University Medical Center of Southern Nevada
Governing Board Human Resources and Executive Compensation Committee
November 15, 2016

UMC ProVidence Suite
Trauma Building, 5^{th} Floor
800 Rose Street
Las Vegas, Clark County, Nevada
Tuesday, November 15, 2016
3:00 p.m.

CALL TO ORDER

The University Medical Center Governing Board Human Resources and Executive Compensation Committee met in the ProVidence Suite, UMC Trauma Building, 5^{th} Floor, Las Vegas, Clark County, Nevada, on Tuesday, November 15, 2016, at the hour of 3:00 p.m. The meeting was called to order at the hour of 3:00 p.m. by Chair Laura Lopez-Hobbs and the following members were present, which constituted a quorum of the members thereof:

Committee Members:

Present:
Laura Lopez-Hobbs, Chair
Renee Franklin
Robyn Caspersen
Harry Hagerty (via phone)

Others Present:
Deb Fox, Chief Nursing Officer
Doug Spring, Director of Human Resource Operations
Brenna Leising, Assistant Director of Human Resource Operations
Daisy Markham, Compensation and HRIS Manager
Terra Lovelin, Board Secretary

SECTION 1. OPENING CEREMONIES

ITEM NO. 1 PUBLIC COMMENT

Chair Lopez-Hobbs asked if there were any persons present in the audience wishing to be heard on any item on this agenda.

None present.

ITEM NO. 2 Approval of minutes of the regular meeting of the UMC Governing Board Human Resources and Executive Compensation meeting on September 20, 2016. *(For possible action)*

FINAL ACTION: A motion was made by Member Franklin that the minutes be approved as recommended. Motion carried by unanimous vote.

ITEM NO. 3 Approval of Agenda *(For possible action)*

FINAL ACTION: A motion was made by Member Franklin that the agenda be approved as recommended. Motion carried by unanimous vote.

SECTION 2. BUSINESS ITEMS

ITEM NO. 4 Discuss CEO performance metrics and market data. *(For possible action)*

DOCUMENT SUBMITTED:
-None submitted

DISCUSSION: Doug Spring, Director, Human Resource Operations explained at the last meeting there was a request that HR staff look at market data as it relates to CEO's and similar size hospitals. Daisy Markham, Compensation and HRIS Manager found that according to Sullivan Cotter and Associates, standalone hospitals are averaging around a 10% increase in their salaries. Integrated Healthcare Strategies, another healthcare consulting firm, has found about a 6.1% increase in CEO salaries.

Chair Lopez-Hobbs asked for an analysis on the reports they found.

It was also asked of the HR staff at the last meeting, to come back with what increases our managers and supervisors have received in 2016. The average merit increase for management compensation plan employees was 4.2%. This last July, executive staff received a 2% bonus, director level/upper management level received 1.5% and the remainder of management received 1.0% bonus.

Chair Lopez-Hobbs asked for bonus plan metrics and Mr. Spring replied that is it being patterned after the objectives for the CEO.

Chair Lopez-Hobbs requested Mr. VanHoweling's responses to these objectives before the December 14 Governing Board meeting.

Member Franklin mentioned that perhaps an informational meeting prior to the Governing Board meeting could take place.

Member Caspersen asked HR staff to suggest to Mr. VanHouweling that he provide the committee with any policies he may have developed as part of his metric review.

FINAL ACTION: Formal report on comparable metrics and Mr. VanHouweling response to his performance objectives prior to December 14, 2016.

ITEM NO. 5 Receive a report regarding recent market adjustment increases implemented for nursing classifications and the plan for other classification salaries to be updated to reflect the market. *(For possible action)*

DOCUMENTSUBMITTED: None

DISCUSSION: Daisy Markham, Compensation and HRIS Manger, gave a report to the committee regarding recent market adjustment increases that were implemented for the nursing classification.

Mercer conducted a survey for UMC and they ranked our base salary for nurses at the 60th percentile. We continued to notice however, that the hiring structure rates have become less competitive. UMC was 10-20 percent behind our local competitors, based on the collective bargaining agreements in place with those local competitor hospitals. Based on these findings, UMC implemented equity adjustments and reslotted our registered nurse classifications, two to three salary grades higher. The equity adjustment was estimated to cost approximately $2 million dollars and affected 1,076 incumbents. 18% did not receive an increase however, there were 82% of the nursing population that did receive some amount of an equity adjustment increase, averaging about 4%.

Mr. Spring added that the increase provided to the nurses was based on years of experience. We were having difficulty maintaining certain nursing positions and thus, having difficulty with filling these same positions.

Chair Lopez-Hobbs said the turnover data does not show that we have nursing issues.

Mr. Spring replied that we were having issues in our critical care areas and we had difficulty in filling a majority of our nursing positions.

