

Managing benefits and compensation for healthcare workers in the time of COVID-19

MAY 26, 2020

Lauren Busey
Larry Daniels
Heidi tenBroek



Caveats

The information provided in today's presentations should be considered incomplete without the benefit of the discussion that accompanied it. The observations described in the presentations are not necessarily applicable to any specific organization. Users of the information provided in this presentation should be advised by professionals with experience in relevant domains.

The opinions provided in the presentations are those of the authors/presenters and should not be attributed to Milliman, Inc.

Today's presenters



Lauren Busey, Compensation



Larry Daniels, Compensation



Heidi tenBroek, Communications

Live poll #1

Agenda

1. What does the data show?
 - NW Healthcare Compensation Survey
 - NW Healthcare *Executive* Compensation
 - Brief pause for questions
2. COVID-19 impacts & implications
3. Communicating with employees
4. Q&A

Host is sharing poll results

1. Do you work in the healthcare industry?

Yes	65%
No	35%

2. What is your role within your organization?

Compensation or benefits professional	60%
Other HR professional	34%
Other	6%

Casey Mochel (Moderator)

Flexibility
Accountability
Teamwork
Our mission is to serve our clients to protect the health and financial well-being of people everywhere.

Lauren Busey

Heidi tenBroek

Larry Daniels

Milliman

Close

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Source: Results of live in-webinar poll, May 26, 2020

Agenda

1. What does the data show?
 - NW Healthcare Compensation Survey
 - NW Healthcare *Executive* Compensation Survey
 - Brief pause for questions
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What does the data show?

What does the data show?

2020 NORTHWEST HEALTHCARE COMPENSATION SURVEY

Pay data, salary trends & compensation program prevalence

28th Annual Survey



159 participating employers

297 positions surveyed

Data released

April 22, 2020

Data effective

January 2020

- Complies with **Safe Harbor Guidelines** requiring pay data to be at least **3 months old**
- Guidance provided by **Steering Committee** of healthcare HR leaders

2020 NW Healthcare Compensation Survey

Notable findings



SALARY MOVEMENT

Average across all jobs, 2019 to 2020 at the same organizations

- **Base Wage** 3.3% increase
- **Range Midpoint** 2.6% increase



STUDENT LOAN REPAYMENT

20.2% → growing prevalence

HOT JOBS - Examples

- Nurse Practitioner (Primary) 4.9%
- Food Service Worker 4.7%
- Housekeeper 4.1%
- Health Information Mgmt Tech 4.3%
- HR Generalist 4.2%



Source: Milliman Northwest Healthcare Compensation Surveys, May 2019-2020

What does the data show?

2020 NORTHWEST HEALTHCARE *EXECUTIVE COMPENSATION SURVEY*

Pay data, salary trends, & compensation program prevalence

16th Annual Survey



65 participating employers

27 executive & top management positions surveyed

Data released

May 22, 2020

Data effective

January 2020

- Complies with **Safe Harbor Guidelines** requiring pay data to be at least **3 months old**
- Guidance provided by **Steering Committee** of healthcare HR leaders

2020 NW Healthcare *Executive Compensation Survey*

Notable Findings



SALARY MOVEMENT

Average across all jobs, 2019 to 2020 at the same organizations

- **Base Wage** 3.6% increase
- **Range Midpoint** 2.5% increase

HOT JOBS - Examples

- Chief Information Officer (CIO) 3.9%
- Chief Financial Officer (CFO) 3.7%

NOT SO HOT JOBS - Example

- Chief Executive Officer (CEO) 1.1%



NW Healthcare Mid-Year Update Survey
To be released this summer / early fall

Source: Milliman Northwest Healthcare Executive Compensation Survey, May 2019-2020



