



NORTH BROWARD HOSPITAL DISTRICT  
BOARD OF COMMISSIONERS  
**HUMAN RESOURCE COMMITTEE MEETING**

1700 NW 49<sup>th</sup> Street, Ste. 150  
Fort Lauderdale, FL  
March 21, 2018

**\*MINUTES**

**CALLED TO ORDER:** 9:53 am

**BOARD MEMBERS:**

- ✓ Chairman Rodriguez
- ✓ Commissioner Ure
- ✓ Commissioner Wellins
- ✗ Commissioner Klein
- ✓ Commissioner Gregoire

**PUBLIC COMMENTS:** No Public Comments at this time

**APPROVAL OF MINUTES:**

1. Request approval of the Minutes from Human Resource Committee Meeting held on November 29<sup>th</sup>, 2017

**MOTION:**

Motion was made by Commissioner Rodriguez to approve the Meeting Minutes from the Minutes from Human Resource Committee Meeting held on November 29<sup>th</sup>, 2017. The motion was seconded by Commissioner Ure.

**Motion carried unanimously.**

## 2. **REGISTERED NURSE SALARY ADJUSTMENTS**

Commissioner Wellins mentioned that he has been collaborating with Mr. Nyamora and Mr. Drakeford in preparing a proposal for the Registered Nurse Salary Adjustments as it will help with recruitment and longevity in keeping Broward Health's Registered Nurses. One of the biggest challenges for Broward Health is retention and that many other competitive hospitals are within short distances from Broward Health.

- Approximately 30% of Broward Health's RNs are lost each year of about 1740 employees
- 52% of RNs that have resigned report it was due to their salaries
- Approximately 950 or the 1740 employees will be affected by the salary adjustment proposed (54%)
- The raises are estimated to improve at approximately 5% of the pay
- The adjustment cost is for 2.4 million dollars

It is anticipated that 80+ FTEs will be retained, which saves Broward Health approximately 4.3 million dollars

Adjustment Goals are the following:

- a) Improve market competitiveness
- b) Further reduce the number of open vacancies
- c) Accelerate the pay for newly graduated RNs
- d) Reduce the number of declinations received from RN salary offers from elsewhere
- e) Resolve existing compression issues between Broward Health RNs and newly hired RNs
- f) Reduce controllable turnover by nearly 80 fulltime FTEs
- g) Support the effort to reduce overtime hours

Mr. Nyamora reported that when you have insufficient amount of nurses, the nurses you do employ are usually overworked and the quality of their work and life suffers. It also makes it difficult to provide the quality of safe care that Broward Health is expected to deliver. Nurse salaries and compression issues were some of the first concerns that the new CEO, Ms. Capasso mentioned to Mr. Nyamora. Once Mr. Drakeford came on board, who is an expert in compensation, he assured Mr. Nyamora that they would address this issue right away. One of the initial issues Mr. Drakeford identified was the cost of critical care turnover for RN's calculated at \$71k per person lost in sign on bonuses, and in recruitment and orientation costs that are associated to the loss.

Mr. Drakeford noted that although solving the salary issue is the Human Resource Department's first goal, they also want to tackle the non-compensation issues, such as environmental.

Mr. Nyamora explained the distribution of the costs. For Medical Nurses between zero and two years of experience, they are going to receive an average of \$1.02 increase. For the critical care nurses, that have three to five years of experience, the increase is nearly two dollars, therefore even though the 2.4 million seems high, it's truly modest when you look at it per hour per person.

Mr. Drakeford reported that the biggest amount of turnover is in the first five years of service at Broward Health.

Commissioner Ure calculated that one out of three RNs turnover yearly, which adds up to more than 800 lost employees a year. He feels that it is not only a drain on Broward Health financially, but in the culture and moral as well making it very difficult to build a certain level of chemistry amongst the staff or make a meaningful impact on quality.

Mr. Nyamora reported that after the 52% of staff that leave due to compensation, the next reason is family responsibilities. Work-life balance aspect is something Mr. Nyamora stated Broward Health is also working to improve.

Commissioner Rodriguez asked Ms. Capasso about the temporary nurses being more costly.

Mr. Nyamora interjected that not only are the temporary nurses more costly, they are also not as committed to the organization as employees would be.

Ms. Capasso reported that within the new recruitment that was put into effect, the Human Resources Department saw a reduction of 2.5% to 3% of the premium labor and that the increase proposal would definitely reduce those figures even more.

**MOTION:**

Commissioner Rodriguez motioned that the proposed nurse salary adjustments be placed on the Consent Agenda for the March 2018<sup>th</sup> Board Meeting. The motion was seconded by Commissioner Ure.

**Motion carried unanimously.**

**3. Performance Incentive Pay Plans**

Commissioner Wellins reported that the next item on the Agenda is a consideration for a Gain Share for Fiscal Year 2018 and 2019, which is a management incentive performance compensation plan for approximately 300 employees. The Management Team have not received a gain share since 2014-15 fiscal years. If the proposal is approved, it will be based on a balanced scorecard. There will be a scorecard with metrics so that everyone knows what will be expected from them at the local level as well as at the system wide level. The facilities cannot achieve a gain share on their own, it can only be achieved at both the facility level and at the system wide level. The fiscal year 2019 payout will be between 15%-30% of incentive based on financial triggers for total costs up to about 7.2 million dollars. Commissioner Wellins further explained that this proposal is aligned with most of the systems from those who are competitive to Broward Health. Every time it is attempted to recruit a leadership or management person from a competitor, one of the issues that come up are the incentive based compensations that they would be walking away from, which would force Broward Health to pay candidates a higher salary.

