503. Compensation Plans & Staffing
Compensation Plans and Staffing

Continuing Education

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- Accountant attendees can earn up to **18.9 CPEs**

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COURSE DESCRIPTION

As home care and hospice services have become increasingly recognized as preferred care options, shortages in qualified field staff are a constant challenge. Agencies that can successfully recruit and retain employees will be well positioned to meet future patient growth. The purpose of this session is to explore how the various compensation plans impact staffing and achieving operational goals.
OBJECTIVES

1. Describe the various methods of compensating field staff that have been implemented for home care and hospice personnel;

2. Define human resource regulation differences between exempt and non-exempt employees;

3. Explain how various compensation methodologies impact recruitment and retention of staff;

4. Provide examples of the impact on productivity of the various compensation plans;

5. Explore how employee benefits enhance the compensation package.

CAREGIVER COMPENSATION GOALS

Goals from the agency perspective:

• Staff recruitment & retention
• Optimize productivity
• Management of unit costs
• Management of episodic costs
• Optimize case management capacity
• Utilize primary case management model
• Achieve optimum clinical outcomes
CAREGIVER COMPENSATION GOALS

Goals from the staff caregiver perspective:
• Take home “pay” and benefits
• Work effort (time required)
• Sense of accomplishment and purpose - patient care
• Sense of appreciation
• Contribution to agency
• Fairness
• Educational opportunities and professional growth

WHERE DOES THE FINANCIAL MANAGER FIT INTO THIS EFFORT?

The Financial Manager Should Review:
• Current Agency (and Affiliate) Policies
  ▪ Flexibility of Approaches
• Payroll and Accounting System Flexibility
• Union Contracts
• Staff Productivity
  ▪ Cases Managed
  ▪ Visits per Day
• Targeted Unit Costs by Discipline
IDENTIFY AND ALIGN THE INCENTIVES

Meet with Clinical Management to Identify Goals for all Clinicians – Current Case Management Model!

- Cases Managed and Productivity – Actual versus Plan
- Plan of Care Consistency with Standards of Practice
- Timeliness and Accuracy of OASIS and Documentation
- Achievement of Optimum Patient Outcomes
- Low Un-Planned Re-hospitalization Rates
- Low Emergency Department Incidents
- Very Positive Patient Satisfaction Results
- Spirit of Volunteerism and Team Players

CAREGIVER COMPENSATION MODELS

Remuneration Models (With & Without Fringes)

1. Hourly (Non-Exempt)
2. Salaried (Both exempt & non-exempt)
   - With or without visit productivity or other bonus
3. Pure Incentives ([Per Visit Rates] [Exempt])
   - Weekday & weekend structure
   - With or without a case management incentive and outcome incentives

Human resource policies may effect creative flexibility.
HOURLY AND NON-EXEMPT SALARY

- Pros From the Staff Perspective
  - Common acceptance and earnings well defined
  - Overtime compensation well defined

- Pros From the Agency Perspective
  - Common acceptance and regular - overtime earnings well defined in relationship to working time as recorded

HOURLY AND NON-EXEMPT SALARY

- Cons From Staff Perspective
  - More productive staff feel shortchanged in comparison to less productive staff
  - Comment applies to visits as well as case load
HOURLY AND NON-EXEMPT SALARY

- Cons From an Agency Perspective
  - Visit productivity – management standards vs. reality
  - Patient cases managed – standards vs. reality
  - Lack of positive incentives including timeliness of documentation
  - Does not fix the salary & payroll tax cost per unit of service
  - Productivity & utilization management required
  - Differences in productivity create team disharmony

EXEMPT SALARY

- Same Pros & Cons are true as those for hourly & non-exempt salary
  - Additional Pro from the agency perspective
    - Cost of overtime eliminated
  - Additional Con from the staff perspective
    - Compensation for overtime eliminated
  - Without positive incentives - exposure to labor relations actions
**Popular Myths: Hourly & Salary – Non-Exempt & Exempt**