Brief pause for questions



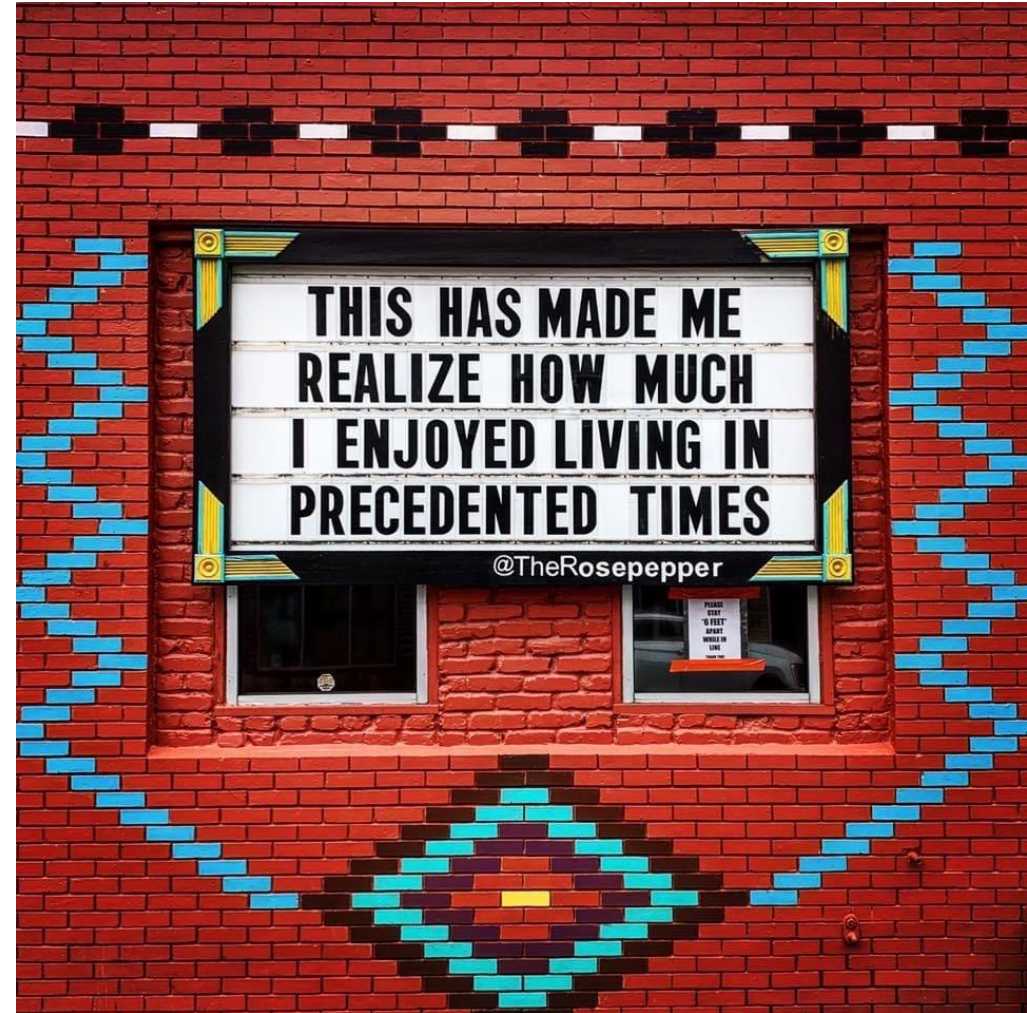
COVID-19 impacts & implications

The current landscape

May 21, 2020

Federal Reserve Chair Jerome H. Powell

“We are in the midst of an economic downturn **without modern precedent**. It was sudden, and it is severe. It has already erased the job gains of the past decade and has inflicted acute pain across the country.”



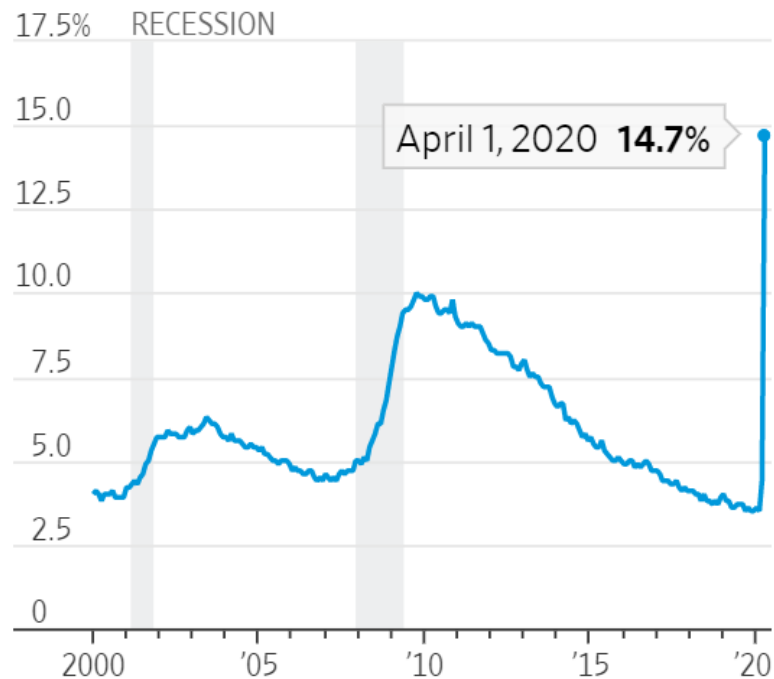
The current landscape



Historical perspective

- Peak unemployment rate during the Great Depression was **25.6%**
- October 1982 jobless claims were **695,000**

