



 **ASANTE**[®]

Community lives here.

Compensation 101 for employees



Employees are the heart of Asante.



Ensuring employees understand their pay is important to us.

The goal of this presentation is to create understanding around Asante's compensation philosophy, pay practices, and pay policies.



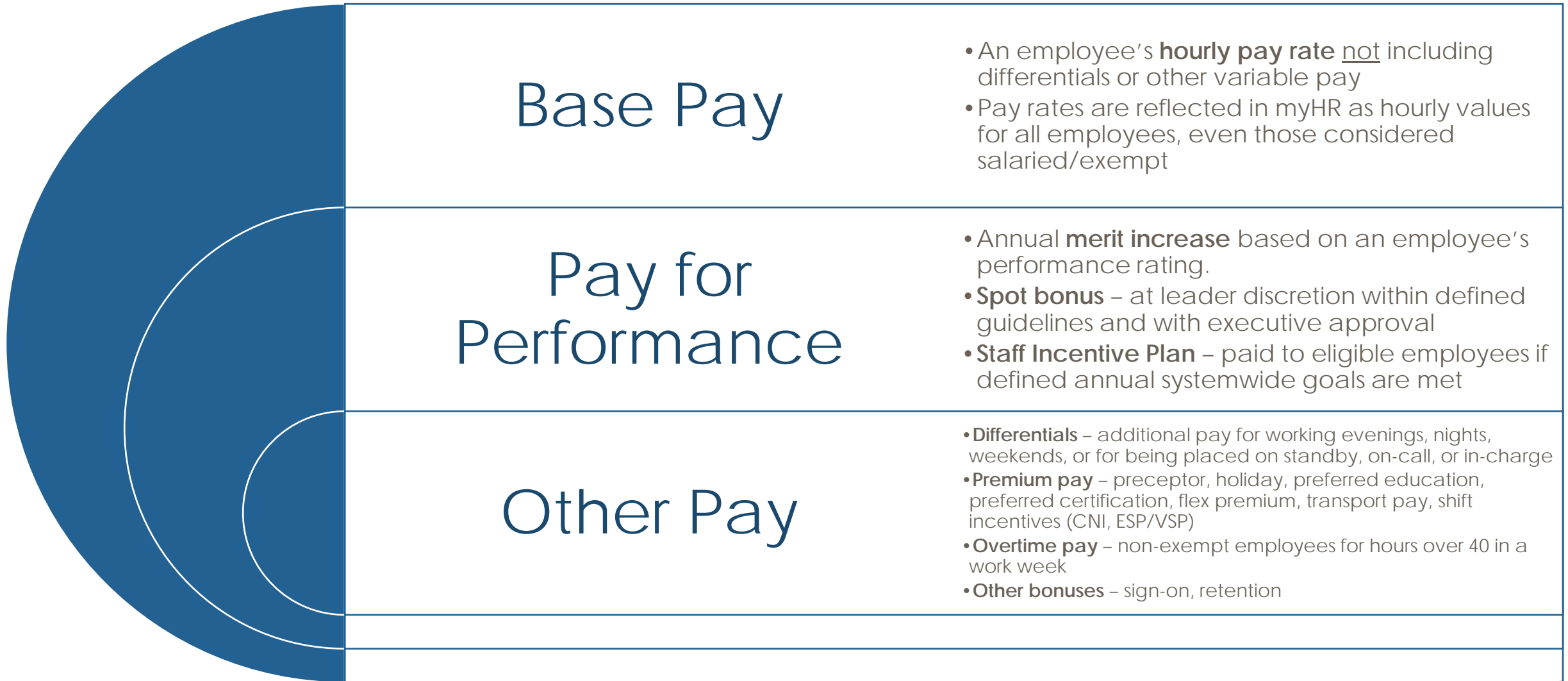
Compensation Overview

What is Asante's Compensation Philosophy?

- Asante's Compensation Philosophy provides the guiding principles for determining individual wages and administration of our pay programs.
- The principal objective is to enable Asante to **attract, retain, and recognize** outstanding and competent employees to achieve Asante's mission and organizational goals while ensuring consistency and equity.
- Jobs are assigned pay grades aligned within 95% - 105% of the labor market median. Through various review processes we strive to maintain this market median pricing approach to ensure market competitive wages.
- Our compensation philosophy and pay practices meet the requirements of the Oregon Equal Pay Act and other applicable state and federal laws such as the Fair Labor Standards Act (FLSA).
- Asante's primary labor market is the Pacific Northwest.
- Staff and leadership roles share the same philosophy.

