Staff Compensation Plans

Elizabeth Holloway, COE, CPSS, PHR
Joe Theine, MBA, COE

Wednesday, May 23, 2018
Financial Disclosure

Joe does not have any financial relationships to disclose.

Elizabeth has the following financial interests or relationships to disclose:
BSM Consulting – C

BSM Consulting provides practice management solutions to specialty care providers.
About Our Speakers

Joe Theine, Practice Administrator
Four Corners Eye Clinic

Elizabeth Holloway, Senior Consultant
BSM Consulting
Session Objectives

- Review staff compensation philosophies.
- Outline process to gather salary data.
- Discuss analysis of practice benefits.
- Review roll-out of new plan.
- Discuss communication with employees.
Case Study

Four Corners Eye Clinic
SPECIALIZING IN MEDICAL AND SURGICAL EYE CARE

Durango, CO
4 MDs
25 Staff
2 Owners
Multi-specialty
Why should I develop a staff compensation plan?

- Consider “fairness” to employees and practice owner(s).
- Establish strategy to secure great employees.
  - “Employer of Choice” in the market
- Set a level playing field for employees to grow.
- Gain confidence when discussing salaries.
- Eliminate salary concerns and focus on culture.
The most important reason... Employee Retention
US Job Market

Fewer Applicants Available

4.1% Unemployment Rate \(^1\)

86 Months of Consecutive Job Growth

25,000+ New Physician-Office Jobs in One Month

Low Employee Turnover \(^2\)

Sources:
Topics for Your Staff Compensation Philosophy

- **Wages**
- **Part-time Positions**
- **Target Budget** (percent of net collections)
- **Paid Leave Policy**
- **Health Benefits** (Medical, Dental, Vision)
Determine Your Practice’s Approach

- Incentive Plans
- Schedule for Salary Reviews
- Process to Review Total Compensation Plan
Case Study

- What is your total compensation package?
- Where do you want to be in the market?
- What is the starting salary for each position?
- When/how does an employee receive an increase?
Gathering Salary Data
Data Needed for Review

- Job descriptions
- Employee census by position
- Current salary ranges and total payroll budget
- Employee satisfaction survey / feedback regarding benefits
Market Research

ASOAnalytics® Staff Salary Survey
HealthCare Group/ASOA Staff Salary Survey
AAO/OOSS Ophthalmic Practice & ASC Salary Survey
Department of Labor MSA data
ASOA and AAO Online Salary Data

### NON-CERTIFIED OPHTHALMIC ASSISTANT

<table>
<thead>
<tr>
<th>Years in Position</th>
<th>Lowest</th>
<th>Mean</th>
<th>Highest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Than 1 Year</td>
<td>$15.00</td>
<td>$15.08</td>
<td>$15.25</td>
</tr>
<tr>
<td>1-5 Years</td>
<td>$15.08</td>
<td>$15.48</td>
<td>$15.85</td>
</tr>
<tr>
<td>6 or More Years</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participation Count</th>
<th>Mean</th>
<th>10th Percentile</th>
<th>25th Percentile</th>
<th>50th Percentile</th>
<th>Median</th>
<th>75th Percentile</th>
<th>90th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>236</td>
<td>$15.60</td>
<td>$12.00</td>
<td>$13.04</td>
<td>$14.33</td>
<td>$16.46</td>
<td>$18.78</td>
<td></td>
</tr>
<tr>
<td>323</td>
<td>$15.72</td>
<td>$11.87</td>
<td>$13.50</td>
<td>$15.25</td>
<td>$17.90</td>
<td>$20.28</td>
<td></td>
</tr>
<tr>
<td>111</td>
<td>$18.45</td>
<td>$14.00</td>
<td>$16.10</td>
<td>$17.68</td>
<td>$20.55</td>
<td>$23.58</td>
<td></td>
</tr>
</tbody>
</table>

### Summary Report

#### Search Filters
- **Type of Practice:** All
- **Number of Providers:** Any

#### Salary Data

<table>
<thead>
<tr>
<th>Administrative Role</th>
<th>#</th>
<th>Mean</th>
<th>25th Percentile</th>
<th>50th Percentile</th>
<th>75th Percentile</th>
<th>90th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>25</td>
<td>$208,579/yr</td>
<td>$160,000/yr</td>
<td>$189,000/yr</td>
<td>$220,000/yr</td>
<td>$300,000/yr</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>13</td>
<td>$89,305/yr</td>
<td>$60,000/yr</td>
<td>$84,492/yr</td>
<td>$100,000/yr</td>
<td>$155,000/yr</td>
</tr>
<tr>
<td>Chief Operating Officer</td>
<td>13</td>
<td>$143,213/yr</td>
<td>$115,000/yr</td>
<td>$122,500/yr</td>
<td>$165,000/yr</td>
<td>$206,045/yr</td>
</tr>
<tr>
<td>Executive Director</td>
<td>11</td>
<td>$114,018/yr</td>
<td>$57,200/yr</td>
<td>$125,500/yr</td>
<td>$130,000/yr</td>
<td>$160,000/yr</td>
</tr>
</tbody>
</table>
Reviewing the Information

