Paid time off and short term disability policy change

Frequently Asked Questions

Employed physicians
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Paid time off – general overview

• What is Children’s updated PTO policy?
  
  We will continue operating under our current policy of accruing PTO through the end of 2016. **As of Jan. 1, 2017**, Children’s is changing its paid time off (PTO) policy for benefit-eligible non-contract employees. Beginning the first pay period of 2017, PTO will no longer accrue per period and will instead be provided in a lump amount at the beginning of the year. You will have the full year to use this annual allocation of PTO hours for your holidays, vacation and sick time. **At the end of the year, you will be able to carry over up to 40 hours of PTO (pro-rated to your FTE level) into the following year.**

  Use of your PTO hours through December 2016 is at your discretion; any unused PTO hours at the year-end of 2016 will be frozen at your current pay rate and put into a bank for you to access to cover your time off needs. Any frozen hours remaining when you leave the company will be paid out to you in cash.

  PTO granted in 2017 and beyond, as well as any hours carried over in subsequent years, will not have cash value; if you leave the company or retire, you will only be paid out for the hours in your 2016 frozen bank.
• **Who does this affect?**
  This policy change affects all benefit-eligible non-contract employees and employed physicians currently on the PTO program hired before Dec. 31, 2016.

• **What about new employees?**
  Employees hired in 2017 will be hired with full clarity of the PTO benefit and policy, and will receive their annual PTO allocation as determined by their FTE and level within their first pay period. Their balance will be pro-rated by their start date. New employees hired in 2017 will also be able to carry over up to 40 hours of PTO (pro-rated by FTE) at the end of the year.

• **When is this new policy effective?**
  The new policy takes effect Jan. 1, 2017. We will continue operating with our current PTO policy between now and the end of 2016. Carry-over will be effective Dec. 31, 2017.

• **Why did we decide to allow PTO carryover?**
  We stayed true to our value to “Listen, really listen” to our employees. We heard feedback from many of you about the desire to carry over a safety net of hours to help cover unexpected time off. We reviewed our finances and were able to come up with a solution to allow you to carry over up to 40 hours of PTO (pro-rated by FTE) into the upcoming year. This gives you some additional flexibility in your PTO bank, but also still helps us make sure we are being responsible with our financial planning.

  In addition to being able to carry over up to 40 hours of PTO, your 2016 frozen bank of PTO will carry over from year to year until it has been depleted. Once your 2016 frozen bank and annual allotment are gone, you’ll need to work with your manager to discuss your options for taking unpaid time off.

**PTO allotment**

• **Will the amount of PTO hours I receive change?**
  In general, you will still receive the same number of hours of PTO per year, based on your years of service, role and FTE level. The difference is that the full of amount of time will be given to you at the beginning of the year rather than accruing for each hour worked throughout the year. You can view the chart of how PTO is calculated [here](#).

  The exception is for part-time employees who currently accrue additional PTO by picking up extra shifts. Under the new policy, part-time employees who work a 0.6 to 0.95 FTE will receive their annual allotment of PTO based on their FTE in the first pay period of each year. They will not accrue additional PTO when picking up extra shifts because PTO will be allotted annually vs. accrued for each hour worked.

• **What if I change my FTE level or am eligible for a PTO increase/decrease?**
  We will conduct a mid-year audit for any employee who changes their FTE status, is promoted or celebrates a milestone service anniversary making them eligible for a PTO increase. Employees increasing their FTE will have PTO added to their bank after the mid-year audit. All other changes that happen after mid-year will be adjusted in the first pay period of the following year. Employees who have decreased their FTE level will not have PTO taken away after the mid-year audit, but will have the reduced allocation in the first pay period of the following year.
**Example:** Mario is a 0.8 employee who has been with Children’s for one year. He receives 160 hours of PTO at the start of 2017 (20 days). In May 2017, Mario moves from a 0.8 to a 1.0 FTE, making him eligible to receive 20 additional hours of PTO. Mario’s 20 additional hours of PTO will be added to his annual allotment bank after the mid-year audit. He can use those hours in 2017, or carry over up to 40 of those hours into 2018.

**Using and requesting PTO**

- **What is PTO used for?**
  Non-contract employees and employed physicians use PTO for time off for holidays, vacation and sick time. While we often think of PTO as vacation time and often have the mindset that we need to use every hour available, it is important to think about some portion of your PTO as a safety net in case of illness and consider reserving a day or two in case you need it.

