



Proactive Compensation: Getting Out From Behind The Eight Ball

Nebraska Hospital Association
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- Making the Most of Low Increase Budgets
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 - Getting Proactive
- RN and PRN Pay
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 - ACA's Impact



Compdata Surveys & Consulting

National healthcare compensation and benefits survey with 10,000+ participants

Nationally, more than 40,000 participants each year
10 Industry Surveys and Executive & Benefits Products

- Banking & Finance
- BenchmarkPro
- Colleges & Universities
- Healthcare
- Hospitality
- Insurance
- Manufacturing & Distribution
- Not-For-Profit
- Physician Compensation
- Utilities



Association Surveys

Since 1988, we have partnered with associations nationwide. We currently partner with ten hospital associations, including:

- Arkansas Hospital Association
- Georgia Hospital Association/GSHHRA
- Kansas Hospital Association
- Kentucky Hospital Association
- Missouri Hospital Association
- Nebraska Hospital Association
- Oklahoma Hospital Association
- South Carolina Hospital Association
- South Dakota Association of Health Care Organizations
- Tennessee Hospital Association/TSHHRA

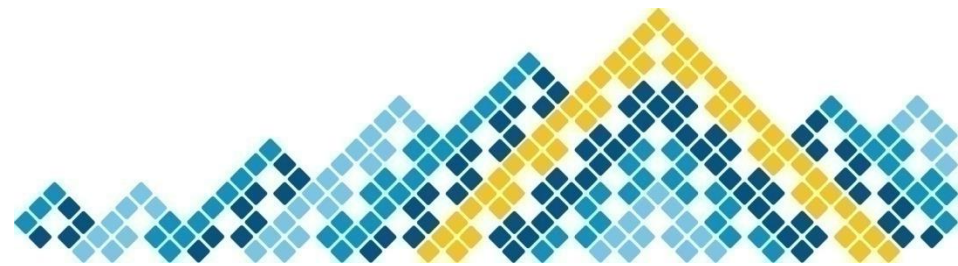


Making the Most of Low Increase Budgets



Two Compensation Philosophies

- Reward Through Employee Development
- Pay For Performance Culture



Employee Development

- Offers all employees more than a job – an opportunity to grow into the next level or next position
- Increases based on seniority, promotions, certifications, etc.
- Entwined with the culture of the organization
- Employees not engaged in development should not move beyond range maximums
- Emphasis on additional training, education, certifications, etc.



Pros and Cons of Employee Development

Pros

- Offers employees career development - opportunity
- Valuable employees appreciate long-term goals
- Removes uneven nature of pay for performance
- Drives organizational goals

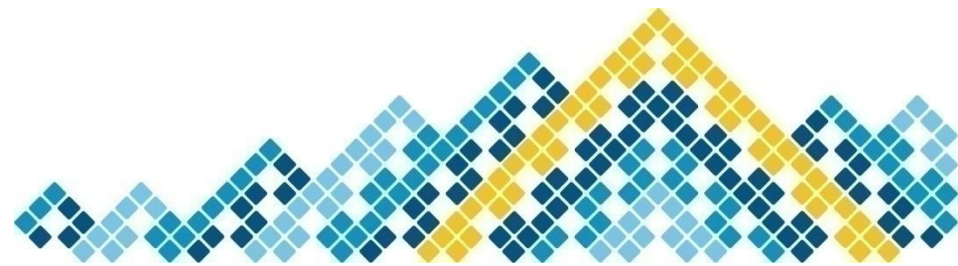
Cons

- Difficult to create progression for some positions
- Requires strong managers who embrace culture



Pay for Performance

- Utilizes performance management system
- Employee evaluations or rankings determine pay increases
- Below average ranking means little to no increase
- Amount of increase determined at the time of the review



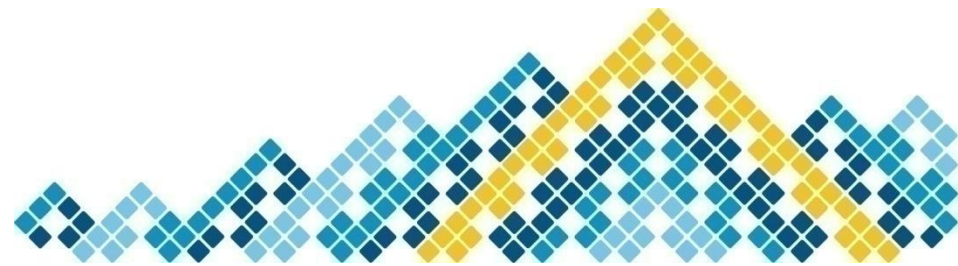
Pros and Cons of Pay for Performance

Pros

- Top performers are well-rewarded
- Logical that above average performance equals above average pay