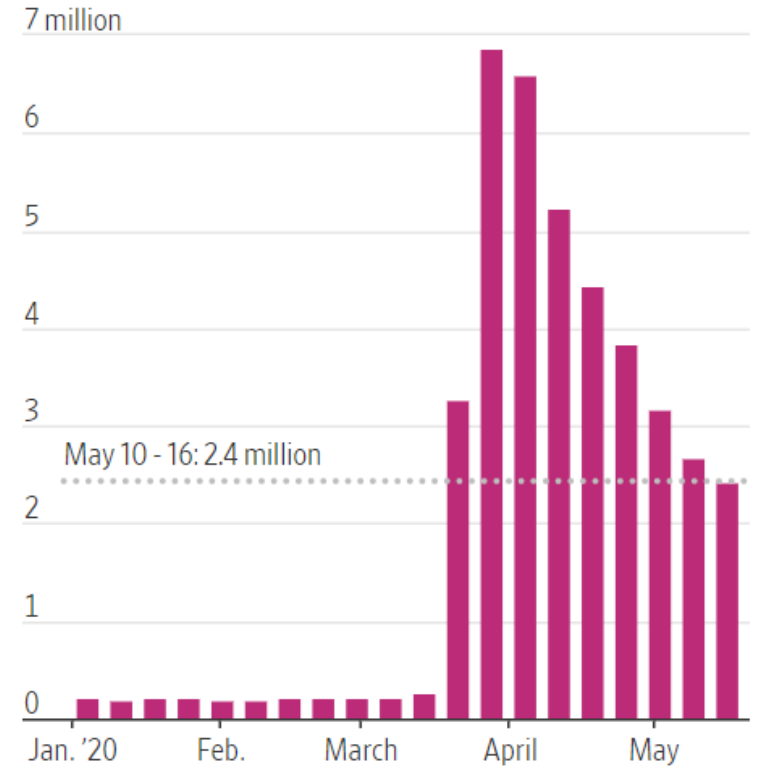
U.S. unemployment rate



Note: Seasonally adjusted

Source: Labor Department via the St. Louis Fed

Initial jobless claims

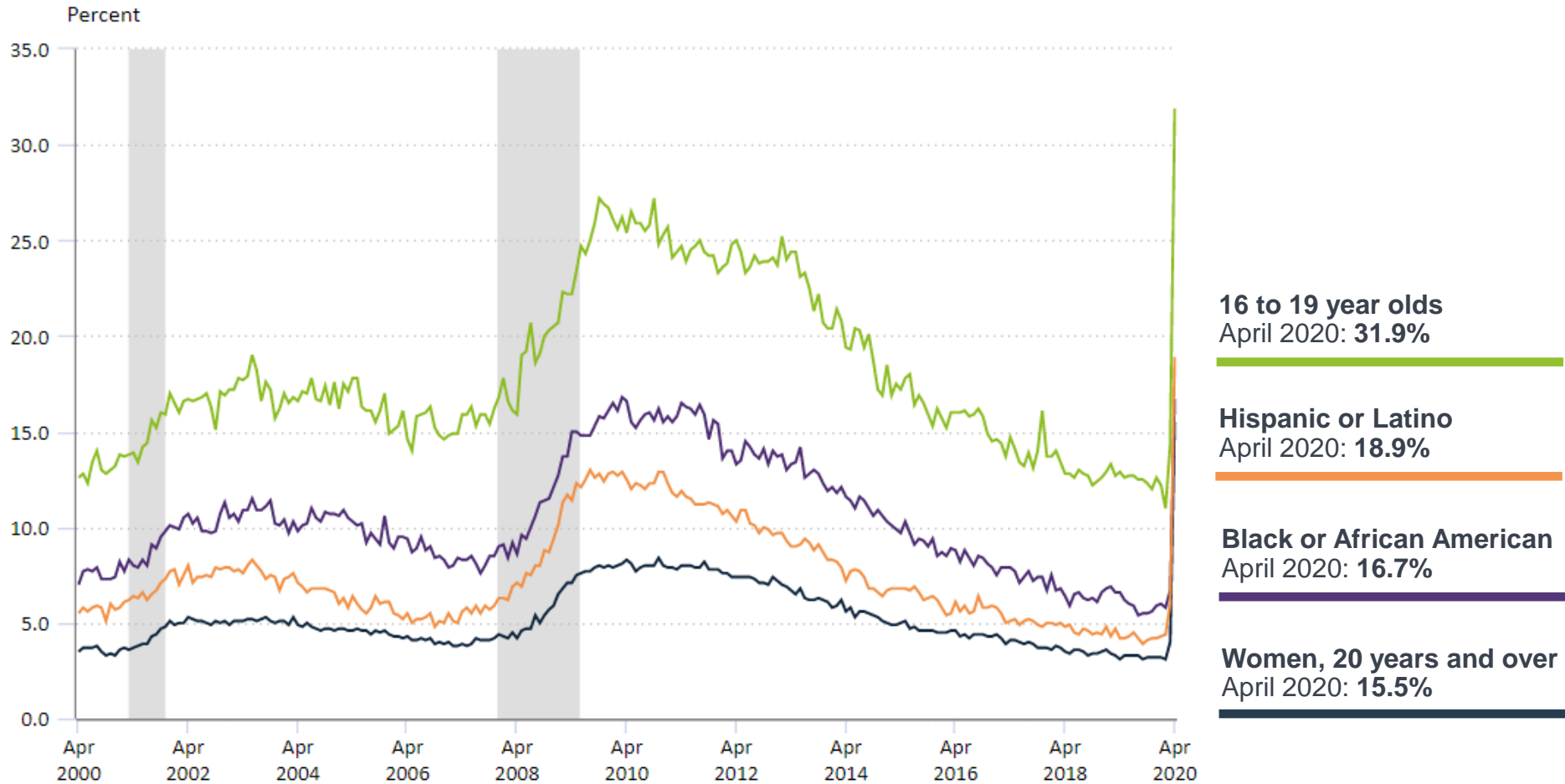


Note: Seasonally adjusted, latest figure is preliminary

Source: Labor Department

The current landscape

Civilian unemployment rate, seasonally adjusted



Source: U.S. Bureau of Labor Statistics

