

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

Summer 2016

Letter from the President

By Shannon Demgen

President's Letter

There isn't a better time in Minnesota than the summertime! I hope you have taken some time away from the office to enjoy your favorite summer activities. It's hard to believe the Spring Conference was almost three months ago but I would like to take a moment and thank Chad Engstrom and Danielle Middleton for planning an amazing conference. We took away great information on employee engagement and were able to enjoy the charm of Stillwater, Minnesota. We were lucky to have the ASHHRA President attend the Spring Conference and we are excited to share some of her take-aways from the conference in this newsletter.

Right after the Spring Conference in May, the Department of Labor announced changes to the FLSA overtime rules. As Human Resources professionals, this is a priority for many of us to determine how to respond to the new salary threshold. Grant Collins from Fredrickson Byron Law Firm shares a step-by-step guide to comply with the final overtime rules in this newsletter. We also look forward to a Legal Update from Grant at the Fall Conference.

Several members of the HHRAM board will be traveling to Grapevine, Texas in September for the ASHHRA conference. The conference theme is Nurturing Engagement In Shifting Landscapes. We look forward to sharing some conference highlights with you in the fall newsletter. HHRAM offers a scholarship to attend the ASHHRA conference but we did not have any applicants by the application deadline so we have extended the deadline to August 18, 2016. The application is available on the HHRAM website, www.hhram.org.

It's hard to think about cooler weather but I hope to see many of you at the Fall Conference. The conference planners have been very busy putting together an amazing agenda and networking events for HR leaders. The conference will be October 26-28th at Treasure Island Resort & Casino. More information is provided in this newsletter and conference brochures have mailed out to all members.

The HHRAM board has been making progress on our 2016 goals. We conducted a member needs assessment during the first quarter and shared some of the results from that survey at the Spring Conference. We have completed research on options and evaluated length of board terms and responsibilities. Board terms will remain unchanged but board members will be documenting the responsibilities of their position to help their successor transition into their new board position. During 3rd and 4th quarter the board will work with the HHRAM Salary Survey vendor to promote the salary survey and its benefits.

If you have any questions or are interested in getting more involved with HHRAM, please contact me at sdemgen@mngastro.com.

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Treasurer's Report

HHRAM remains in good financial standings YTD for the 2016 calendar year.

The current checking account balance as of June 20, 2016 is \$94,790.54 with \$42,885.76 in CDs.

Income	Budget 2016	Actual YTD thru 6/20/216
Investment Income	\$ 300	\$ 27
ASHHRA Chapter Awards	\$ 1,000	\$
Program Income (Salary Survey Review Sharing)	\$ 7,000	\$
Membership Dues	\$ 12,000	\$ 12,150
Conference Income – Spring 2016	\$ 21,000	\$ 38,045
Conference Income – Fall 2016	\$ 32,000	\$ 1,000
Total	\$ 73,300	\$ 51222
Expenses		
Chapter Relations (ASHHRA conference & ASHHRA Memberships)	\$ 7,500	\$ 3,319
Conference Expenses (Spring)	\$ 18,000	\$ 13,387
Conference Expense (Fall)	\$ 30,000	\$ 1,264
Contracted Services – Accounting & Mgmt	\$ 6,500	\$ 4,422
Monthly Operations (Fees, Postage, Printing, Phone, Supplies, D&O Liability)	\$ 2,990	\$ 2,220
Scholarships (2 education, 1 ASHHRA, 2 HHRAM)	\$ 3,800	\$ 300
Website Maintenance	\$ 300	\$ 390
Board Meeting Expense	\$ 2,500	\$ 613
Misc. – Collaborative, Education, Philanthropic, Donations, Regional Meetings	\$	\$ 425
Total	\$ 71,590	\$ 26,340

Message from the ASHHRA President

Dear ASHHRA Colleagues,

Last month, I had the opportunity to attend the Healthcare Human Resources Association of Minnesota (HHRAM) spring conference. I had a blast. I also got a really cool jacket! Thank you HHRAM. The theme of the conference was "Got Engagement?" Over the course of a day and a half, we had speakers share best practices and ask thought-provoking questions, challenging us to think about engagement in non-traditional ways.