**Hourly & Salary - Non-Exempt & Exempt**

- Provides
  - Incentive to perform necessary longer visits
  - Greater quality of care & patient education

- Does Not Provide
  - Incentive to perform unnecessary visits

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**Pure Incentives [Exempt]**

- Visit Rates
  - Structured by type of visit, including telephone follow-up visits
- Paid days off based upon average daily earnings for the previous quarter (or Six Months)
- Compensation floor for insufficient patient volume
- Bonuses for exceeding performance thresholds (12 weeks or quarterly)
  - Visit weight
  - Cases managed
  - Clinical outcomes
  - Satisfaction
**Weekender Program**

- Additional weekend premium to visit rates
- Friday-noon to Monday-noon
- Scheduled admissions & follow-up visits
- Patient management rates
- Weekend on-call activity to separate staff person
- Full or prorated fringe benefits including paid days off

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**Pros From the Staff Perspective**

- Earnings potential well defined
- Earnings directly relate to effort
- Continuity & coordination of patient care
- Improved morale (no longer carrying “deadwood”)

**Cons From the Staff Perspective**

- May not be readily accepted within agency structure
- Less productive staff fear loss of earnings
- No overtime compensation
- Enforces timeliness
- Model complexity
Pros from an Agency Perspective

- Incentive for increased visit productivity
- Incentives for increased number of patient cases managed
- Positive incentives for timeliness of documentation
- Positive incentive for increase volunteerism
- Fixes the salary & payroll tax cost per unit of service
- Develops internal case capacity without increasing staff
- Earnings potential increases staff recruitment & retention
- Interfaces with utilization management based on medical necessity
- Enhanced continuity, coordination & communication
- Improved clinical outcomes

Cons From the Agency Perspective

- May not be initially accepted within agency staff
- May cause attrition of least productive staff
- Generally not acceptable to union representation
- Need strong agency supervision for utilization and outcome management
**POPULAR MYTHS: PURE INCENTIVES [EXEMPT]**

- Promotes visit over-utilization to patients
- Promotes reduced level of care quality
- Only applies to per diem & part-time staff
- Does not apply to benefited staff

**BENEFITS**

Doug Himmelein, Vice President of Human Resources, Christian Living Services

**Objective**

- Explore how employee benefits enhance the compensation package
TOTAL COMPENSATION

• One plan just does not work for all
  ▪ Single, two people or family
  ▪ Generational differences
  ▪ Dual working family

TRADITIONAL BENEFIT PLAN

• Health Insurance
• Dental Insurance
• Life Insurance
• Disability Insurance
• Vision Insurance
• Retirement Plan
DEFINED CONTRIBUTION
CAFETERIA BENEFIT PLAN (CBP)

• Employee survey
• Concept of CBP
  ▪ Credit
  ▪ Insurance options
  ▪ Employee’s Choice
• Budgeting

CBP CONT . . .

➢ Our Design
  • Free Insurance for 0.9 FTE and above
    ▪ Health (single)
    ▪ Long term disability
    ▪ Life Insurance
    ▪ Keeping in mind Heath Care Reform


## OUR EXAMPLES

<table>
<thead>
<tr>
<th>Employee types</th>
<th>Cafeteria Benefits Program credit per year</th>
<th>Health Care Insurance</th>
<th>Dental Insurance</th>
<th>Vision Insurance</th>
<th>Disability Insurance, Base</th>
<th>Disability Insurance, Buy up</th>
<th>Life Insurance $10,000</th>
<th>Flex Account (medical or dependent care)</th>
<th>Cost to Employee per year</th>
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<tbody>
<tr>
<td>Single</td>
<td>$4182</td>
<td>-$3364</td>
<td>-$346</td>
<td>-$87</td>
<td>-$21</td>
<td>-$100</td>
<td>-$100</td>
<td>-$264</td>
<td>0</td>
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<tr>
<td>Family</td>
<td>$4182</td>
<td>-$8200</td>
<td>0</td>
<td>0</td>
<td>-$21</td>
<td>0</td>
<td>-$100</td>
<td>0</td>
<td>-$3400 per pay period $130.77</td>
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<tr>
<td>Married receiving spouse benefits</td>
<td>$4182</td>
<td>0</td>
<td>0</td>
<td>-$207</td>
<td>-$21</td>
<td>-$700</td>
<td>-$100</td>
<td>-$2600</td>
<td>0</td>
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</table>

