

**PONDERA MEDICAL CENTER
ADMINISTRATIVE POLICY/PROCEDURE**

POLICY NUMBER: 84.09.2013.OP.51

TITLE: WAGE ADMINISTRATION POLICY

AREAS AFFECTED: ALL EMPLOYEES

PURPOSE:

To define and communicate to employees the methods and processes used to determine their individual wages and changes in those wages due to market changes, position changes, and performance evaluations.

DEFINITIONS:

Market Adjustment: A market adjustment is any change to the wage base published in the annual Montana Hospital Association Wage and Salary Review report.

Demotion: A demotion is any change of job titles/responsibilities that moves an individual into a new wage scale with a lower base wage than the previous job's base wage rate.

Promotion: A promotion is any change of job titles/responsibilities that moves an individual into a new wage scale with a higher base wage than the previous job's base wage rate.

Performance Based Increase: A performance based increase is a change in wage rate generated by the results of an annual employee performance evaluation.

POLICY:

Pondera Medical Center manages employee wages in a consistent manner that creates wage scales that are competitive across the state, nationally, and locally and has defined procedures for analysis of the wages to maintain competitiveness. In addition, PMC has defined procedures and schedules for evaluating employee performance against established and known standards, rewarding high performing individuals at a higher rate.

PROCEDURES:

Establishment of Wage Rates

Pondera Medical Center will establish wage rates for each job description based substantially on those reported for similar jobs in the annual Montana Hospital Association Wage and Salary Review report. PMC will establish base rates at no less than the average minimum reported base wage and no higher than the average highest base wage reported. The target midpoint wage rate will be the wage reported as the 75th percentile wage for all incumbents. Financial capability will determine whether this level is achieved in any budget year.

Changes in Base Rate

In the event of a market adjustment, demotion or promotion, the employee will maintain their position within the wage scale at the same level they were on the previous wage scale. For example, if the employee was 20% above the base wage rate on the previous wage scale, they will be 20% above the new base rate.

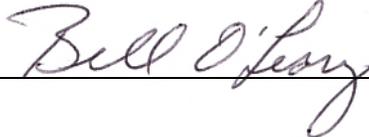
Performance Reviews

For performance-based wage increases, the employee's evaluation will show a performance level which will determine the amount of the increase. The performance levels are: a) exceeds expectations b) meets expectations c) below expectations d) needs improvement. Each performance level will be assigned a percentage increase value each year, depending on financial capabilities, which will be the increase provided to the employee.

If an employee is at the maximum wage rate for their job description, the annualized amount of the percentage wage increase will be paid as a lump sum bonus. If the increase places an employee above the maximum wage rate for their job description, their wage will be increased to the maximum wage rate for their job description. Any difference will be annualized and paid as a lump sum bonus. For example, an employee is earning \$10.50 per hour in a wage scale with a maximum of \$11.00. The employee earns a 6% increase, equivalent to \$0.63 per hour (6% x \$10.50 = \$0.63). The employee's wage will be increased to \$11 and the employee will receive a lump sum bonus of \$270.40 (\$10.50 + \$0.63 = \$11.13) (\$11.13 - \$11.00 = \$0.13) (\$0.13 x 2080 = \$270.40).

Date of Origin: 09/13
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Date(s) of Revision: 10/15
Effective Date: 01/14

Contact Person(s): Human Resources, CFO, Director of Finance, CEO

Executive Approval: 

Date of Board of Directors Review: 10/03/13