Salary Administration Policy
400-CORP-HR-0100

Types of Pay



Types of Compensation Reviews

Market Analysis

- Comparison of Asante jobs to the external labor market using salary surveys
- Asante jobs are matched to the same or similar jobs in the survey market data and assigned appropriate pay grades per our Compensation Philosophy

Merit Review

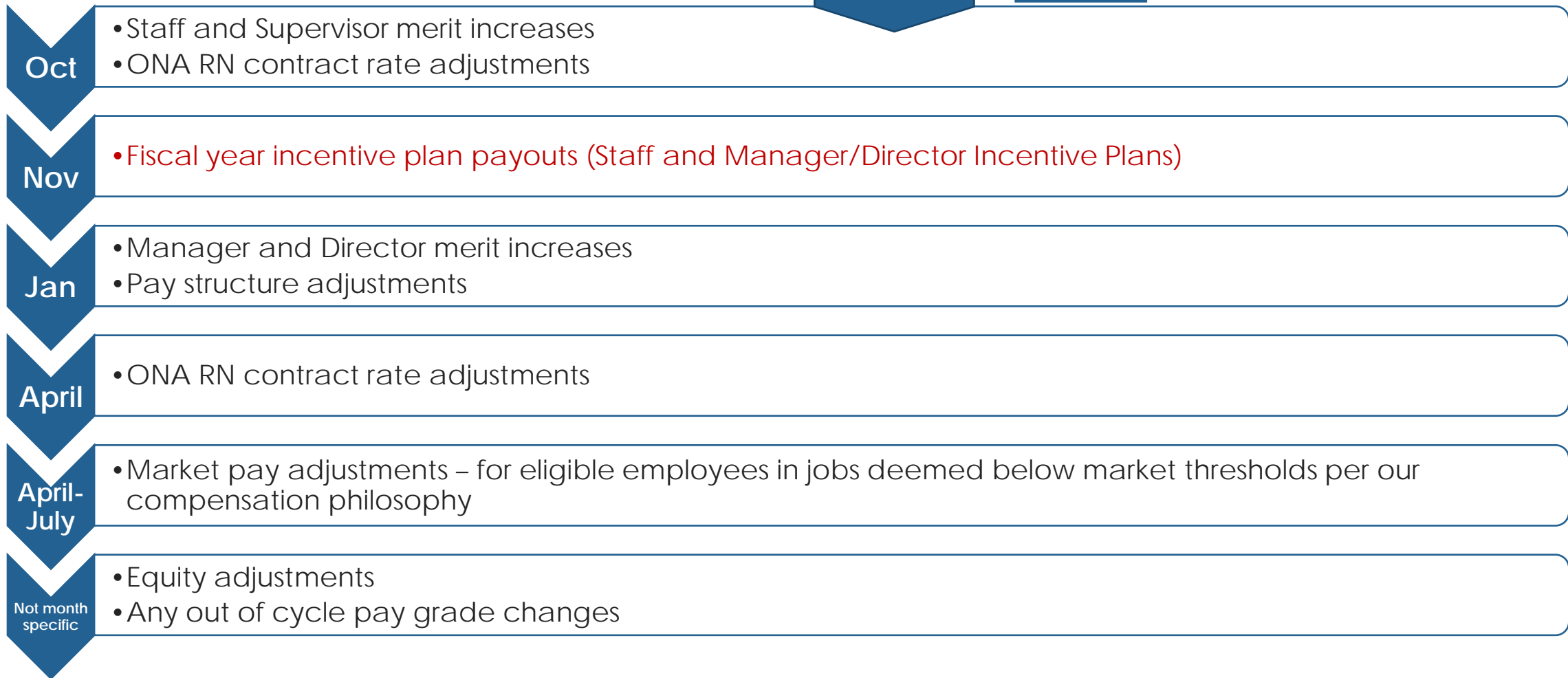
- Eligible employees are given merit pay increases once per year
- Merit increase percentages are based on a merit matrix comprised of performance ratings and CompaRatio values