- **How will I distinguish between my two PTO allocations (frozen and annual/carried over) when I request time off?**
  Beginning in 2017, your Kronos time card accruals will have two balances: 2016 frozen hours and your annual PTO hours. Annual PTO hours will reflect any hours carried over from the previous year (effective year-end 2017). When you go into Kronos to request time off, it will default to drawing from your annual PTO allocation. There will be a separate code to use to select hours from your frozen bank. The frozen balance will be represented as hours in Kronos, but it will be a conversion of the dollar value at the end of 2016 divided by your current hourly rate. As your salary rate increases, the balance of your frozen hours will go down to be equivalent to your current pay rate.

- **How should I decide whether to use my frozen hours or my annual allotment of hours when requesting time off?**
  It is up to you to decide which category of PTO you would like to use, though the default in Kronos will be your annual PTO allocation. Keep in mind that your annual allotment of hours will no longer have cash value, so you may want to consider using those hours first and then tapping into your 2016 frozen bank (which will have cash value) for unexpected time off.

- **If I use up my PTO in the middle of the year and then leave Children’s, do I owe any time or money back to the organization?**
  No, you will not owe any time or money back to Children’s.

- **As physicians, our compensation is linked to our productivity. How will we balance our productivity targets with taking time off?**
  Under the revised policy, it will be up to your discretion to either use your PTO at the end of 2016, or save a balance to be frozen for later use. You are still encouraged to take advantage of your time off benefit, while making sure you are fulfilling your obligations. For the majority of you producing at the 25th productivity level or better, it likely will not be as much of an issue for you to take time off. For those who are not on track to obtain the 25th productivity level, you may need to manage your time and weigh your decisions more carefully.
Freezing PTO/PTO carryover

- What does it mean to “freeze” my unused hours?
  Unused PTO hours will be frozen at your current salary rate as of year-end 2016. So, if you change levels and your salary increases or decreases, your frozen PTO will not change in value. Frozen hours will be traded on a dollar basis versus an hour for hour basis to fairly account for changes in employee pay rate. You will receive a statement of your banked PTO hours after Dec. 31, 2016.

In addition, current employees will be able to draw from their 2016 frozen bank at any time to help cover time off. Once your frozen and annual banks are exhausted, you will need to work with your manager to plan how to cover your time off needs. Remember, it may take more of your frozen bank in future years to cover hours off if your pay rate increases.

Any unused, frozen PTO hours will be paid out to you in cash when you leave the company or retire.

**Example 1:** Tanya is a non-contract exempt employee who works 40 hours a week (1.0 FTE). She has been with the company for 3 years and currently accrues 30 days of PTO per year*. Tanya tends to use the majority of her vacation time each year. As of Dec. 31, 2016, Tanya has a balance of 40 hours of PTO. Those 40 hours will be frozen at Tanya’s current salary rate. She makes $20/hour as of Dec. 31, 2016, so her frozen PTO has a value of $800. Throughout 2017, Tanya planned how to use her 30 days of PTO, but falls a day short at the end of the year when her daughter gets sick. Tanya chooses to use her frozen bank to help her cover the unexpected time off. Her remaining bank of 32 frozen hours will continue to be available to her in 2018.

**Example 2:** Ted is planning to retire on Sept. 30, 2017. He is a non-contract employee who works 40 hours a week (1.0 FTE). He has been with the company for 25 years and currently accrues 40 days of PTO per year*. As of Dec. 31, 2016, Ted has 240 hours of PTO, which will be frozen at his hourly rate of $30/hour for a value of $7,200. In 2017, Ted receives his full allotment of 40 days of PTO during the first pay period of the year. As his retirement date approaches, Ted still has 30 days of PTO from his annual allotment. When he leaves the company, he receives cash value for his previously frozen 240 hours of PTO valued at $7,200 from pre-Dec. 31, 2016, but his remaining 2017 annual allotment of 30 hours has no cash value and is not paid out.

*Your actual rate will be based upon your PTO schedule and your scheduled hours per pay period.

- How will PTO carryover work?
  The PTO carryover process will go into effect at year-end of 2017. Any hours that remain from your annual allocation will automatically be added to your next year’s PTO allotment. Any PTO hours in excess of 40 hours will not be carried over and will expire at year-end. This carry-over process will happen every year after year-end 2017.
**Example:** Judy is a non-contract employee who works 40 hours a week (1.0 FTE). She has been with Children’s 6 years and receives 35 days PTO/year. At year-end 2016, she has 50 hours PTO left. These hours are frozen at her current dollar pay rate and put into a bank. At the beginning of 2017, Judy receives her full allotment of 35 days (280 hours) of PTO. She uses 25 days (200 hours) of PTO throughout 2017. At year-end 2017, she has 80 hours of PTO remaining:
- 40 hours get carried over to 2018
- 40 expire at year-end

In 2018, Judy now has 35 days in her annual allotment + 40 hours carried over from 2017 + the frozen 50 hours (valued at her Dec. 31, 2016 hourly rate) in her frozen bank.