The current landscape

Up-to-the-moment data

New Surveys



NORTHWEST HEALTHCARE COVID-19 PULSE SURVEY

- **81 participating** employers
- *March 30 – April 3, 2020*



NORTHWEST HEALTHCARE COMPENSATION SURVEY

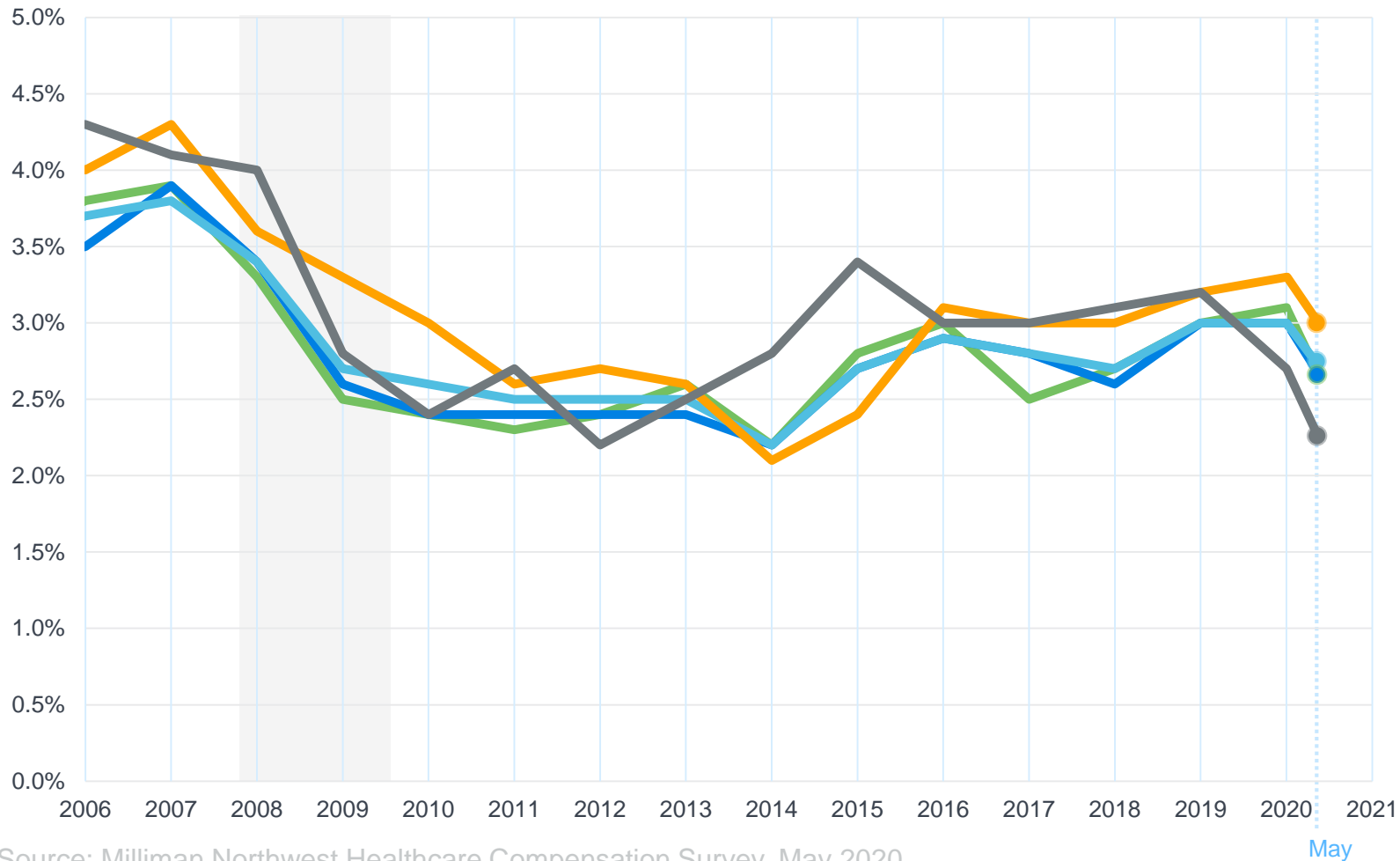
- Salary Adjustment Trend Update & Rewards Program Changes
- **159 participating** employers
- *May 15 – May 22, 2020*

