

HHRAM Herald

Healthcare Human
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Association of
Minnesota

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Healthcare Human Resources Association of Minnesota - An Affiliated Chapter of ASHHRA -
American Society for Healthcare Human Resources Administration & American Hospital Association

Letter from the President

By Becky Thiesfeld

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As the year begins to wind down, we find ourselves faced with many of the same challenges we started with. HHRAM has worked this past year to focus our energies on delivering value and supporting you and your organizations' success through this challenging time.

Despite all the challenges we have faced this year; HHRAM has seen many successes! We held two incredibly successful conferences; again focused on bringing you relevant and timely information, education and networking opportunities. We have experienced enhanced and expanded communication opportunities via our new web-site. Committees have continued to work to develop and expand areas of focus; such as the salary survey. HHRAM has maintained strong membership and continued support from our business partners. Finally, the HHRAM Board met recently to engage in a strategic planning session which will lead to exciting new initiatives for the next few years.

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HHRAM Recognized at ASHHRA Conference

Several HHRAM members attended the 2009 ASHHRA Conference in Chicago. In addition to excellent learning sessions, networking with colleagues from across the country and a night of dancing at the House of Blues, HHRAM members were honored with several awards from ASHHRA.

Teresa Jacobsen and Becky Thiesfeld accepted the ASHHRA 4-Star Award for excellent in chapter management. This award provides HHRAM with a cash contribution to our chapter as well as four ASHHRA memberships.

Jennifer Gryte received the Outstanding Chapter Officer award for her work as HHRAM President in 2008, and Marit Brock received the Outstanding Chapter Contribution award. HHRAM is proud of the success of our chapter and our members, and we appreciate the recognition of our national society.

A Difficult Period for Employee Paychecks

By Heather Lintner and Chuck Lindberg
Denarius Human Resources, Inc.

2009 Labor Market Assessment

2009 was a very difficult year for employee paychecks. Thousands were victims of layoffs and job eliminations resulting in the highest levels of unemployment in Minnesota and nationwide that we have experienced since the early 1980's. As year end 2009 approaches, national unemployment stands at 10.2%. The Minnesota unemployment rate is 7.6% and 100,000 jobs have been lost in the state since last year. An encouraging drop in the unemployment rate in September was followed by an increase in October. The economy remains shaky and recovery in the labor market remains tentative. Employer reactions to what some are forecasting as a 'double-dip' recession could result in a repeat of 2009—a sharp change of plans and pulling back. And, according to a recent survey by the Conference Board people remain worried about losing their jobs. 49.8 percent of the 5,000 households surveyed said jobs were 'hard to get', while those who thought jobs 'are plentiful' amounted to only 3.2 percent. About the most positive comment that can be made about 2009 is that the lucky employees were those that simply held onto their jobs.

A Recent History of Base Pay Adjustments

Employee Group	2006	2007	2008	2009	2010 (Estimated)
Salaried exempt	3.6%	3.7%	3.7%	1.8%	2.7%
Executives	3.9%	4.0%	3.9%	1.4%	2.6%
Salaried nonexempt	3.5%	3.6%	3.7%	1.9%	2.6%
Nonunion hourly	3.5%	3.6%	3.6%	2.0%	2.7%
Unionized	3.3%	3.3%	3.4%	2.2%	2.7%

2010 Is Looking Brighter

A hopeful sign is that there has been a modest pickup in temporary worker hiring, an often first indication that permanent employees will be hired soon. But, it is far from clear whether the corner is turning toward a period of sustained job growth. 2010 may be better for employees. Overtime in manufacturing companies has also begun to rise, a good sign. When orders start rebounding, at first it's cheaper to add hours to current employee schedules than it is to hire more employees. If orders continue to rise, however, a point is reached where paying the higher wage rates with overtime is more costly than hiring additional employees. This results in employment rising.

