PURPOSE:

To provide a Compensation program which assures that hourly and salaried employees are paid competitively and that recognizes both internal equity and external market comparisons.

POLICY:

Employee compensation will be handled consistently and in accordance with all applicable state and federal guidelines.

PROCEDURE:

1. EMPLOYMENT STATUS:

   a. **New Hires** - Candidates will be hired within their appropriate classification and grade range, according to their years of experience directly applicable to the position (see current Compensation Grid available in HR). The Director/Manager must work with the Healthcare Recruiter to determine the appropriate rate to be offered.

   b. **Temporary Employees** - A Temporary employee is hired for a regularly scheduled part-time or full-time position for a limited period of time, normally not to exceed 3 months. All temporary positions will be reviewed continuously to determine the ongoing need for use of temporary personnel.

   c. **HOSPITAL ONLY - Per Diem Employees** - Per Diem I or Per Diem II employees are hired for a specific job. Per Diem I are hired with no regular hours and no work obligation. Per Diem II also are hired with no regular hours, but do have a specified work obligation. There are other nursing specific per diem options. Each is paid at an hourly rate according to the Policy "Per Diem Employees, HR-21".

   d. **AFFILIATED COMPANIES - Per Diem Employees** - Per Diem employees are hired for a specific job. Per Diem employees are hired with no regular hours. Per Diem employees are paid at an hourly rate according to the Policy "Per Diem Employees, HR-21".

2. CHANGE OF POSITION CLASSIFICATION: - Administrative changes in employee position classifications recommended by Human Resources due to market or internal conditions require the approval of the Director of Human Resources. Individual changes of position classification and/or assignments of new wage rates require prior approval of the appropriate Department/ Service Heads and the appropriate Vice Presidents after review by Health Care Recruiter. Position Classification changes

include: promotion, transfer, demotion(s), and acting. Please refer to Policy "Changes of Position Classification, HR-01", for compensation ruling(s) here.

3. ANNUAL PERFORMANCE APPRAISAL:
   a. **Review Date** - An employee’s performance is reviewed annually. The review date is the employee’s date of hire, but is subject to change by a Leave of Absence, by changing from acting to permanent status, or by a promotion.
      1. **Leave of Absence** - When an employee has a regular Leave of Absence (non-FML qualified), his/her review date is delayed by the number of unpaid calendar days of the leave in accordance with "Leaves of Absence, HR-10".
      2. **Promotion** - When an employee is promoted, the review date will be changed to the effective date of the promotion (see Policy "Changes of Position Classification, HR-01").
      3. **Acting to Regular Position** - If an employee is selected for a position from an acting status, the employee’s review date will change to one year from the effective date that the employee was placed in the acting assignment.
   b. **Merit Increases** - Performance evaluations are conducted on all employees. An employee will be given a merit increase based upon their job performance and the annual budgeted allowance. Merit Review Notices will be forwarded to directors 6 weeks in advance of the employee’s review date.
   c. **Compensation for employees at maximum of salary range**. When an employee is due for a performance evaluation and has reached the maximum of the salary range, the following guidelines are to be used to reward acceptable performance. Lump sum one-time payments will be provided as a percentage of the increase amount for employees with agreed hours. If the performance rating is 200 points or greater, the lump sum one-time payment will be equal to 75% of what the increase amount would have been had the employee not reached the maximum of the range. If only part of a merit increase exceeds the maximum, the same calculation will apply to that amount.

   When completing performance appraisals, Policy "Performance Appraisal Implementation Guidelines, HR-07" should be followed, as usual, and all lump sum calculations will be completed in Human Resources by the Compensation and Employment Administrator.

4. COMPENSATION FOR HOURS WORKED:
   a. **On-Call Pay (unrestricted) HOSPITAL ONLY** - Unrestricted On-Call compensates an hourly paid employee, who is required to be available and to return to the Hospital, after his/her scheduled hours of work have ended in order to cover an emergency or unusual staffing situation.

   An employee is considered to be on Unrestricted on-Call if required to be available for duty but not required to remain on the Hospital premises during the On-Call period. An employee contacted must report to the Hospital within a reasonable period of time.

   Employees on Unrestricted On-Call will be paid $3.00 per hour for all hours on-Call. On-call time should be entered into the timekeeping system using the appropriate code. One entry should be made each day, indicating the total # of hours the employee was on-call.