Surveys include

- Salary budgets
- Cost containment measures
- Hazard pay
- PTO and sick leave

COVID-19 impacts & implications

Average annual base salary budget increases (including zeros)



34% reported changes

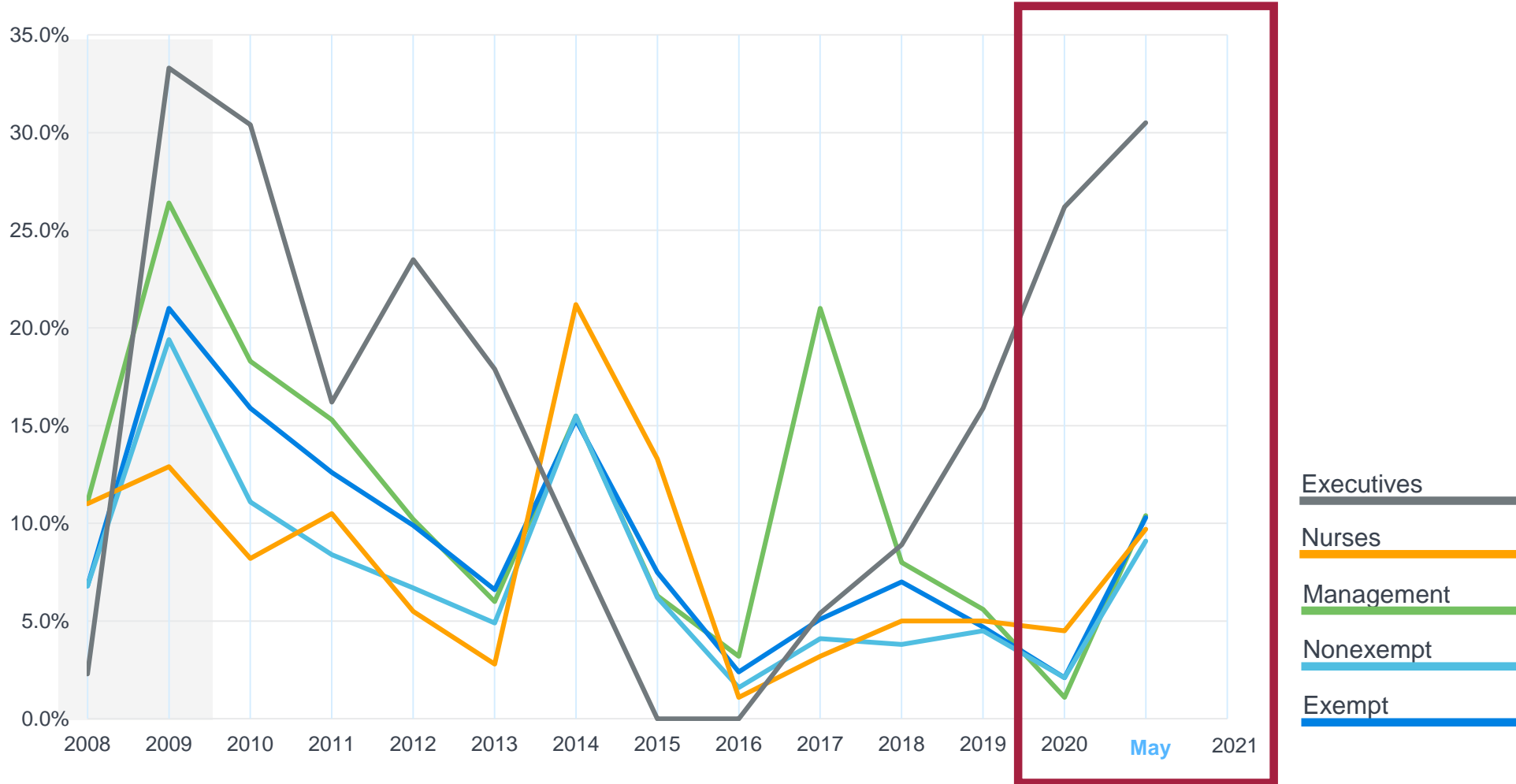
- At least **17%** already issued pay increases as planned
- Others will “wait-and-see”



