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*Caregiver Compensation Models  
To Promote Cost Control, Productivity,  
Case Capacity, & Retention*

NAHC

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# *Staff Growth & Development*

“To Build a Great Staff,  
Pay Them Well,  
Keep Them Busy, and  
Keep Them Happy”

Jules W. Lederer, Chairman & Founder  
Budget Rent a Car Corp. of America

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# *Caregiver Compensation Goals*

From an Agency Perspective

- Staff Recruitment & Retention
- Optimize Productivity
- Management of Unit Costs
- Management of Episodic Costs
- Optimize Case Management Capacity
- Utilize Primary Case Management Model

# *Caregiver Compensation Goals*

From a Staff Caregiver Prospective

- Take Home "Pay"
- Work Effort (Time Required)
- Sense of Accomplishment - Patient Caring
- Sense of Management Appreciation
- Sense of Contribution to Agency
- Sense of Fairness
- Educational Opportunities



# *Caregiver Compensation*

## Remuneration

### ■ Fringe Benefits

- Health & Dental

- Paid Time Off (Vacation, Sick, Personal, & Holidays)

- Disability (Long Term & Short Term)

- Retirement (Pension, Profit Sharing, 401K, or 403B)

### ■ Automobile Reimbursement

### ■ Educational Reimbursement

# *Caregiver Compensation*

## Remuneration Models (With & Without Fringes)

- Hourly (Non-Exempt)
- Salaried (Both Exempt & Non-Exempt)
  - With or Without a Visit Productivity Bonus
- Pure Incentives ([Per Visit Rates] [Non-Exempt])
  - Weekday & Weekend Structure
  - With or Without a Case Management Incentive

Human Resource Policies May Effect Creative Flexibility

# *Caregiver Compensation*

## Hourly & Non-Exempt Salary

- Pros From the Staff Prospective
  - Common Acceptance and Earnings Well Defined
  - Overtime Compensation Well Defined
- Pros From the Agency Prospective
  - Common Acceptance and Regular - Overtime Earnings Well Defined in Relationship to Working Time as Recorded

# *Caregiver Compensation*

- Cons From an Agency Prospective
  - 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



# Caregiver Compensation

## Exempt Salary

- Same Pros & Cons are True as Those for Hourly & Non-Exempt Salary
- Additional Pro From the Agency Prospective
  - Cost of Overtime Eliminated
- Additional Con From the Staff Prospective
  - Compensation for Overtime Eliminated
- Without Positive Incentives - *Exposure to Labor Relations Actions*

# *Caregiver Compensation*

## Popular Myths

### 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

# *Caregiver Compensation*

## Pure Incentives ([Per Visit Rates] [Non-Exempt])

- Visit Rates
    - Structured by Type of Visit
    - Cafeteria Approach to Premium-Based Fringes
  - Paid Days Off Based Upon Average Daily Earnings for the Previous Quarter (or Six Months)
  - Compensation Floor at 70% of Average Projected Earnings, if Advantageous
  - Episodic Incentive, Layered up to 6% of Quarterly Earnings, Based Upon Threshold of Cases Managed in a Calendar Quarter
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# *Caregiver Compensation*

Pure Incentives ([Per Visit Rates] [Non-Exempt])

## ■ Weekender Program

- Additional Weekend Premium to Visit Rates
- Friday-Noon to Monday-Noon
- All Scheduled Admissions & Follow-up Visits
- All Weekend On-Call Activity to Separate Staff Person
- Earns Prorated Fringe Benefits Including Paid Days off



# *Caregiver Compensation*

Pure Incentives ([Per Visit Rates] [Non-Exempt])

## ■ Pros From the Staff Prospective

- Earnings Potential Well Defined
- Earnings Directly Relate to Effort
- Continuity & Coordination of Patient Care
- Improved Morale (No Longer Carrying “Deadwood”)

## ■ Cons From the Staff Prospective

- May Not be Readily Accepted Within Agency Structure
- Less Productive Staff Fear Loss of Earnings
- No Overtime Compensation
- Enforces Timeliness

# *Caregiver Compensation*

Pure Incentives ([Per Visit Rates] [Non-Exempt])

- Pros From an Agency Prospective

- 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

# *Caregiver Compensation*

Pure Incentives ([Per Visit Rates] [Non-Exempt])

- Cons From the Agency Prospective
  - May Not be Initially Accepted Within Agency Staff
  - May Cause Attrition of Less Productive Staff
  - Generally Not Acceptable to Union Representation

# *Caregiver Compensation*

## Popular Myths

Pure Incentives ([Per Visit Rates] [Non-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



# *Caregiver Compensation*

## The Elwell Decision

- The University (defendant) failed to keep all compensation related to a visit unit.
- Created an unnecessary fear that incentive compensation will automatically lead to Wage and Hour liability exposure.
- Heightened awareness to assure compliance with all issues.
- Confirmed that a properly designed program will meet all requirements for exempt status

# *Caregiver Compensation*

## Premium Based Fringe Benefits

### ■ Current General Practices

- Employee Contributes to Single Coverage
- Employee Pays Most, If Not All, Family Coverage
- Employee Compensation Doesn't Increase if Fringe Benefits are Passed Over
- Agency & Employee Pay FICA & Medicare Tax on Compensation Paid to Cover Employee's Contributions
- Employee Pays Income Tax on Compensation Paid to Cover Employee's Contributions

# *Caregiver Compensation*

## Premium Based Fringe Benefits

### ■ Creative Approach

- Agency Absorbs 100% of Employee Single Coverage
- Agency Absorbs Portion of Family Coverage
- Compensation Rates Are Reduced in Direct Proportion
  - » Creates Different Compensation Rates For Staff With Single & Family Coverage & Without Any Coverage
- Agency Saves Expense Equal To FICA & Medicare Tax
- Staff Saves Income Tax As Well As FICA & Medicare Tax & Enjoys Increased Net Income & Take Home Pay

# *Caregiver Compensation*

## Popular Myths

### Premium Based Fringe Benefits

- Employee Contributions Towards Fringes Reduce Agency Costs
- Employees Should Share in the Cost of Fringes to Establish Their Value
- Employee Contributions Towards Fringes are Required by Human Resource Policies



# *Caregiver Compensation*

## Automobile Reimbursement

- Mileage vs. Flat Rate Per Visit
- Mileage Generates
  - Revenue for the Caregiver
  - Documentation That Isn't Accurate
  - Audit Requirements to Issue Reimbursement Checks
- Flat Rates Based On
  - Average Mileage Per Visit x Rate Per Mile
    - » Can Be Zoned for Large Geography
  - Number of Visits in the Pay Period or Month

TELL ME AGAIN HOW  
LUCKY I AM TO BE  
WORKING HERE!!

I  
KEEP  
FORGETTING