- Match job descriptions.
- Select salary data that best match position.
- Set practice range.
# Employee Census

<table>
<thead>
<tr>
<th>EMPLOYEE</th>
<th>Department</th>
<th>Hours Code</th>
<th>Job Description</th>
<th>Salary</th>
<th>DOH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front Office</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee 1</td>
<td>Check-in</td>
<td>A</td>
<td>Administrative</td>
<td>$12.95</td>
<td>6/9/2011</td>
</tr>
<tr>
<td>Employee 2</td>
<td>Check-in</td>
<td>A</td>
<td>Reception</td>
<td>$14.02</td>
<td>9/8/2009</td>
</tr>
<tr>
<td>Employee 3</td>
<td>Check-in</td>
<td>B</td>
<td>Reception</td>
<td>$15.45</td>
<td>1/4/2013</td>
</tr>
<tr>
<td>Employee 4</td>
<td>Check-in</td>
<td>A</td>
<td>Phones</td>
<td>$12.00</td>
<td>10/15/2013</td>
</tr>
<tr>
<td>Employee 5</td>
<td>Checkout</td>
<td>A</td>
<td>Collections</td>
<td>$12.50</td>
<td>12/1/2014</td>
</tr>
<tr>
<td>Employee 6</td>
<td>Checkout</td>
<td>B</td>
<td>Insurance verif.</td>
<td>$13.50</td>
<td>12/5/2014</td>
</tr>
<tr>
<td>Employee 7</td>
<td>Checkout</td>
<td>B</td>
<td>Phones / Backup</td>
<td>$13.00</td>
<td>10/1/2014</td>
</tr>
<tr>
<td>Employee 8</td>
<td>Front Office</td>
<td>A</td>
<td>Supervisor</td>
<td>$18.00</td>
<td>1/1/2015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Billing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee 9</td>
</tr>
<tr>
<td>Employee 11</td>
</tr>
<tr>
<td>Employee 12</td>
</tr>
<tr>
<td>Employee 13</td>
</tr>
<tr>
<td>Employee 14</td>
</tr>
<tr>
<td>Employee 15</td>
</tr>
</tbody>
</table>

**Hours Code:**

- **A** = 1,000+
- **B** = 501 - 999
- **C** = <500

**Practice Job Titles**

<table>
<thead>
<tr>
<th>Pacific Region</th>
<th>National</th>
<th>25th to 75th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reception (check-in)</td>
<td>$12.50 - $19.84</td>
<td>$12.50 - $17.00</td>
</tr>
<tr>
<td>Reception (check-in)</td>
<td>$12.50 - $19.84</td>
<td>$12.50 - $17.00</td>
</tr>
<tr>
<td>Reception (check-in)</td>
<td>$12.50 - $19.84</td>
<td>$12.50 - $17.00</td>
</tr>
<tr>
<td>Reception (check-in)</td>
<td>$12.50 - $19.84</td>
<td>$12.50 - $17.00</td>
</tr>
<tr>
<td>Reception (check-out)</td>
<td>$12.50 - $19.84</td>
<td>$12.50 - $17.00</td>
</tr>
<tr>
<td>Reception (check-out)</td>
<td>$12.50 - $19.84</td>
<td>$12.50 - $17.00</td>
</tr>
<tr>
<td>Reception (check-out)</td>
<td>$12.50 - $19.84</td>
<td>$12.50 - $17.00</td>
</tr>
<tr>
<td>Reception (check-out)</td>
<td>$12.50 - $19.84</td>
<td>$12.50 - $17.00</td>
</tr>
<tr>
<td>Front Desk Supervisor</td>
<td>$19.39 - $24.25</td>
<td>$14.00 - $23.00</td>
</tr>
</tbody>
</table>

**Billing Clerk (A/R)**

<table>
<thead>
<tr>
<th>Pacific Region</th>
<th>National</th>
<th>25th to 75th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billing Clerk (A/R)</td>
<td>$15.00 - $23.25</td>
<td>$13.50 - $20.00</td>
</tr>
<tr>
<td>Billing Clerk (A/R)</td>
<td>$15.00 - $23.25</td>
<td>$13.50 - $20.00</td>
</tr>
<tr>
<td>Billing Clerk (A/R)</td>
<td>$15.00 - $23.25</td>
<td>$13.50 - $20.00</td>
</tr>
<tr>
<td>Billing Clerk (A/R)</td>
<td>$15.00 - $23.25</td>
<td>$13.50 - $20.00</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$16.00 - $28.85</td>
<td>$16.75 - $25.50</td>
</tr>
</tbody>
</table>