Source: Milliman Northwest Healthcare Compensation Survey, May 2020

COVID-19 impacts & implications

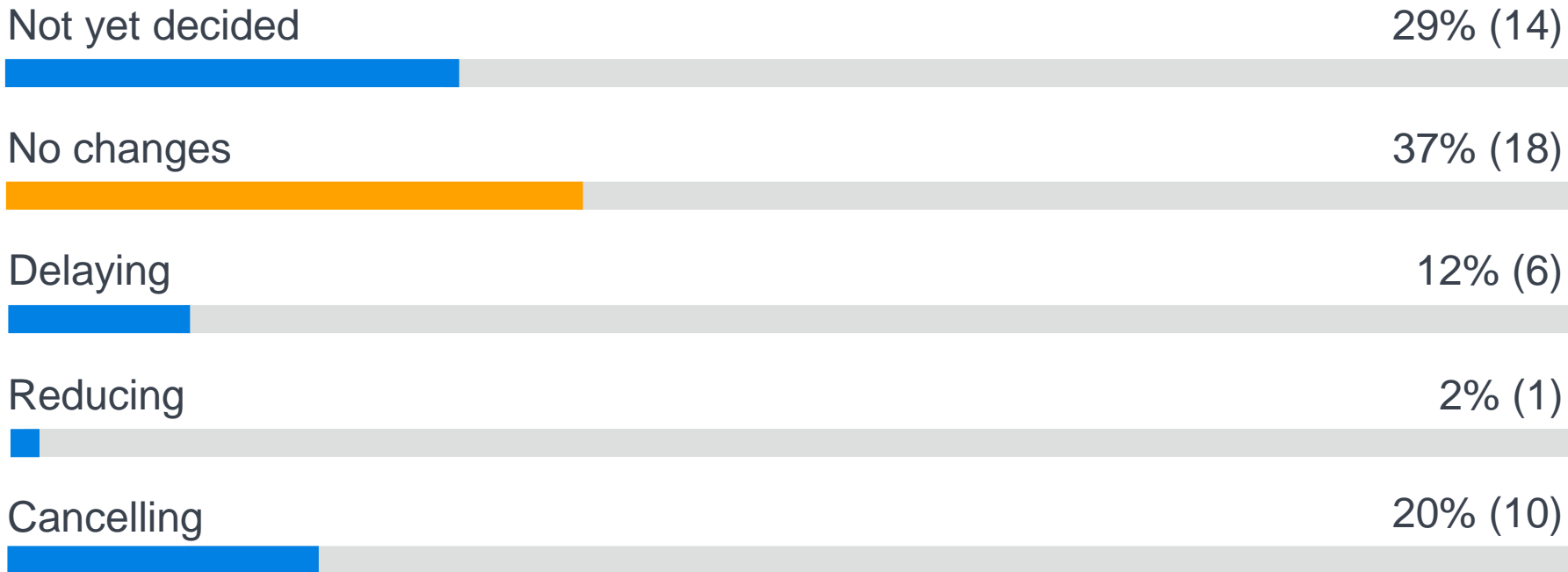
Organizations reporting zero or negative adjustment to annual base salary budgets



Source: Milliman Northwest Healthcare Compensation Survey, May 2020

Live poll #2

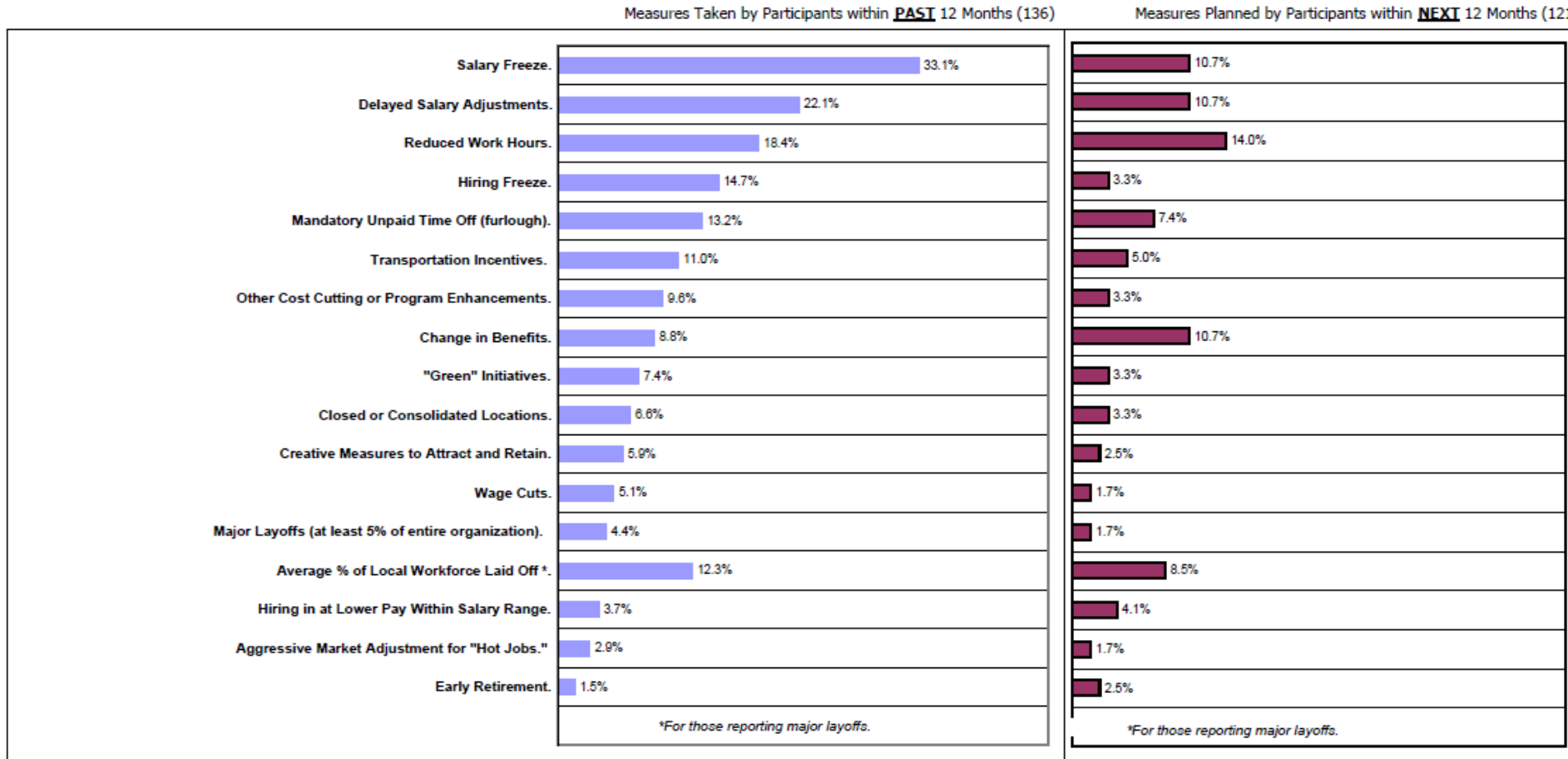
Overall, how is your organization handling planned merit increases?