- **What if I use all of my PTO and need time off urgently at the end of the year? Can I have a negative PTO balance?**

  As with our current policy, you will not be able to carry a negative PTO balance. Instead, you’ll be able to access your frozen bank of hours to help you cover unexpected time off. If you don’t have a frozen bank of hours, you will need to work with your manager to discuss your options such as short- or long-term disability or unpaid time off.

  **Example:** Alex has 80 hours of frozen PTO from 2016. He receives 30 days (240 hours) of PTO at the start of 2017. Throughout 2017, he works with his manager to plan his time off for holidays and vacation. On Nov. 1, 2017, Alex finds out he needs to have emergency surgery and will need to go on medical disability leave, but only has 24 hours of PTO remaining in his annual allotment. Alex decides to use 40 hours from his frozen PTO bank to cover the 7-calendarday waiting period before his [short term disability](#) kicks in on day 8 of his disability.

  Alex comes back to work before Thanksgiving but still only has 24 hours of PTO in his annual allotment to cover holidays and other time off. He decides to use 8 hours from his annual allotment to cover Thanksgiving, and 16 hours from his frozen bank around Christmas.

  At the end of 2017, Alex still has 16 hours of PTO in his annual allotment bank, which will then be carried over into 2018.

**Unused PTO**

- Rather than freezing our unused PTO, could we get paid out for the money right away? What about putting it toward an HSA or 403b account?

  There are certain IRS regulations about how unused PTO can be paid out that limit us from these options. Under the revised policy, you’ll be able to access your frozen bank of PTO to take additional time, giving you a safety net for the unexpected.

- Will I still be able to use PTO to donate to Children’s or register/participate in a Children’s event?

  Yes, PTO can be used to register for a Children’s event or donated to Children’s Foundation. Appropriate taxes will be deducted from the donation.

- Can I donate my unused PTO hours to organizations other than Children’s?

  While we all have causes that are near and dear to our hearts, we will not be allowing PTO donations to outside organizations or charities.
• My coworker had an unexpected medical issue come up and needs more time off than is in his/her PTO bank. Will I still be able to gift my PTO to another person? Yes, you will still be able to gift PTO to a colleague on a qualified medical leave.

**Staffing**

• If our PTO expires at the end of the year, how will we avoid having big gaps in our schedules during the holidays and winter illness season? Could we consider a different schedule for loading our PTO?

Health care is a 24/7/365 business and we are committed to being here for our patients and families whenever they need us. In looking at HR data measuring PTO and sick calls in the final days of the year, and based on the adjustments we’ve made to allow use of frozen banked hours, it is our hope that this should resolve the issue. Our preference is to keep the load date aligned with your financial and HR benefits.

While we will make every effort to accommodate PTO requests, all requests will still be up to manager discretion. Managers will still be responsible for proactively creating calendars to track PTO requests to make sure they have full coverage needed to keep departments at appropriate staffing levels and to make sure requests are granted fairly to all employees. Our HR teams are available to managers to help them keep track of PTO balances and prioritize and grant requests.

• I want to use my PTO, but my department is too busy or there is no one to cover for me. Will we hire more people to accommodate the requests for time off?

We are committed to taking a look at our staffing levels to make sure we can fairly grant requests while still maintaining the coverage needed for patient care and business operations. We’re asking managers to take a more active role in helping their employees calculate their PTO accruals to plan time off. Managers will begin to develop PTO calendars for their departments to track usage and help them prioritize requests.

**Short term disability:**

• What is short term disability and how is it used?

Short term disability (STD) is a type of insurance that pays a percentage of your salary for a specified amount of time, if you are ill or injured, and cannot perform the duties of your job. It is often used for medical leaves and maternity/family leaves. Non-contract employees must be employed for 30 days before eligible for STD.

• What is happening?

There are no changes to the short term disability policy for employed physicians.

**Next steps**

• What do I need to do to prepare for this change?

There will be no change to the PTO policy until 2017, but you should start working with your manager now to plan out how you want to use your PTO throughout the year or reserve it so it is available in your frozen bank of hours.
• **How do I check my PTO balance?**
  You can view your PTO balance on your pay statement or in Kronos, by going to your timecard and then clicking the accruals tab in the lower half of the page.

• **Where can I go with more questions?**
  Please contact your medical director, Human Resources Business Partner or the Employee Service Center if you need additional support.