**Business Office Manager**

<table>
<thead>
<tr>
<th>Pacific Region</th>
<th>National</th>
<th>25th to 75th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>NA</td>
<td>NA</td>
<td>$25.98 - $31.73</td>
</tr>
</tbody>
</table>
Annual Budget: Payroll Ratio

Data:
Gross non-physician payroll
Net collections (gross collections less refunds)

Formula:
Gross non-physician payroll divided by net collections

Used for:
Efficient use of non-professional personnel

Tips:
Financial Opportunity

Unburdened Benchmark Range: 20% – 26%
Burdened Benchmark Range: 26% – 32%
Benefit Analysis

To remain competitive in the talent marketplace, 1/3 of organizations increased their overall benefit offerings in the last 12 months.

Organizations were most likely to increase wellness and health-related benefits.

Decreased:
- Overall benefits: 6%
- Wellness: 3%
- Health-related: 5%
- Professional and career development: 3%
- Employee programs and services: 2%
- Flexible working: 2%
- Retirement savings and planning: 2%
- Leave: 2%
- Family-friendly: 2%
- Housing and relocation: 2%
- Business travel: 3%

Increased:
- Overall benefits: 32%
- Wellness: 24%
- Health-related: 24%
- Professional and career development: 16%
- Employee programs and services: 15%
- Flexible working: 14%
- Retirement savings and planning: 13%
- Leave: 12%
- Family-friendly: 11%
- Housing and relocation: 4%
- Business travel: 2%

Note: n = 1,318-2,591. Respondents who answered "N/A, did not offer in the past 12 months" or "not sure" were excluded from this analysis. Percentages do not total 100% due to multiple response options. Source: 2017 Employee Benefits (SHRM)
Audience Poll

What percentage of the employee’s healthcare premium does your practice cover?

A) 100%
B) 75% - 99%
C) 50% - 74%
D) 25% - 49%
E) Less than 25%
F) Our practice does not cover healthcare premiums.
Compensation Plan Roll Out

- Ensure compliance with federal, state, and city regulations.
- Review plan with owner(s).
  - Discuss annual budget and confirm approval.
- Set starting wages for new employees.
- Establish guiding principles for wage increases.
- Increase low salaries as needed.
## Communicate Total Compensation

### Summary of Employee Wages and Benefits

<table>
<thead>
<tr>
<th>Employee Name:</th>
<th>Date of Hire:</th>
</tr>
</thead>
</table>

**Wages and Bonuses**

- Gross Wages
- Bonuses

**Sub-Total Gross Wages and Bonuses**

| $0.00 |

**Other Benefits**

- Health Insurance Premiums Paid on Behalf of Employee
- Dental Insurance Premiums Paid on Behalf of Employee
- Life Insurance Premiums Paid on Behalf of Employee
- Long-Term Disability Premiums Paid on Behalf of Employee
- Payroll Taxes Paid by Employer
- 401K Contributions Paid by Employer
- Continuing Education
- Uniforms
- Other

**Sub-Total Other Benefits**

| $0.00 |

**TOTAL WAGES AND BENEFITS**

| $0.00 |
Accelerated Wage Increases

- Employee “ownership” of professional development.

- Approved Certification Programs
  - COA, COT, COMT
  - CPSS
  - ABO, NCLE

- High performance in role.
- Demonstration of core values.
- Tenure with practice.
How does your practice incentivize staff for achieving professional certification?

A) One-time bonus
B) Pay increase
C) Bonus and pay increase
D) We do not provide incentives for certification.
Additional Considerations

Employees at the Top of the Pay Range

Bonus and Incentive Plans

Transparency: Do you publish ranges?
Next Steps: Getting Started!

Developing a Staff Compensation System for Your Practice

General Business

STAFF COMPENSATION ASSESSMENT TOOL

1. Describe your current compensation system and its components:

2. Is your compensation philosophy clearly outlined in writing? Yes____ No____

3. Is your compensation system/philosophy reviewed annually by management and/or ownership? Yes____ No____

4. Do you have job descriptions for all positions in your practice? Yes____ No____

5. Have you recently researched regional/local pay rates and compared them to your salary levels? Yes____ No____

6. If yes, are you at, above, or below local market comparative pay rates? __________

7. Based on that comparison, are you at the right pay level for your practice needs? Yes____ No____

8. What mechanism do you use for salary research?
In Summary

- Develop a compensation philosophy.
- Gain approval / consensus from owners.
- Continually review staff wages and benefits.
- Communicate philosophy with staff.
Our Contact Information

Joe Theine
jtheine@fourcornerseye.com

Elizabeth Holloway
eholloway@bsmconsulting.com
http://cos.ascrs.org
Thank you for participating in today’s event. Visit www.asoa.org for a full list of the 2018 webinars.