Employers also plan to raise pay in 2010. The high majority (as much as 83% in one survey) are planning to raise employee pay next year by an average amount just above 2.5% (see Table 1). Only 13% of companies plan salary freezes, well down from the 50% that did so in 2009. More than half of the

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2009 Compliance Update: A Plethora of Change

By Keith Friede

During this tumultuous year, many healthcare human resources professionals have been focused on reform debate in Washington. As important as this is, 2009 has ushered in many new mandates that require our immediate attention. Here's a quick overview of some of these new mandates:

Healthcare HR professionals should review organizational compliance with new 2010 mandates

- ◆ The newest twist on COBRA premium subsidies is that an individual who experiences an involuntary termination qualifying event in December, but wouldn't start COBRA until January, will *not* be eligible for the subsidy. Also, bills in Congress propose to extend the eligibility cutoff for subsidies, extend the subsidy period, and even extend the COBRA period itself for some qualified beneficiaries.
- ◆ Each HIPAA covered entity must now have procedures in place for notifying individuals in the event of a breach of unsecured protected health information. Also on the horizon are effective dates for HIPAA standards to apply to business associates, and for maintaining an accounting of routine disclosures of information from electronic health records.
- ◆ The Genetic Information Nondiscrimination Act prohibits the collection of family medical history information prior to health plan enrollment or for underwriting purposes. Also, there are now strict limits on collection and use of this information by employers. Wellness programs will very likely be affected, and the EEOC poster has been revised.
- ◆ Under the Children's Health Insurance Program Reauthorization Act, there are two new special enrollment situations for health plans. This will require a new notification to employees (model notice language is expected in early 2010) and disclosure of information at the request of state agencies.
- ◆ The Mental Health Parity and Addiction Equity Act has extended parity requirements in group health plans to substance use disorder benefits (if provided) including financial requirements, treatment limitations, and out-of-network provider coverage.
- ◆ The FTC is suggesting that employers providing health flexible spending arrangement debit cards may be subject to the Red Flag Rule requiring identity theft prevention procedures. Enforcement of the rule has been delayed to June 1, 2010.
- ◆ For group health plans with a full-time student eligibility requirement, a coverage extension will be required for dependent children who take a medically necessary leave of absence. A new notification is required with any requirement for proof of student status.
- ◆ New final regulations for HSA contribution comparability were issued this fall. Employers that allow employees to make their own HSA contributions through a cafeteria plan are exempt from these requirements, but must focus on cafeteria plan nondiscrimination testing issues.
- ◆ The EEOC issued new proposed regulations reflecting changes passed under the ADA Amendments Act. The bottom line here is that many more employees are now entitled to protection under the ADA, making an employer's "interactive process" with respect to workplace accommodations critically important.
- ◆ Under the National Defense Authorization Act for FY 2010, there are expanded FMLA leave entitlements for employees with respect to military-related "qualifying exigencies," and the serious illness or injury of a service

*Thanks to the HHRAM
Board and our many
volunteers for a
successful 2009*

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But the greatest asset we have as HHRAM members is the hard work and dedication of our excellent board and volunteers. All the successes and opportunities we have available to us would not be possible without the commitment of the board and volunteers to the HHRAM mission: to develop excellence in healthcare human resource professionals.

I would like to thank you for the opportunity to serve this year as your president. I am proud to have represented this organization and its dedicated volunteers and look forward to continuing to serve for years to come! As always, I encourage each of you to lend your time and talents to this vibrant organization.

Please welcome Sarah Fredrickson as the 2010 HHRAM President. Sarah has been a member for many years and has the energy and commitment to keep our organization moving forward.

Wishing all of you a wonderful and safe holiday season,

Becky Thiesfeld
HHRAM President

Using the HHRAM Discussion Forum

If you are looking for feedback from your HHRAM colleagues you should take a few minutes to look at the HHRAM discussion forum feature on the website. It is easy to post a question, and you receive an email when someone responds to your posting. Better yet, the responses are saved in the forum so anyone can look back at the feedback rather than having to track down old emails.

Need a reminder about how to use the HHRAM Website? Click on the User Guide posted in the top right corner of the homepage at www.hhram.org.