Equity Review

- Comparison of wages typically within a specific job or department
- May include review of jobs with comparable character
- Ensures pay rates line up with seniority, qualifications, and performance

Pay Adjustment Periods

Fiscal Year
begins
October 1



Eligibility rules must be met for any of the above pay increases
All pay adjustments are subject to executive approval based on system financial health and may be postponed



Cost of Living versus Cost of Labor

Cost of Living

- A government-based metric using economic factors that look at how people spend money to live their day-to-day lives
- A yearly value is provided by the US Department of Labor Bureau of Labor Statistics
- Consumer spending habits and patterns on food and household items, education, healthcare, housing, taxes, and utilities are analyzed
- Social security and pensioned government employees receive wage increases based on yearly changes in cost of living; wage increases are not strictly market based
- Private companies may take cost of living into account, but wages of their employees tend to be largely based on the cost of labor rather than the cost of living

Cost of Labor

- A metric based on how much employers must pay to hire and retain employees for their specific roles
- The total cost of labor includes salaries, wages, incentives, bonuses, and benefits
- Market based pay models, such as what we use at Asante, use comparison of internal jobs to the labor market to determine what we pay for individual jobs
- We may make pay structure adjustments, pay grade changes, and award merit increases to keep up with wages in the labor market, but pure cost of living increases are not part of our pay model
- Cost of living correlates with cost of labor because market wages tend to increase as cost of living increases

Cost of living informs and affects cost of labor, but Asante wages are based on alignment to the labor market

Pay Structure

Pay Grades

- Asante's pay structure is comprised of a series of pay grades that create our internal compensation framework
- Every Asante job is placed in the pay grade that most closely aligns the midpoint of the pay grade to the labor market median as identified through market analysis
- Every pay grade has a minimum, midpoint, and maximum value
- Employees are not paid below the minimum of their pay grade or above the maximum
- The non-union bedside RN job (JC 538) is placed in the "RN" pay grade
- Union RNs are on a separate Step Pay Structure set by the ONA contract

Pay Ranges

The spread across each pay grade (the width of the pay grade) is referred to as the pay range.

The pay range is the span between the minimum and maximum base wage an organization will pay for a specific job or group of jobs.

At Asante pay ranges start 20% below midpoint & end 20% above midpoint



Pay Range

Pay Grade

Grade	Min	Mid	Max
R72	\$36.79	\$45.99	\$55.19

Wage Determination

Job Experience

Generally, 7-10 years of experience to reach midpoint of pay range

This is on top of years of experience required for the role

Experience Crediting

Prior job experience is given full or partial credit.

Weighted based on relevancy to role.

Preferred Qualifications

Additional pay for education or experience above minimum requirement of role

Preferred education or certification must be stated on the job description

Equity

Department and position equity is a critical determining factor in setting wages

Equity always drives final wage determination

Experience Crediting

Job Experience	
Direct (100%)	Directly relevant job experience in the same type of role in same/similar setting
Related (75%)	Relevant job experience in similar role either at a lower level or in a different setting
Semi-related (50%)	Experience providing knowledge/skills applicable to role but not directly related/relevant
Semi-related (25%)	Experience providing knowledge/skills applicable to role but <u>less</u> related/relevant
Non-related (10-15%)	Experience in different field or type of role; usually much lower level, but job provided communication/professional skills that helped build skillset for current role



Compensation Metrics

Compa-Ratio

- Hourly Pay rate ÷ Range Midpoint
- **Example:** $\$25 \div \$25.6632 = .97$ or 97%
- 1.0 or 100% Compa-Ratio means an employee's wage is right at midpoint
- An employee's Compa-Ratio value indicates where the employee's wage is situated within the pay range.
- CompaRatio is an element of merit & market increase calculations and provides a measure of the effectiveness of our Compensation practices.

Range Penetration

- $(\text{Pay Rate} - \text{Range Minimum}) \div (\text{Range Maximum} - \text{Range Minimum})$
- **Example:** $(\$25 - \$20.5306) \div (\$32.8032 - \$20.5306) = .36$ or 36%
- Range Penetration is used to evaluate how far into the pay range an employee is and to inform on how much wage growth potential they have.
- Range Penetration of 20% means the employee is 20% into their respective pay range and has 80% more of the range to work through.