During the first evening, we enjoyed a cruise on the St. Croix River on a paddlewheel boat. It was the perfect environment for connection. As we enjoyed a beautiful view, we engaged in a moment of fellowship. I enjoyed the opportunity to hear what was on the minds of these talented HR leaders. While some of the members were focused on bringing organizations together and others were trying to identify strategies to remain independent with a focus on strategic alliances, it was clear to me that, in every situation, our landscape is changing and we are expected to help lead our organizations through these uncharted waters.

During our time together, we also had the opportunity to talk about the CHHR and the value it brings to us as health care human resources leaders. I was excited to hear about how many attendees were considering taking the exam, and I am confident that some of

the tools in progress, such as the virtual study groups, will help provide another level of support for those engaged in their professional development through achieving CHHR certification. [Please click here](#) for more details about the certification.

As I think back on my time in Minnesota, I reflect on the value in bringing people together to have these conversations. Not only do we have the opportunity to learn from each other, we also have the ability to "let our hair down" and work through our own challenges and opportunities in a safe, supportive, collaborative environment. In a position where we are so often "on stage," it is nice to have an intermission and the opportunity to be vulnerable.

As I look to September, I get excited about the opportunity to connect at a national level. The annual conference provides us the opportunity to collaborate, learn and work through issues. It is an opportunity for fellowship. I would love to have the opportunity to connect with you and learn from our shared experiences. Please plan on attending the ASHHRA conference in Grapevine, Texas. You can [click here](#) for more information and to register.

Kristen E. Fox, MBA, CHHR, SPHR, SHRM-SCP

ASHHRA 2016 President
Director, Partner Integration
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CHHR Scholarship and Exam

By Nicole Schell

One of my professional goals for 2016 was to become Certified in Healthcare Human Resources (CHHR) through our national organization, the American Society for Healthcare Human Resources Administration (ASHHRA). I saw that ASHHRA was/is offering a CHHR Exam Scholarship so I decided that this past winter was the time to pursue the goal. I applied and was awarded the scholarship so my testing fees were paid for so I then began to study by utilizing the framework outlined by the CHHR Examination Preparation Guide. The study process was a good way to refresh my knowledge in the domains of healthcare business knowledge, HR delivery, community citizenship, people strategies, and personal leadership.

I became Certified in Healthcare Human Resources (CHHR) in April. Achieving the CHHR is an example of my commitment to lifelong learning in support of my profession and to the healthcare industry.

Visit the ASHHRA website, www.ashhra.org/learning/certification to learn more about the CHHR.

FLSA Overtime Change is Final and Starts December 1

By Grant T. Collins, Attorney
Felhaber Larson Law Firm

In May, the Department of Labor (DOL) announced that effective Dec. 1, 2016, the salary threshold for exempt employment will be \$913.00 per week (\$47,476 annually). That's just a tiny bit more than double the current threshold.

The DOL estimates that this change will entitle approximately 35% of all workers currently salaried to become eligible for overtime. The DOL further speculates that the change will put an additional \$12 billion in workers' pockets over the next decade.

Key Facets of the Final Rule

Although many of the changes were telegraphed in the DOL's proposed rule, which was released in July 2015, the final version of this rule tossed a few last-second curve balls to keep employers on their toes. For example:

- The final salary threshold of \$913.00 per week (\$47,476 annually) is approximately \$4,000 less than the original proposal.
- The salary threshold will be "automatically" increased every three years, a change from the annual updating that has been under consideration. The intent of the automatic increase is to insure that the threshold stays at the 40th percentile of full-time salaries in the lowest income region of the country.
- The "highly compensated employee" threshold will increase from \$100,000 to \$134,004 annually. This exemption applies if an employee earns this amount and meets any one of the factors under the so-called "White Collar Exemptions" (executive, administrative or professional).
- According to the DOL press release, the new rules "respond to employers' concerns by making no changes to the "duties test." Only the salary threshold for exemption is changing – at least for now.
- Non-discretionary bonuses and commissions may be counted for up to 10% of the threshold. Therefore, if an employee earns \$850.00 in a week but also receives a commission of \$65.00 (or perhaps a perfect attendance bonus, a sales quota bonus, or some other similar payment of that amount), the exemption remains intact. In a Q&A released in May, the DOL stated that such bonus or commission payments must be made on a quarterly basis or more frequently, but if at the time of the payments they still do not satisfy the threshold, the employer may make a "catch-up" payment to preserve the exemption.

With the December 1st deadline less than four months away, employers need to begin thinking about how they are going to respond to the new salary threshold. Should employees close to the minimum requirement be given raises so that they exceed the threshold? Should newly non-exempt workers be paid hourly or remain on a salary? How do we make all these changes but still keep close to our labor budget?

Provided below is a step-by-step guide for employers to consider as they take the necessary steps to comply with the new DOL rules.

Step-by-Step Guide to Preparing for the New Rules

- Step #1 – Target "At Risk" Job Classifications.

The first step will be to identify those employees who are "at risk" of falling below the new salary threshold. Because the new threshold is \$913.00 per week (\$47,476 annually), employers should at the very least, review all job classifications where any employee is at or below the new salary threshold.

- Step #2 – Ensure "At Risk" Classifications Perform Exempt Duties.

The next step is to conduct an FLSA review the "at risk" job classifications. Because exempt status requires two elements (being paid a minimum salary and performing exempt duties), employers need to ensure that these individuals are performing exempt duties. Consider engaging an attorney with FLSA experience to double-check and confirm your assessment of whether the relevant employees are performing exempt duties.

- Step #3 – Developing a Decision-Making Tool.

The next step is to develop a “decisional tool” that will help you make a decision as to how to proceed with each “at risk” job classification. This will require input from HR, managers, and legal counsel.

- *Option #1 – Increase Salary to Meet New Salary Threshold.* Use salary surveys and other salary-related information to assess whether the salary for some classifications needs to be increased. Also consider the level of risk that the job classification is performing non-exempt duties per Step #2. That is, if a job classification is a “close call” for performing non-exempt duties, it is perhaps safer reclassify the job to non-exempt.
- *Option #2 – Re-Classify to Non-exempt.* Employers choosing this route need to think about each of the following:
 - What are the financial costs?
 - Does the job classification require a lot of overtime?
 - If so, should the employer reduce the hourly wage to “build in” the cost of paying overtime?
 - Does the job classification require a lot of travel?
 - If so, there may be added complications for recording and paying for travel time.
 - Are there additional ways to reduce overtime costs?
 - Considered paying a fixed salary for 45 hours of work (or another reasonable amount amount). This would reduce overtime payments to the ½ time (rather than 1.5 times) if the employees works 41-45 hours during the workweek.
 - If the employee works varying amounts of overtime each week, the employer could consider using the “fluctuating work week” to minimize overtime costs.
 - Are there ways to restructure the job to prevent the employee from working over 40 hours per week?
 - Consider restructuring jobs, reducing hours, creating job-sharing, etc.

- Step #4 – Make a Final Determination and Implement Any Changes.

After analyzing each job classification per the decisional tool set forth in Step #3, the employer must make a final determination as to each job classification. Then, to the extent any employee needs to be reclassified, the employer needs to make a plan for implementing the reclassification with help from payroll, the employee’s manager, etc.

Employers also should consider some trainings, meetings, etc. to help any affected employees understand the transition and what is expected of them in terms of recording their hours, checking email after hours, etc.

Conclusion

In light of the new overtime rule, employers are now faced with challenging decisions. For many employers, complying with the new rule will require a myriad of changes including their compensation structure and how they conduct business. While congressional legislation could block implementation of the final rule, such action is unlikely and is not cause for delay. Employers should proceed to make the changes necessary to comply with the new rule.