HHRAM Discussions	
Topic Title	
	What makes Healthcare HR different? Author: Karmen Reid
	Health Plan Options Author: Leah Nelson
	Smoke Free Grounds Author: Rachel Jahner
	H1N1 Author: Sarah Hastings
	DME Coordinator Author: Jackie Buboltz
	Benefits for PRN staff? Author: David Johnson
	Online Discussion Feature Author: Leah Nelson
	HHRAM Fall Conference - Reminder Author: Karmen Reid

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firms with a pay freeze in place are planning to end them in the next six months. Virtually no companies are intending to reduce salaries, compared to the 10% which implemented pay cuts in 2009.

Overall though, caution should prevail. First, it should be noted that when the 2009 salary adjustment planning surveys were being conducted (late summer and fall of 2008), the planned increase averaged between 3 and 4 percent. This turned out to be a full percent and one half above what actually happened during 2009! While we acknowledge that the economy deteriorated rapidly in the late second half of 2008 which mainly occurred after most of the 2008/2009 salary planning surveys had been completed, our experience is that estimates made by compensation and human resources professional often overestimate what actually happens. (We're an optimistic lot.)

Those cautions expressed, the 2010 forecasts for salary adjustments show that companies are indeed reaching for their wallets and at least peeking in. Planned increases, at an average of under 3 percent, is the lowest in more than 25 years. Despite this low level there is very little expectation that inflation in 2010 will erode the real value of increases granted. Significant slack in production capacity means that overall inflationary pressures are unlikely in the coming year and recent inflation expectations are near or below 2 percent.

Salary increase plans such as these typically include: merit pay increases, cost of living adjustments, general increases, market adjustments or a combination of these. There is general consistency across employee levels. Budgeted salary increases are projected to average 2.6% to 2.7% across all employee categories.

The Minnesota healthcare sector was much the same as the national all-industry and national data samples which participated in periodic salary planning surveys. Recent PayPulse™ surveys conducted by Denarius Human Resources revealed that it was well past mid-year before organizations decided on a direction for 2010 pay increases. When final decisions were made, pay adjustment plans appeared to be conservative.

Salary Ranges

Organizations with salary ranges in place also plan adjustments to their pay structure by modest amounts. These adjustments are most often made to reflect market movement in pay rates. Typically, the minimums, midpoints and maximums of each salary range are all increased by close to the same percentage, especially in this type of year where overall increases are so conservative. Structure movement projections for 2010 are expected to average 2.8% with 'zero increases' included in the calculated average, and 3.1% with 'zeros omitted.' This is somewhat above the 2009 comparable statistic of 1.8%, but is still a little below recent historical levels of between 2.5 and 3.0 percent.

NOTE: The data presented in this edition of Pay-for-Performance News included information from Denarius Human Resources, Inc. clients and from surveys published by RSM McGladrey, Watson Wyatt, Hewitt Associates, Culpepper and Associates, The Conference Board, CompForce.com and The Wall Street Journal.

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Announcements

2010 Memberships Due

Remember to renew your HHRAM membership for 2010. Membership runs from January through December each year. Membership dues will continue at the low price of \$50 for 2010.

You can renew your membership online by visiting www.hhram.org and selecting Apply/Renew membership on the About tab.

Save the Date 2010 HHRAM Spring Conference

The 2010 Spring Conference will be held April 15-16, 2010 at the Hilton Minneapolis/St Paul Airport. The Spring conference is a great opportunity to network with colleagues and attend learning sessions on the latest topics relevant to our profession.

Watch for registration information coming soon!

HHRAM is building a Sample Library

HHRAM members can submit sample policies, job descriptions, forms and other useful items to help us build a sample library on our website. To submit an item send an electronic copy to mbrock@mngastro.com or to your Regional Director.

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member. These recent changes have made many of the model certifications and notices issued earlier this year obsolete. New regulations and model forms are expected.

- ◆ The Lilly Ledbetter Fair Pay Act resets the statute of limitations "clock" each time an employee receives a paycheck that has been affected by a discriminatory compensation decision, resulting in a far longer period for filing discrimination claims under the Civil Rights Act, the ADEA and the ADA. This makes it critically important for employers to continuously monitor procedures for determining employee compensation, and maintain documents demonstrating non-discriminatory pay practices for many years.

With so much change, it is more important than ever to be sure that you have the right resources and compliance support.

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*HHRAM Members at 2009 ASHHRA Conference in Chicago
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