Chair Lopez-Hobbs stated that in the past committee meetings management has discussed that UMC doesn’t have turnover issues in the nursing area. Management did a deep dive into those areas where we were having trouble and it didn’t appear that we had trouble with the nursing population.

Mr. Spring shared with Ms. Lopez-Hobbs the vacancy rates at prior meetings and our Chief Nursing Officer Deb Fox was having difficulty finding nurses to work shifts and fill positions. She created an incentive bonus as a short term solution so that we could encourage these nurses to work extra shifts. Receiving incentive pay, call back pay, overtime pay, etc. in order to fill our needs has helped us improve staffing. We were behind the local market in salaries. Because of the high acuity of the patients we have had at the hospital recently, we had to look at ways to encourage nurses to work more shifts. Now, we are hearing that they would like to get back to a sense of normalcy with regards to the hours they are working.

Chair Lopez-Hobbs replied that previous data did not reflect the issue. She also stated she didn't remember hearing that there was going to be a pay adjustments to 82% of the nursing staff.

Member Caspersen brought up the report that showed we were behind the pay scale for our critical care and other positions. She was interested in making sure a plan was in place to routinely review the market to ensure equity.

The 60th percentile is based on Mercer data, which is national data, we have a significant problem with our local market, and we are 10 to 20 percent below the local market.

FINAL ACTION: None taken.

ITEM NO. 6 Receive a report regarding the status of the development of a Personal Earnings Statement for communication to staff of UMC's investment in them. *(For possible action)*

DOCUMENTS SUBMITTED:
- Total Compensation Statement

DISCUSSION: Brenna Leising, Assistant Director of Human Resources presented the personal earnings statement that was requested by the Committee as the prior meeting.

Chair Lopez-Hobbs suggested that Ms. Leising put the total dollars in millions, in the pie chart showing what UMC pays for all employees in a year. This number will surprise people and stand out. She also suggested that Mason put the number in his statement as well.

Member Franklin added that she really likes what Brenna and her staff have done with this brochure. She likes the use of charts and graphs and thinks it's easy to understand. She would also like to encourage them to continue to share this information during the town halls and newsletters.

Member Hagerty requested that they show in the total compensation statement how much an employee would get over 25 years of retirement. Instead of showing a monthly retirement amount of $2,000, show that over 25 years at 3% after tax, it equals about $422,000.00; this amount is more impactful.

FINAL ACTION: Include total dollar amount that UMC pays for all employees in benefits.

ITEM NO. 7 Receive an update from Debra Fox, Chief Nursing Officer regarding the reorganization of the nursing division. *(For possible action)*

DOCUMENTS SUBMITTED:
- None submitted

DISCUSSION: Deb Fox, Chief Nursing Officer gave an update on the nursing restructure.

The first Governance and Strategy Retreat was held this month and 120 nurses were in attendance. Attendee's came to agreement on the UMC Nursing Vision Statement.

"The UMC Department of Nursing through its clinical practice, research efforts, professionalism, partnerships, and culture will reflect those things that embody Magnet and support the organization's goal to be a premier academic health center."

A steering committee that is made up of 25 nurses as well as many other representatives from different departments came up with a strategic plan through 2019. This committee also made the recommendation that we will be using a Counselor model. This model usually sustains a magnate designation and is the best model for UMC.

Ms. Fox explained the positions that have been filled and also the ones that still need to be filled. She did announce that all the ACNO positions have been filled and the Director level positons are 75% complete.

The feedback that she has received is positive as employees are starting to see the effects of the changes.

Member Caspersen asked if Ms. Fox has seen evidence that due to the changes she has made, are the open positions more attractive? Also, with regards to retention, is it trending in the right direction due to the new framework?

Ms. Fox replied that people are hearing that good things are happening at UMC and they want to be a part of it. We are still sitting at 5 to 6% turnover which is lower than other magnate nursing departments. She isn't sure if people are staying because of the restructuring but she hears staff say that maybe things are changing for the better.

Mr. Spring said what he has heard is that people want to be part of this, they want to be part of the magnate status and are looking forward to the change.

Ms. Fox added that the ACNO's are engaged and excited and have started to do some great things, she is very hopeful and said that HR has been a great partner; she could not have done without them.

FINAL ACTION: None

ITEM NO. 8 Identify emerging issues to be addressed by staff or by the Human Resources and Executive Compensation Committee at future meetings; and direct staff accordingly. *(For possible action)*

DOCUMENTS SUBMITTED: None submitted

DISCUSSION: None

COMMENTS BY THE GENERAL PUBLIC:

At this time, Chair Lopez-Hobbs asked if there were any persons present in the audience wishing to be heard on any items not listed on the posted agenda.

SPEAKER(S): None

There being no further business to come before the Committee at this time, at the hour of 4:52 p.m. Chairman Lopez-Hobbs adjourned the meeting.

Approved: January 24, 2017
Minutes Prepared by: Terra Lovelin