Market Analysis

Compensable Factors

Job Evaluation and Comparison

- Licensure/Certification
- Experience & Education
- Specialty Skills

Market Survey Matches

- Similarity of Asante job to salary survey job
- Salary composite –combination of survey jobs to include multiple specialties or scopes of practice for greater accuracy in market pricing
- Slotting - When a market survey job doesn't exist, we may choose an internal job of similar scope/complexity to target for market grading
- This data is used to assign appropriate & competitive pay grade

Internal Value

- In rare cases there may be a need to deviate from standard market pricing methodology due to scope and/or span of control.
- Requires HR & operational leadership approval



Primary Labor Market

Pacific Northwest Hospitals

Over 50 hospitals in the PNW

Surveyed annually

Other Hospital Groups

Typically, around 12

Most closely matched urban/rural, mostly in Oregon

Other Custom Markets

Based on specific jobs

Highly specialized roles where standard labor market may not be representative of work, skill, or scope of Asante job

Other Non-Clinical Industries

Based on specific non-clinical jobs

Information Technology, Materials, Food Service, Hospitality etc.

Market Analysis

Quarterly Data Review

- Salary Surveys: Milliman NW Healthcare, IT & Management, MGMA, IHS Gallagher, Willis Towers Watson, Payscale Crowd Sourced and Company Sourced

Compare Jobs

- 100% of Asante staff, supervisor, manager & director jobs are benchmarked or slotted

Labor markets

- Pacific Northwest healthcare or related industry
- Oregon & Washington are primary focus
- California/West Coast used as needed and discounted as appropriate
- Local Market Resources - Local Job postings, local hiring advertisements/events

Merit Review

Merit Increases



- Merit pay rewards employees for their **job performance**
- A **merit matrix** is built to define pay increases based on each employee's performance rating and compa-ratio
- New hires may be eligible for a merit increase after completion of their New Hire evaluation
 - Pending on hire as it relates to that year's merit cycle
 - Refer to your leader and merit eligibility rules

Merit Matrix explained

Merit Matrix		Minimum of Pay Range ←————→ Maximum of Pay Range			
<p>Consistently exceeds expectations</p> <p>↑</p> <p>Gaining proficiency</p>	Performance Rating	Compa-Ratio (CR)			
		CR ≤ 0.95	.95 < CR ≤ 1.05	1.05 < CR ≤ 1.15	CR > 1.15
	Top Performer	Highest increase			
	Highly Competent				
	Fully Competent				
	Developing				
Needs Improvement				Lowest increase	

- High end of merit increase range is for employees with lower compa-ratios and higher performance ratings
- Low end of the merit increase range is for employees with higher compa-ratios and/or lower performance scores
- Merit increases move employee wages through the pay range
- Top performers with lower compa-ratios progress the fastest (It is standard compensation practice for wage progression to slow down after an employee reaches the midpoint of their pay grade)
- Compa-ratio = hourly pay rate ÷ midpoint of pay grade



Equity Review

Equity Review

- Comparison and analysis of a group of employees outside the market and merit processes
- Typically, includes one job or very similarly compensated jobs within a group
- Intended to determine if pay rates line up with **total credited experience** and **performance**
- May or may not result in pay rate changes
 - Any wage increase recommendations must be approved by a Manager or above and in compliance with department labor budgets except in the case of below inequitable scenarios
- If a compliance risk to the Oregon Equal Pay Act or other applicable wage & labor laws are found, immediate action is required.
 - This may result in increases to employee wages or freezing of employee wages depending on the scenario
 - Compensation & Employee Relations will work with leaders & employees as appropriate