**PTO vs PDO**

- **Hourly staff (Non-exempt)**
  - Paid Time Off (PTO)
  - By the hour
  - Used for personal, sick and vacation time

- **Comp Model (Exempt)**
  - Paid Day Off (PDO)
  - By the ¼ day
  - Used for personal, sick and vacation time
PTO vs PDO CONT . . .

- Salaried Staff (Exempt)
  - Paid Day Off (PDO)
  - By the day

- Policy for paying out unused PTO/PDO

- Check State specific requirements
  - Michigan- PMLA

RETIREMENT

- Define Benefit Plan (Pension)
  - Employer control
  - Costly
  - Risks

- Defined Contribution Plan
  - Employee control
  - Less administrative expense
  - Increased employers match

DO YOU HAVE THE RIGHT PLAN TO ENCOURAGE SAVING?
BENEFITS

• Human Resources Information System (HRIS)
  ▪ Mobile capabilities
  ▪ Talent Management & Onboarding
  ▪ Transparent
  ▪ Analytics
  ▪ Bi-weekly payroll to weekly payroll

BENEFITS

• Wellness at Work – Designed for all generations
  ▪ Financial Wellness
  ▪ Physical Wellness
  ▪ Social Wellness

Goal - Employee Engagement
**BENEFITS**

**Success Coach Program**

- Partnership with State of Michigan Department of Health and Human Services
- Addresses Barriers
  - Daycare, transportation, shut off notices, food assistance
- Retention Rate
- ROI: program pays for itself
**TOTAL COMPENSATION**

- Six companies in CLS family of companies
  - Not the same package for all companies
    - Dress code
    - Vacation
    - Holidays
    - Atmosphere / culture
- Acquisitions
  - Evolve over time if needed

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**CASE STUDY: VARIOUS COMP METHODS AND PRODUCTIVITY, RECRUITMENT, AND RETENTION**

Carolyn Flietstra, Executive Vice President HCBS, Christian Living Services

**Objectives:**

1. Explain how various compensation methodologies impact recruitment and retention of staff.
2. Provide examples of the impact on productivity of the various compensation plans.
CLS ORGANIZATIONAL SNAPSHOT

Christian Living Services: not-for-profit CCRC in Michigan

- Residential Services: skilled nursing, assisted living, independent living facilities
- Community Based Services: home health, hospice, private duty, PACE, Medicaid case management agency, educational institute
- My examples cover four companies:
  - Atrio Home Health – two CCNs
  - Atrio Help at Home
  - Faith Hospice

COMPENSATION AND STAFF RECRUITMENT

<table>
<thead>
<tr>
<th>Compensation</th>
<th>Position</th>
<th>Recruitment</th>
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</thead>
<tbody>
<tr>
<td>Hourly Non-Exempt</td>
<td>Home Health MSWs &amp; SLPs, Hospice Chaplains, Home Health &amp; Hospice Aides</td>
<td>Easier, well understood</td>
</tr>
<tr>
<td>Salaried Exempt</td>
<td>Hospice Extended Care RNs &amp; MSWs, Hospice, Home Health &amp; Home Care management staff</td>
<td>Easier, well understood</td>
</tr>
<tr>
<td>Incentive Comp Exempt</td>
<td>Home Health &amp; Hospice RNs, Home Health PTs &amp; OTs, Hospice MSWs</td>
<td>More complex, however compensation is much higher than average</td>
</tr>
</tbody>
</table>
# Compensation and Staff Retention