   For hours worked, while on call, employees will receive their appropriate hourly rate, plus shift differential, if applicable, at Time and One Half (1 1/2). If an employee is called in early, prior to their scheduled on-call time, the employee will receive their appropriate hourly rate (plus differential if
applicable) for the hours worked prior to the on-call time. If the employee is still here working at the
time their on-call responsibility begins, the employee will receive time + ½ for the hours worked that
occur during the on-call period. Hours worked must be entered in the timekeeping system using the
appropriate code in order to be paid correctly.

If an employee is on-site working their normal shift, and stays late such that their work time overlaps
the time they were to begin their “on call” status, the employees’ on-call status will not begin until
they have completed their work time on site. (ex: an employee is scheduled to work 8:00AM –
4:30PM, and be on call beginning at 4:30PM. The employee stays on site working an extra hour,
until 5:30PM. The on-call status would start at 5:30PM instead of 4:30PM).

b. **Two hour Minimum for hours Worked ALL ST. JOSEPH HEALTHCARE COMPANIES** - Any
hourly employee reporting to work for their scheduled shift, or called-in will be paid a minimum of two
hours per "work episode" at their applicable rate plus any differentials for actual time worked,
**provided the employee has not already worked at least two hours that day.** The employee
should clock in and out as usual, to reflect actual hours worked. If actual hours worked are less than
two hours the adjustment to two hours will automatically be made in the timekeeping system by
payroll.

Any hourly employee who is pre-scheduled to work less than two hours (i.e., attendance at a work-
related meeting), will not receive the two hour minimum pay for the additional pre-scheduled work
time.

c. If an employee, at any St. Joseph Healthcare Company, is on-call and called in while on earned time
during their regular shift the earned time hours will be reduced by the number of hours worked.

d. **Overtime** -

1. Hourly **Hospital** employees on an 8/80 Hour Option, for scheduling purposes, will be paid
overtime for hours worked in excess of 80 hour per pay period or 8 hours per day; unless an
alternate option is signed, all hourly employees will automatically be paid according to this 8/
80-hour option.

2. Employees at the **Hospital** electing to work an alternate shift, i.e. 10 or 12 hours, will be paid
overtime for hours worked in excess of 10 or 12 hours per day or 40 hours per week.

3. Overtime, for hourly employees **not** at the Hospital will be paid at a rate of time and a half for all
hours worked in excess of 40 per week.

4. For the purpose of calculating overtime pay, hours not physically worked (i.e. earned time, jury
duty, bereavement, etc), will **not** count as time worked.

5. Overtime will be calculated using the adjusted gross method; this calculation of overtime will
include all appropriate compensation earned during each week of the pay period.

6. Salaried positions are not eligible for overtime payment (refer to Compensatory Time, Section
7).

e. **Shift Differentials HOSPITAL ONLY** - -(see Attachment #1 for rates) Any non Leadership Team
member will receive a shift differential in the following manner

i. If an employee works between 7PM and 7 AM, they will receive shift differential any hours
 worked between 7 PM and 7 AM.
ii. Existing 2nd shift employees as of 7/1/98 will be grandfathered by adding a differential to their pay rate that accounts for the last income. (Example: for an employee working 8-hour shifts, 3 AM to 11:30 PM., this employee would receive “+.62”/hour.) Grandfathered employees will lose the extra pay differential if they transfer to any other shift or schedule.

iii. Shift differential will apply to paid time off as follows: Employees will receive shift differential on paid time off according to the hours that employee would have been scheduled to work.

iv. Employees will not receive shift differential on earned time cashed in.

f. Weekend Differential - HOSPITAL ONLY - (see Attachment #1 for rates) Any non Leadership Team member who works between the hours of 11:00 PM on Friday evening and 7:00 AM on Monday will receive a differential for all hours worked after 11:00 PM on Friday through 7:00 AM on Monday. The weekend differential will be paid to an employee only if actually worked.

g. Holiday Differential - HOSPITAL ONLY

i. Time and One Half (1 1/2) - All non Leadership Team members who work the following hours:

   a. New Year’s Day – 3 PM Dec. 31 to 11 PM Jan 1
   b. Thanksgiving Day - 11 pm the preceding day to 7 AM the following day
   c. Christmas Day – 3 PM Dec 24 to 11 PM, Dec 25, will receive time and one-half for those hours worked

   *NOTE* A non Leadership Team member may receive no more than Time and One Half (1-1/2) ( to include any applicable shift differential) for any hours worked on these three holidays

ii. $1.50 per Hour Holiday Differential - All non Leadership Team members who work between 11:00 PM of the day preceding the holiday and 7:00 AM of the day following the holiday, will receive a $1.50 per hour differential for the remaining seven (7) of the ten (10) scheduled annual holidays. The holiday differential will be paid to eligible employees only if actually worked.