Equity concerns

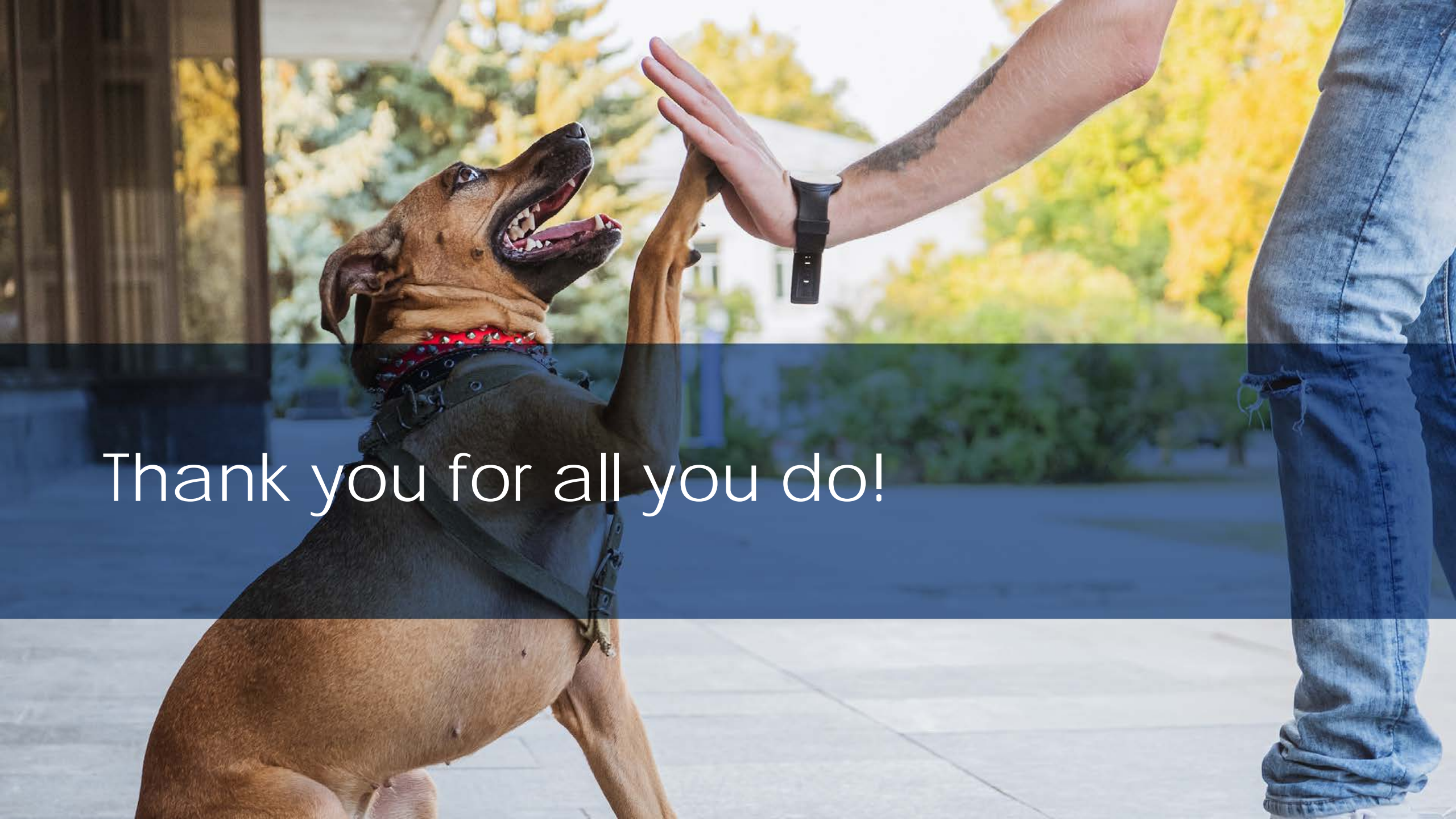
- Equity is reviewed by HR when new wage offers are made, and a snapshot of equity is provided to the hiring leader
- Leaders are asked to stay apprised of department equity and bring concerns to Compensation for review
- If you have concern as an employee, please **talk to your leader** who will engage Compensation if a review is warranted
- Keep in mind there may be factors you are not aware of that justify a coworker's wage being higher than another's



Resources

Employee resources

- Additional information
 - Policy: [Salary Administration](#)
 - Policy: [Supplemental Pay for Flexible Employees](#)
 - Policy: [Premium Pay](#)
 - Policy: [Preferred Certification & Education Base Rate Increase](#)
 - Policy: [Charge Differential \(Lead Pay\)](#)
 - Policy: [Critical Needs Incentive \(CNI\)](#)
 - Policy: [Evening and Night Shift Differential Pay](#)
 - Policy: [Low Census/Call Back/Extra Availability Pay](#)
 - Policy: [Weekend Differential Pay](#)
- E-mail addresses and contacts
 - All compensation questions should be first be directed to your leader.
 - If you need to contact HR directly, please email myemployeerelations@asante.org



Thank you for all you do!