Source: Results of live in-webinar poll, May 26, 2020. Duplicate submissions within the same organization were eliminated from the data set (n=49).

Historical perspective

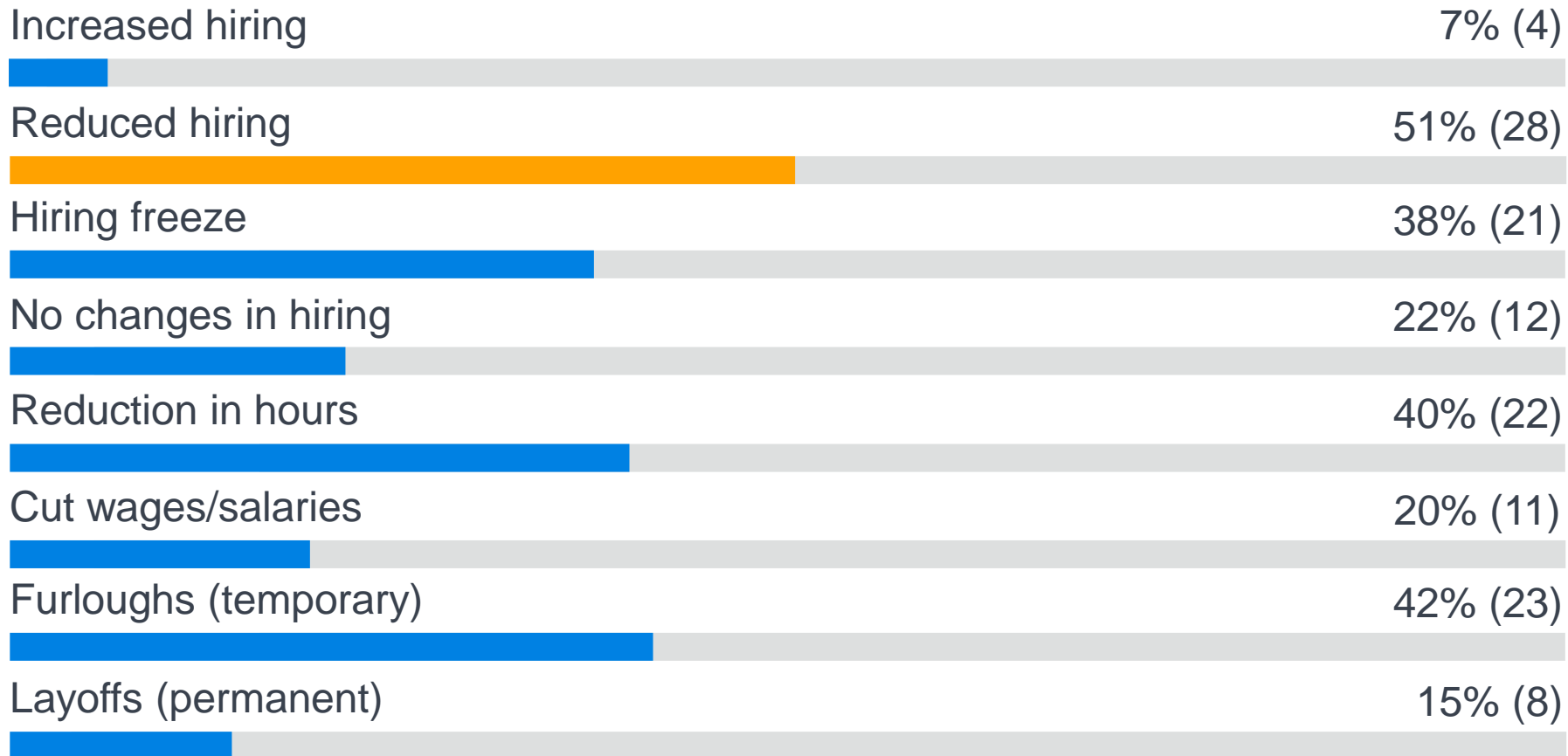
Post 2008 Recession compensation program changes