   Please note that the $1.50 per hour differential will not be paid for any hours paid at Time and One Half (1 1/2).

iii. The following is a list of the ten (10) scheduled annual holidays:

<table>
<thead>
<tr>
<th>Holiday</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Year's Day</td>
<td>January 1</td>
</tr>
<tr>
<td>Washington's Birthday</td>
<td>3rd Monday in Feb</td>
</tr>
<tr>
<td>Good Friday</td>
<td>Friday before Easter</td>
</tr>
<tr>
<td>Memorial Day</td>
<td>Last Monday in May</td>
</tr>
<tr>
<td>Independence Day</td>
<td>July 4</td>
</tr>
<tr>
<td>Labor Day</td>
<td>1st Monday in Sept.</td>
</tr>
<tr>
<td>Columbus Day</td>
<td>2nd Monday in Oct.</td>
</tr>
<tr>
<td>Veterans Day</td>
<td>November 11</td>
</tr>
<tr>
<td>Thanksgiving Day</td>
<td>4th Thursday in Nov.</td>
</tr>
<tr>
<td>Christmas Day</td>
<td>December 25</td>
</tr>
</tbody>
</table>
iv. Holiday differential will be paid on all hours worked that occur between the start time and the end time of the holiday as defined above.

h. **Holiday Differential - ALL OTHER ST. JOSEPH HEALTHCARE COMPANIES:**

Holiday Differential - Time and one half (1-1/2) will be paid to all hourly employees who work between 12:00 AM and 11:59 PM any of the following holidays:

<table>
<thead>
<tr>
<th>Holiday</th>
<th>Date Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Years Day</td>
<td>Jan 1st - Christmas</td>
</tr>
<tr>
<td>Labor Day</td>
<td>Jan 1st - Christmas</td>
</tr>
<tr>
<td>Memorial Day</td>
<td>Jan 1st - Christmas</td>
</tr>
<tr>
<td>Thanksgiving Day</td>
<td>Jan 1st - Christmas</td>
</tr>
<tr>
<td>4th of July</td>
<td>Jan 1st - Christmas</td>
</tr>
<tr>
<td>Christmas Day</td>
<td>Jan 1st - Christmas</td>
</tr>
</tbody>
</table>

**HOLIDAY DIFFERENTIAL IS PAID ONLY ON ACTUAL HOURS WORKED ON THE ACTUAL HOLIDAY**

i. **Charge Pay - HOSPITAL ONLY** $1.50 per hour is paid to any employee who, in the absence of the regular supervisor, is assigned to direct the workflow and assumes the day-to-day responsibility of the supervisor. Charge pay will only be paid for actual hours worked.

j. **Timekeeping - ALL ST. JOSEPH HEALTHCARE COMPANIES:** (In all instances, Section 4.) In order for an employee to be paid correctly, the hours must be accurately recorded and maintained in the timekeeping system.

k. **Work-at-home arrangements:** We recognize that there may be certain unique circumstances where a work-at-home arrangement may be practical. Approval of work-at-home arrangements is made on a case-by-case basis. Approvals should be based on the position’s duties and responsibilities, as well as the employee’s record of performance and other factors, each independent of one another. The Director or Vice-President must approve each work-at-home request and submit for Human Resources’ approval. No work-at-home arrangements will be considered approved without the signed agreement and requisite approvals (Department Director or Vice-President and Human Resources) work-at-home arrangements are not a status to be requested or otherwise acquired but approved, as noted above, to address unique work circumstances and for a clearly defined time frame, e.g. a one time project. Compensation for a work-at-home will be addressed within the individual agreement. Any hours worked at home must be put into the timekeeping system. Work-at-home agreements may be amended or canceled at anytime by management.

5. **PAID TIME OFF:**

a. **Daylight-Saving Time - ALL ST. JOSEPH HEALTHCARE COMPANIES:** When daylight-saving time ends, each Fall, and begins each Spring, hourly employees working during the time change will be paid appropriately for actual hours worked i.e. one extra hour in the Fall and one less hour in the Spring.

b. **Educational Programs/Payment for Time Spent in Education Programs: - ALL ST. JOSEPH HEALTHCARE COMPANIES:**

i. **Mandatory Programs** - Hourly employees attending programs designated as mandatory, by the supervisor, will be compensated as follows:

   **On Duty** - Personnel will be paid their regular hourly rate if released from duty to attend a mandatory program.

   **Off Duty** - Personnel will be paid their regular hourly rate or overtime, if applicable, if required to
attend a mandatory program during off duty hours. It is the supervisor's responsibility to keep overtime to a minimum, when scheduling employee attendance at educational programs.

