

Contact: Kristin Bauer

UNIVERSITY OF IOWA HEALTH CARE EMPLOYEES SUCCESS SHARING PROGRAM

Action Requested: Approve the request by University of Iowa Health Care to provide employees a one-time lump sum payment on September 1, 2021 as detailed in Attachment A.

Executive Summary: To address financial pressures of the pandemic, in June 2020 it was announced that it would be necessary to implement certain cost saving measures during FY21 at the University of Iowa Hospitals & Clinics (UIHC). Other healthcare entities were laying off employees due to reduced census, low volumes in ambulatory clinics, mandated reductions in operating room time and suspension of all non-emergency procedures. Costs were escalating as many new safety, screening, laboratory and testing measures were instituted and the need to purchase as much PPE as possible from anywhere in the world.

UIHC's guiding principle was to avoid layoffs while maintaining financial viability. Many options were modeled and considered, and it was determined the best path was to hold employee salaries whole and for all staff to receive a 2.1% increase to base salary on July 1, 2020. Administrative leaders and faculty did not receive increases to base salaries.

To maintain financial stability throughout the pandemic, short-term cost saving measures were imposed in FY21. UIHC staff making an annual salary of \$50,000 or more were required to take two weeks unpaid leave (and perform no work) or give back 100 hours of accrued vacation or select a combination of the two options. Staff making less than \$50,000 were held to half of this requirement. Requirements were prorated based on percent of appointment on July 1, 2020.

As FY21 comes to a close, due to the tremendous work of the employees, as well as their participation in the FY21 cost-saving initiatives, the University of Iowa Hospitals & Clinics are in a stable financial condition and have a positive margin. As a result, UIHC would like to reward all employees with a one-time lump-sum payment on September 1, 2021. (Details in attachment A)

SUCCESS SHARING PROGRAM DETAILS

- Operating margin is the key indicator and trigger for success-sharing payments to employees.
- The FY21 award amount is based on the operating margin level in adherence to the below chart.
- Currently, the organization is on pace to issue a 3.00% payout.
- The proposed payment mechanism is through an aggregated payment file sent to University HR modeled after the batch lump-sum payment process utilized in March 2020 for payments made April 2020.

Hospital Operating Margin %	Hospital Operating Margin \$	Staff Lump Sum Payment %
1.00%	\$19,000,000	-
2.00%	\$38,000,000	-
3.00%	\$57,000,000	1.00%
4.00%	\$76,000,000	1.50%
5.00%	\$95,000,000	2.00%
6.00%	\$114,000,000	2.50%
7.00%+	\$133,000,000+	3.00%

Eligibility

- An eligible employee is defined as an individual employed in a regular (non-temporary/non-PRN) position on or before July 1, 2020 and remaining employed through June 30, 2021, who met the requirements of the program.
- Payment will be based on an eligible employee's base salary as of June 30, 2021.
- Faculty are eligible.
- House staff are also eligible to participate, like other professional staff.

Estimated Eligible Employees

Classification	Count	Payout Total
Faculty	1,200	\$7,200,000
P&S	3,993	\$8,652,742
SEIU	3,391	\$6,237,109
Merit	2,680	\$3,051,440
Resident	589	\$1,084,824
Fellow	197	\$405,480
Grand Total	12,050	\$26,631,595

Impact on Eligible Employees Based on a 3% Payout

- Faculty – The average payment will be approximately \$5,902, based on an average salary of \$196,738.
- P&S – The average payment will be approximately \$2,167, based on an average salary of \$72,233.
- SEIU – The average payment will be approximately \$1,839, based on an average salary of \$61,310.

- Merit – The average payment will be approximately \$1,139, based on an average salary of \$37,953.
- Resident/Fellow – The average payment will be approximately \$1,950, based on an average salary of \$65,001.