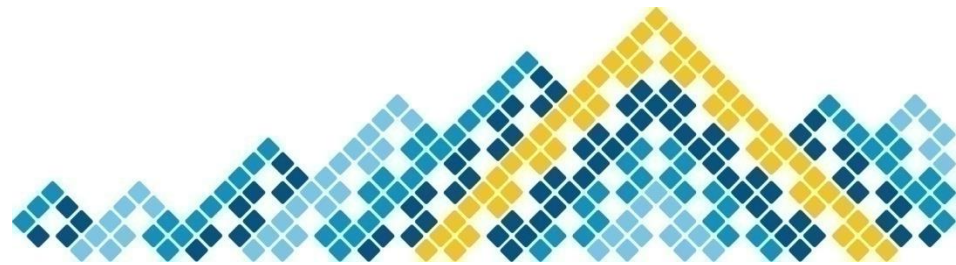
Cons

- Subject to application of rules by individual managers
- Difficult to motivate with low budgets



Best Practices

- The best compensation programs will utilize the best of both philosophies.
- Play up the parts of Pay for Performance when you have increase budgets to work with.
- Utilize development in areas where it best suits the department or position.



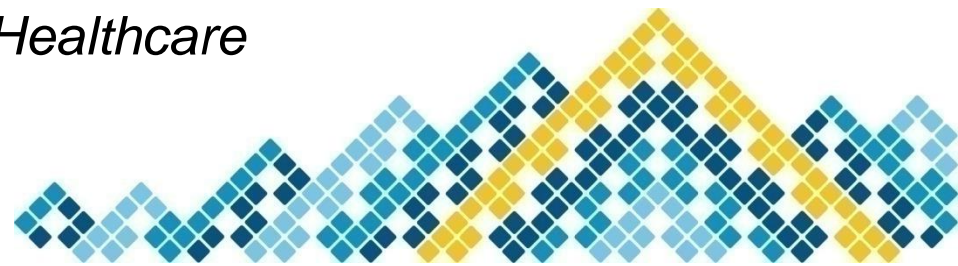
Today's Realities

Increase budgets have been low for a number of years and many have gone years without increases.

National Pay Increase Budgets*

	All Healthcare	Hospitals
2015	2.5	2.4
2014	2.5	2.3
2013	2.4	2.3
2012	2.5	2.4

**According to Compensation Data Healthcare*



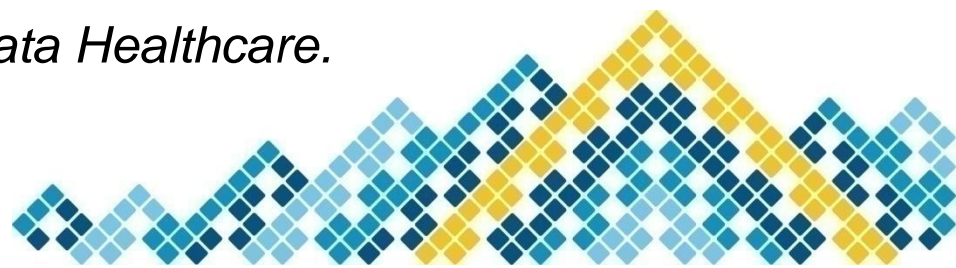
Today's Realities

What does a 2.5% increase look like to an employee?

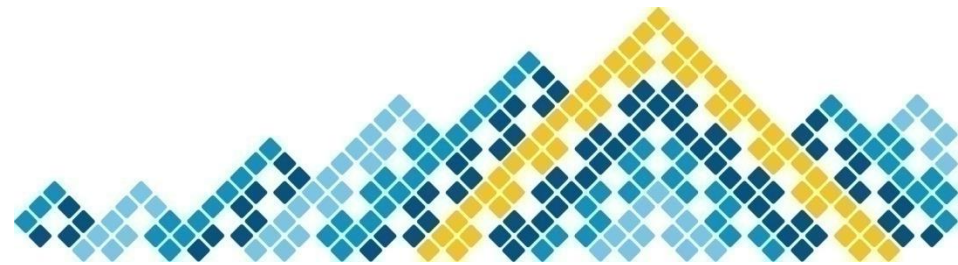
Pay	Per Year	Per Month
\$50,000	\$1,250	\$104.17
\$35,000	\$875	\$72.92

59.6% of employers in the Midwest and 59.0% of healthcare facilities report increasing the employee portion of the health insurance premium.*

**According to 2015 Compensation Data Healthcare.*



Getting Proactive



Recommendations

- Analysis of increasing the employee portion of the premium versus pay increases
- In times of low increases, shared sacrifice may be best for morale



Recommendations

- Communication is critical!
- Must be transparent.
- If you have appropriate, transparent communication, and people believe it is fair, you'll get buy in.