Commissioner Wellins explained that this is a two-tiered plan, first for the fiscal year 2017-18, which if certain targets are achieved, will compensate management teams for 2017-18 and a more formalized plan will be placed moving forward so that everyone knows what will be expected of them and what's expected

to meet the metrics and targets. Fiscal year 2018 will be a 17.5% payment based on achieving some accrued incentive expenses and budget achievements of 7.8 million dollars. Half of this amount will be paid in July when the fiscal year is completed. The second half will be dispersed after the audited financials in October of 2018.

Mr. Nyamora stated that leaders are essential for an employee to want to stay at an organization. Hiring and retaining the best leaders is critical for an organization's stability and the ability to grow and become better. Not having the ability to offer bonuses for the last few years has made it very difficult to attract candidates or actually have them accept the offers from the Human Resource Department. As a result, the only way to secure talent is to increase the base salary. For ten years prior to 2014-15, the staff was receiving gain shares and that employees have been asking if a plan would be put back into effect. Prior to the new fiscal year on July 1<sup>st</sup>, a scorecard will be created so that Broward Health's employees know exactly what they need to do from a performance standpoint in order to meet the goals for the organization.

Mr. Drakeford reported that it really helps to keep the money out of a guaranteed compensation and putting it in the base. The pay for performance/base type of structure puts the organization at a 50% in what the competitors are paying, which puts Broward Health at a total balanced approach which will help financially in other areas such as length of stay. If a scorecard could be set in place before the fiscal year, a quarterly report could be made to let the employees know how well they are performing and how well they are attaining those goals that were set before the fiscal year.

This year in lieu of not having a balanced scorecard, it would be an across the board increase for every employee based on the financial performance and based on the accrued expenses in the salaries. This will be a self-funded payment for 2017-18.

Commissioner Wellins interjected by saying that the self-funded payment will only be made if Mr. Goldsmith has a number that he has to accrue and show that the amount has been achieved by the system in order to receive the payment. The funds are not coming out of operation and instead will be earned as a system wide performance. It's also important to be clear that this profit sharing plan is targeting a small group of people -approximately 300 employees that are in leadership and are responsible for the day to day management in operation of the system and not all employees.

Mr. Nyamora clarified that the annual merits for all employees are still in place in which yearly evaluations are done and their raises are based on those reports.

Commissioner Ure asked if there is a total compensation summary report given to employees that explains their compensation clearly.

Ms. Jennifer Cohen explained that a huge part of the total rewards package is the benefits. Benefits with the exception of the retirement plan are all 100% out to bid, therefore the entire package is being redesigned and optimized which includes the ability to strip out some excess fees from benefits mid-cycle so the employees are going to see a reduction in their premiums starting with their April 19<sup>th</sup> paychecks. When this occurs it would be the optimal time to discuss the compensation statement. This would be done on an annual basis.

Commissioner Ure stated that he would like to see some level of vesting period considered as it may be a meaningful way to impact the turnover.

Commissioner Wellins reported that there will be four core metrics to the scorecard, which include growth, quality, service and people goals. This document certainly may change over time, and perhaps version two of some type of deferred payment may be something to consider in the future.

Mr. Nyamora requested that for the fiscal year 2019 plan in regards to the scorecard, the Committee delegate that his team create the specific details. The cost is 7.2 million budget achievement. If awarded, the division to the Tier-1, employees, defined by the AVPs, VPs and C-Suite (approximately 25 individuals) would receive up to 20%. If a certain level of performance is achieved an additional 10% could be earned which would be deferred to the second year. In the Tier-2 group, made up of 280 directors and managers, would receive maximum 15% based on the balance scorecard. If less is made than the 7.2 million, the gain share to Tier-1 will be 15% and 10% maximum annual gain share for the Tier-2 group. An employee would have to have worked a minimum of 1040 hours to qualify.

**MOTION:**

Commissioner Ure made a motion to place the management incentive plan gain share for fiscal year 2018 on the Discussion Agenda at March 18, 2018 Board Meeting for final approval. In addition, Commissioner Ure made a motion to delegate authority to Senior Management to create a balanced scorecard. Commissioner Ure made a third motion to place the newly designed fiscal year 2019 Management Incentive Plan Gain Share, based on a balanced scorecard, on the Discussion Agenda at the 2019 Board Meeting for final approval.

59:20: Commissioner Ure motioned to recommend that the Board consider the proposed Incentive Compensation Gain Share Plan, seconded by Commissioner Rodriguez.

**Motion carried unanimously.**

**MEETING ADJOURNED:** 10:53 am

**Authentication of Minutes:** Patricia Alfaro, Special Assistant to Executive Office.

\*Audiotape available upon request.