Source: Milliman Northwest Healthcare Compensation Survey, April 2010

Live poll #3

How is your organization currently responding to COVID-19? (Select all that apply)



Source: Results of live in-webinar poll, May 26, 2020. Duplicate submissions within the same organization were eliminated from the data set (n=55).

COVID-19 impacts & implications

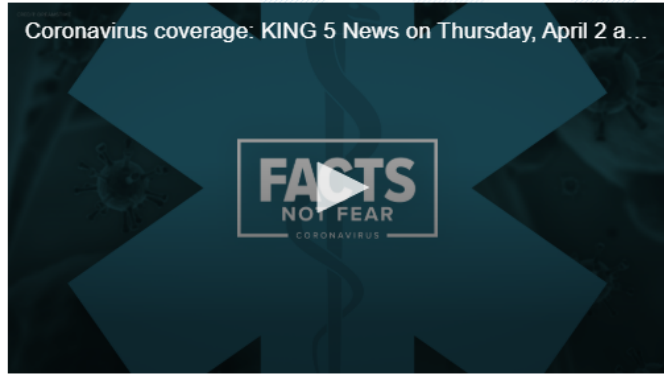
Cost containment measures

CORONAVIRUS

Virginia Mason Medical Center to furlough workers, cut pay amid Washington coronavirus crisis

Top medical center leaders notified managers of the decision this week, citing a 30% drop in revenue since the COVID-19 crisis began.

Coronavirus coverage: KING 5 News on Thursday, April 2 a...



Coronavirus

In midst of pandemic, Oregon hospitals cut workers' pay, require furloughs



UW Medicine furloughs 1,500 staffers, with more on the table; could \$500 million shortfall hamper coronavirus response?

May 18, 2020 at 2:30 pm | Updated May 18, 2020 at 6:23 pm

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COVID-19 impacts & implications

Cost containment measures

Furlough

Definition: Temporary leave from which the employee is expected to return to work or to be restored from a reduced work schedule.

- **Occurring** **43%**
- **Considering** **8%**

Layoff

Definition: Permanent separation from employment due to a lack of work available. Typically the employee holds no blame.

- **Occurring** **12%**
- **Considering** **12%**

Based on data reported by 65 organizations in the Northwest Healthcare Compensation Survey, May 2020

COVID-19 impacts & implications

Cost containment measures

Base salary reductions	Voluntary	Involuntary
Temporary	20%	11%
Permanent	2%	3%

Based on data reported by 65 organizations in the Northwest Healthcare Compensation Survey, May 2020

COVID-19 impacts & implications

Other considerations

Hazard Pay

Definition: Additional pay for performing hazardous duty or work involving physical hardship.

The **majority** of healthcare employers are **not implementing hazard pay**

Data Source: Milliman Northwest Healthcare Compensation Survey, May 2020



COVID-19 impacts & implications

Other considerations



Most organizations are not mandating **overtime** for clinical and non-clinical workers, and are **shifting staff** to COVID-19 services.

Changing policies:

55% have made or are considering changes to their **sick leave** policies

42% have made or are considering changes to their **PTO** policies

Other incentives:

25% are considering offering **childcare benefits**

27% are considering other incentives such as **employee assistance funds** or **daily lunches**

Source: Milliman Northwest Healthcare COVID-19 Pulse Survey, April 2020

COVID-19 impacts & implications

Importance of communication

— / SHRM COVID 19 RESEARCH: HUMAN RESOURCES / —

OVER 1 IN 4
AMERICAN WORKERS (27%)

REPORT THEY **HAVEN'T BEEN TOLD ANYTHING** ABOUT HOW THEIR ORGANIZATION WAS REACTING, HIGHLIGHTING A POTENTIAL DISCONNECT BETWEEN HR/EXECUTIVE PREPAREDNESS AND COMMUNICATION TO THE WORKFORCE



Communicating with employees

Communicating with employees

A time of rapid change



Frequency. Communicate often and maintain consistency. Don't wait until you have all the answers.



Channels. Keep open lines for two-way communication.



Audience. Lead with empathy. Think about the issues from the employees' point of view. This is personal – health, safety, money, anxiety.

Communicating with employees



1. **Who** is affected?
2. **What** are you doing to keep employees safe?
What do I need to do?
3. **When** is it happening?
When do I need to do something?
4. **Where** do I find answers/support?
5. **Why** is it happening?



Questions

We'll get through this!

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Client Service Coordinator



Jeannine Conway
Senior Web Developer



Larry Daniels
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Thank you

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