ii. **Voluntary Programs - ALL ST. JOSEPH HEALTHCARE COMPANIES** Hourly employees attending programs designated as voluntary by the supervisor, shall be compensated as follows:

- **On Duty** - Personnel shall be paid their regular hourly rate, if released from duty to attend.
- **Off Duty** - Personnel desiring to attend a voluntary or optional program will do so on their own time and will be compensated only if the program is in direct relationship to their employment. The employee must obtain prior approval from their supervisor.

c. **Jury Duty/Court Appearances** –

**ALL ST. JOSEPH HEALTHCARE COMPANIES:** Employees who are summoned for jury duty will be granted leave in order to serve. While attending jury duty, the company will pay an employee the difference between his/her normal pay and any jury duty allowance (excluding fees received for mileage and other expenses). In order to receive supplemental pay under this policy, an employee is expected to report for his/her regularly scheduled shift on any day when court is not in session, and, with due consideration for time and travel factors, to return to work after being excused from jury duty by the court for the day unless otherwise scheduled by the supervisor. If the employee does report to work when excused by the court during his/her regularly scheduled shift, he/she will be paid at the applicable hourly rate. If the employee does not report to work when his/her appearance is not required in court, the manager/director may require the employee to use earned time. An employee may request in advance to use ET and not return to work for the balance of the scheduled work shift. This request may or may not be approved by the supervisor.

An employee who is scheduled to work 3rd shift, preceding a required jury appearance, will be supplemented according to the above, for the shift preceding the jury duty.

An employee is expected to call and verify whether or not he/she must report for jury duty the following day and to advise his/her supervisor prior to his/her next regularly scheduled shift.

If an employee is subpoenaed for a court appearance as a result of a work related situation, the company will pay the employee the difference between his/her normal pay and any witness duty pay received from the court (excluding fees received for mileage and other expenses) for only those hours of appearance. If an employee subpoenaed for a court appearance as a result of a work related situation is not scheduled to work and is required to remain on-call waiting to be called to appear in court, the employee will be compensated at $2.00 per hour for each hour waiting up to a maximum of $l6.00 per 24-hour day for waiting for the court appearance.

If an employee is subpoenaed for a court appearance due to a non-work related situation, the employee must follow normal department procedures to request personal time off through his/her
supervisor or unpaid leave pursuant to the Company’s Crime Victim Leave Policy [see Policy "Leaves of Absence, HR-10", section B-(6)] if applicable. There is no compensation provided by the Company for this type of court appearance.

Notification of jury duty/work related court appearance must be submitted to both the Human Resources Department and the supervisor within one week of the employee’s receiving notification to attend. Verification of attendance must be turned in every two weeks in order to receive the supplemental pay under this policy.

d. Military Duty - ALL ST. JOSEPH HEALTHCARE COMPANIES while attending military duty, an employee will receive a combination of both normal pay plus military allowance, the total of which will equal the employee’s normal income, for a maximum period of four weeks. Written notification of military duty must be submitted to the Human Resources Department. Employees will not be paid up front; it is necessary to submit proof of payment from the military to Human Resources. The difference between normal pay, and military pay will be paid to the employee for up to four weeks. Issues regarding tenure, return-to-work after military leave, and benefits will be addressed in accordance with current legal requirements regarding leave of absence for military service.

6. Volunteering

At no time may an hourly paid employee “volunteer/do unpaid work” in any capacity associated with a St. Joseph Healthcare company. Also, an hourly paid employee may not be a volunteer through the Company recognized Volunteer Department.

Any work performed by an hourly paid employee must be compensated.

7. COMPENSATORY TIME (Salaried Employees Only):

We recognize that, on occasion, extraordinary job demands and time requirements exist. When these conditions occur, the salaried employee may be eligible for compensatory time. Compensatory time is not intended to be granted on an hour for hour basis, and is not cumulative. It is intended as recognition for extra effort and a job well done and is subject to approval by the salaried employee’s supervisor.

RESPONSIBILITY:

All Supervisory Personnel

ATTACHMENTS

#1 - Rate Sheet

Attachments:  

<table>
<thead>
<tr>
<th>Attachment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Rate Sheet</td>
</tr>
</tbody>
</table>

Approval Signatures

<table>
<thead>
<tr>
<th>Committee</th>
<th>Approver</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Leadership Team (on behalf of)</td>
<td>Shirley Lussier: Director of Human Resources</td>
<td>01/2016</td>
</tr>
<tr>
<td></td>
<td>Shirley Lussier: Director of Human Resources</td>
<td>01/2016</td>
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</tbody>
</table>