RN and PRN Pay Strategies



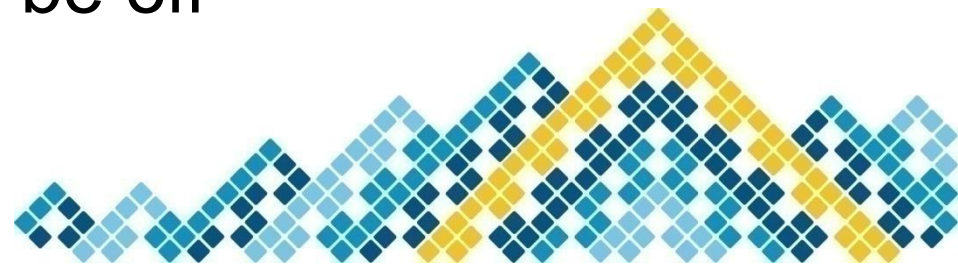
Realities of RN Compensation

- RN is core position and typically comprises at least 20 – 25% of the total workforce
- Complex market realities and complex pay programs
 - PRN, On Call, Shift Differentials, In-House Agency Rates, Float Pools, BSN Rates and Overtime
- Solid and comprehensive compensation philosophy/strategy is needed



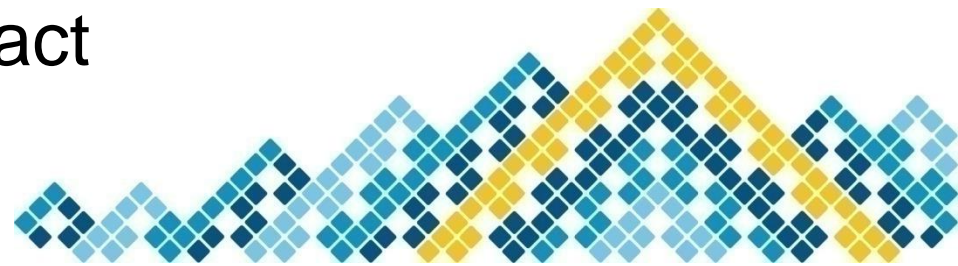
RN Case Study

- Pay for Performance vs. Employee Development
 - Blend of both is best
- Internal analysis of current pay levels and years of experience tends to be enlightening
- Average base rate for nursing staff overall may be close to, or at market, but certain segments of years of experience can be off



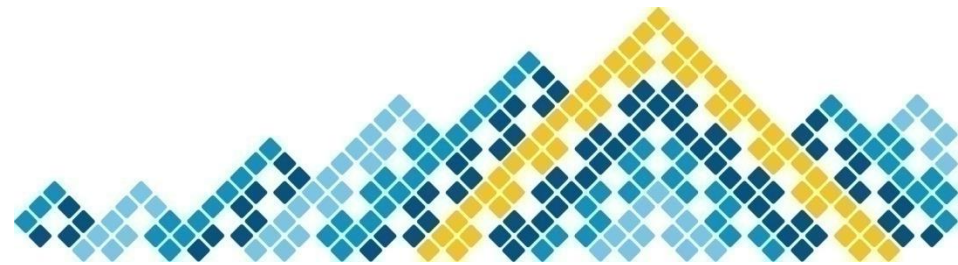
Realities of PRN Compensation

- Flexibility is attractive to both hospital and RN
- We see about a 20% premium on base pay, with no benefits included
- Even though 81.7% of healthcare facilities offer benefits to those working 31 or more hrs/wk, hospitals were not legally bound to offer benefits to those with PRN contract



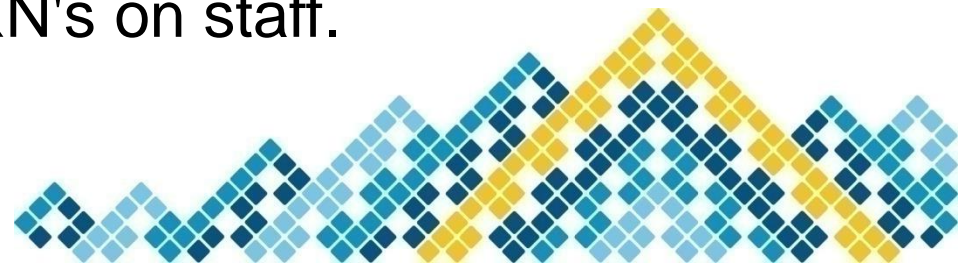
Realities of PRN Compensation

- ACA changing utilization of PRN's
 - Loss of flexibility(limiting hrs)
 - Increase in cost (offering benefits)



Recommendations

- Develop a solid, comprehensive pay structure for RN's so you won't need to lean as heavily on PRN's.
 - May involve ramping up Float Pool in preparation.
- PRN's may end up limited to 2 shifts/wk with specific days of eligibility, and then they'll work for more than one hospital.
 - May require more PRN's on staff.



Recommendation

- Communication is as vital in this instance as it is with low increase budgets.
 - Communicate changes to your PRN's prior to changing.
- May need to offer more overtime to Staff RN's
 - Offering limited overtime to Staff RN's, still more cost effective than benefits to PRN's
- If you have appropriate, transparent communication, and people believe it is fair, you'll get buy in.



Questions



If you have questions or need help with your compensation programs, contact:

Theresa M. Worman 1.800.300.9570

tworman@compdataconsulting.com