<table>
<thead>
<tr>
<th></th>
<th>Atrio Home Health</th>
<th>Atrio Home Health Lakeshore</th>
<th>Atrio Help at Home</th>
<th>Faith Hospice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency Turnover</td>
<td>9.86%</td>
<td>11.11%</td>
<td>37.50%</td>
<td>16.54%</td>
</tr>
</tbody>
</table>
| Industry Average     | 19.01%            | 19.01%                      | 65.70%             | 19.88%       | (sources: Hospital & Healthcare Compensation Survey 2018, HomeCare Pulse 2018)

## Productivity Considerations for Various Compensation Models: Home Health

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<tr>
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<tbody>
<tr>
<td>RN</td>
<td>Incentive</td>
<td>5.29</td>
<td>6.04 (4.11)</td>
<td>5.31</td>
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<tr>
<td>PT</td>
<td>Incentive</td>
<td>5.40</td>
<td>5.99 (4.09)</td>
<td>4.63</td>
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<tr>
<td>OT</td>
<td>Incentive</td>
<td>5.18</td>
<td>5.48 (3.27)</td>
<td>5.09</td>
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<tr>
<td>SLP</td>
<td>Hourly</td>
<td>NA</td>
<td>4.49 (2.31)</td>
<td>4.04</td>
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<tr>
<td>HHA</td>
<td>Hourly</td>
<td>5.38</td>
<td>3.92 (3.70)</td>
<td>4.26</td>
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</tbody>
</table>
### Productivity Considerations for Various Compensation Models: Hospice

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>RN</td>
<td>Incentive</td>
<td>4.36 (3.40)</td>
</tr>
<tr>
<td>MSW</td>
<td>Incentive</td>
<td>3.61 (4.65)</td>
</tr>
<tr>
<td>Chaplain</td>
<td>Hourly</td>
<td>5.13 (3.88)</td>
</tr>
<tr>
<td>Hospice Aide</td>
<td>Hourly</td>
<td>5.43 (4.77)</td>
</tr>
</tbody>
</table>

### Productivity Considerations for Various Compensation Models: Private Duty

<table>
<thead>
<tr>
<th>Comp Model</th>
<th>National Average 2018 (source: Home Care Pulse 2018)</th>
<th>Atrio Home Care Average 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff RN / LPN billable hours %</td>
<td>Hourly</td>
<td>NA</td>
</tr>
<tr>
<td>Aide billable hours %</td>
<td>Hourly</td>
<td>NA</td>
</tr>
<tr>
<td>Total Indirect Care expense %</td>
<td>NA</td>
<td>15.8%</td>
</tr>
</tbody>
</table>
**STAFFING PLANS: HOME HEALTH**

**Staffing calculation**
- Visits per month divided by discipline expected hands on visits per month = FTE
- Adjust up or down for other factors - growth, visits

**Field staff perspective**
- Hourly - if busy, need help
- Incentive comp - consult

**STAFFING PLANS: HOSPICE**

**Hospice staffing calculation is by ratios**
- RN 1:15
- HHA 1:12
- MSW 1:25
- Chaplain 1:50
- Physician 1:85

**Field staff perspective**
- Hourly – if busy, need help
- Incentive comp – consult
STAFFING PLANS: PRIVATE DUTY

MANAGEMENT INCENTIVES

Clinical Managers’ Bonus Plan
- Direct supervisors of incentive comp model staff
- Productivity, caseload, quality and satisfaction

Executive Bonus Plan
- Agency administrators
- Financial achievement threshold
- 4 Pillars- finance, people, quality, service
STAFF ENGAGEMENT CULTURE

Culture eats strategy for breakfast
— Peter Drucker

SUMMARY

The best compensation and benefits plan for your organization is likely

• a mix of compensation models, one that is tailored for your specific business model and discipline mix
• flexible enough to attract a diverse workforce
QUESTIONS AND ANSWERS

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- Carolyn Flietstra – Carolyn.Flietstra@hollandhome.org