attachment A	Deputy Director
09.2024	Revised Attachment A	Deputy Director
03.2025	Biennial Review	Deputy Director
09.2025	Revised Attachment A	Deputy Director
09.2026	Revised Attachment A	Deputy Director

ATTACHMENT A

Mid-State Health Network								
SALARY RANGE - Effective 9.21.26								
	Beg	Top	Range	% of Entry	8 Years			
Deputy Director/Chief Financial Officer	129,774	207,606	77,832	9%	11,119			
Officers	111,207	177,955	66,749	9%	9,536			
Directors	101,207	151,810	50,603	7%	7,229			
Administrators	83,278	140,533	57,255	10%	8,179			
Managers, Leads	77,110	130,123	53,013	10%	7,573			
Coordinators, Specialist, Auditors	62,254	98,399	36,146	8%	5,164			
Assistants, Claims Processors	45,182	75,905	30,723	10%	4,389			
SALARY SCALES	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	STEP 8
Deputy Director/Chief Financial Officer	129,774	140,893	152,012	163,130	174,249	185,368	196,487	207,606
Officers	111,207	120,742	130,278	139,813	149,349	158,884	168,420	177,955
Directors	101,207	108,436	115,665	122,894	130,123	137,352	144,581	151,810
Adminstrators	83,278	91,458	99,637	107,816	115,995	124,174	132,354	140,533
Managers, Leads	77,110	84,684	92,257	99,830	107,403	114,976	122,550	130,123
Coordinators, Specialist, Auditors	62,254	67,418	72,581	77,745	82,908	88,072	93,236	98,399
Assistants, Claims Processors	45,182	49,571	53,960	58,349	62,738	67,127	71,516	75,905