

DHRM COMPENSATION BULLETIN

Current Date: March 30, 2004 (Updated from March 18, 2004)
Effective Date: June 19, 2004

Reference: UCA 67-19-12
SB1

SUBJECT: Compensation for State Employees FY2005 – (July 2004 – June 2005)

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Legislative Language:

“It is the intent of the Legislature to appropriate \$2,674,800 for state employee Market Comparability Adjustments as recommended by the Department of Human Resource Management.”

“It is the intent of the Legislature to fund a 1% cost of living allowance for state employees effective June 19, 2004. It is the further intent of the legislature to appropriate one-time funds equivalent to a 1% COLA state-wide, but to be distributed as a one time bonus in December 2004 to each state employee, calculated on an FTE basis.”

“It is the intent of the legislature that health and dental insurance benefit increases be paid as recommended by Group Insurance, with the following changes:

- Increase employee coinsurance for in patient and out patient facilities by 10%;
- Implement a three-tiered coinsurance for pharmacy benefits and increase brand coinsurance from 25% to 30%;
- Increase maximum out-of-pocket expense from \$1,500 per person to \$2,000 per person for single coverage, and from \$2,000 to \$4,000 for family coverage.”

Salary Adjustments

1. Market Comparability Adjustments (MCA's) - MCA's to bring range midpoints to 90% of market were approved. They were funded at 100% and are included as part of the base budget of each affected agency. Employees eligible for an MCA increase include those who are below the minimum of the new salary ranges. Such employees must come to minimum, regardless of the number of required salary steps. Eligible employees will receive their increases effective June 19, 2004. The increase will appear in paychecks on July 16, 2004. The official MCA List of affected titles is in a separate document from this bulletin and can be found on DHRM's website.

2. Cost-of-Living Adjustment - Employees will receive a 1% COLA effective June 19, 2004. The raise will appear in paychecks on July 16, 2004. All employees on the General, Longevity, and Administrative pay plans will receive the 1% COLA.
3. One-time Bonus
 - As approved by Governor Walker and the Legislature, a one-time bonus will be paid on December 3, 2004, to eligible employees who are in a current, active status as of November 19, 2004. Employees who are not eligible include those in Schedule AA (Elected Officials), Schedule AP (Judges in the Judiciary) and Schedule AQ (Boards and Councils). Agencies must ensure that new hire and termination actions that are intended to be effective prior to November 19th, are processed in HRE by that date. Employees in a LWOP status due to military, FMLA, and Worker's Compensation are eligible for the bonus. DHRM will give you instructions on the best way to process those at a later date.
 - The 1% bonus was calculated based on the average annual salary for a State employee. The funding appropriated was then based on the FTE count for each agency. The final amount each employee will receive is yet to be determined.
 - Employees who are designated as full-time in HRE will receive the full amount of the bonus. Therefore, agencies will need to verify that the "Full/Part time" field in the Employee Assignment window of HRE is accurate.
 - If the "Full/Part time" field in HRE indicates the employee is part-time, the bonus will be pro-rated based on the "Normal Hours" field in HRE. For the pro-rated bonus to calculate properly, agencies will need to verify that the "Normal Hours" field in HRE is accurate. If the employee's schedule varies from pay period to pay period, an average of the employee's hours worked may be used. DHRM will provide agencies with a report showing average normal hours calculated over a six-month period. This report will be available in April. We will send an updated report in November to capture any changes and/or additions.

Benefits

1. The cost to the State for health benefits increased 5.49% for FY 2005.
2. The intent language in SB 1 stated that the employee co-insurance would increase by 10% for in-patient and out-patient facilities. However, subsequent to the adjournment of the legislature, PEHP proposed to the Legislative Management Committee an alternative to increase co-insurance by only 5% with a \$5 increase to co-payments. With no objections by the committee members, this alternative will be implemented. The rates and significant plan changes are below.
3. Employees enrolled in the **PEHP Preferred Care** will continue to pay 7% of the bi-weekly premium. However, the 5.49% increase in premium rates results in the following new rates: Single coverage - \$9.96; 2-party coverage - \$20.55; Family coverage - \$27.43. Coverage for in-patient and out-patient facilities will be 85%. Employees will pay the other 15%. Out-of-pocket maximums will increase to \$2,000/individual and \$4,000/family. Co-pays for office visits will increase to \$25.00 per visit. The co-insurance for prescription drugs will be as follows: 25% for generic, 30% for brand-name on the preferred drug list, and 50% for brand-name not on the preferred drug list.
4. Employees enrolled in **Exclusive Care** (the name will change to Advantage Care) will continue to pay 2% of the total premiums. The new premium rates due to the 5.49% increase in costs will be as follows: Single coverage - \$2.65; 2-party coverage - \$5.46; Family coverage - \$7.29. Benefit coverage will be 90% for in-patient facilities and 95% for out-patient facilities. Out-of-pocket maximums will increase to \$2,000/individual and \$4,000/family. Co-pays for office visits with primary care providers will increase to

\$20 per visit. Co-pays to see a specialist will increase to \$25 per visit. The co-insurance for prescription drugs will be as follows: 25% for generic, 30% for brand-name on the preferred drug list, and 50% for brand-name not on the preferred drug list.

5. Employees enrolled in **Summit Care** will also continue to pay 2% of the total premium. The new rates are: Single coverage - \$2.65; 2-party coverage - \$5.46; Family coverage - \$7.29. Benefit coverage will be 90% for in-patient facilities and 95% for out-patient facilities. Out-of-pocket maximums will increase to \$2,000/individual and \$4,000/family. Co-pays for office visits with primary care providers will increase to \$20 per visit. Co-pays to see a specialist will increase to \$25 per visit. Co-pays for prescription drugs will remain as follows: \$5 for generic formulary drugs, \$15 for brand-name formulary, and \$35 for non-formulary.
6. Employees enrolled in **Comprehensive Care** will also continue to pay 2% of the total premium. The new rates are: Single coverage - \$2.65; 2-party coverage - \$5.46; Family coverage - \$7.29. Co-pays on prescription drugs will be: 25% for generic, 30% for brand-name on the preferred drug list, and 50% for brand-name not on the preferred drug list.
7. **PEHP Traditional Dental** had no plan design changes. The rates will increase 4.26% and are as follows: Single coverage - \$6.10; 2-party coverage - \$7.95; Family coverage - \$11.39.
8. **PEHP Preferred Dental** had no plan design changes. The rates will increase 4.26% and are as follows: Single coverage - \$1.01; 2-party coverage - \$1.27; Family coverage - \$1.85.
9. **Dental Select Platinum** had no changes to the plan design. Rates will be: Single coverage - \$.00; 2-party coverage - \$6.26; Family coverage - \$8.93.

Sequence and Explanation of Compensation Changes at Fiscal Year End

1. Longevity and Other Salary Increases

(Agency Manual Entry)

- Salary increases, such as longevity increases, promotional increases and ASI's must be manually entered by the agency and approved prior to fiscal year-end processing. See "Other Important Information" for critical dates regarding fiscal year-end processing.
- If more than one type of increase is processed for a single employee, the increases will run in chronological order based upon which is entered first.
- Increases are funded from existing agency budgets. There is no additional or separate funding.
- Longevity salary increases are to follow previously established DHRM rules for eligibility. Career service employees must have a current performance evaluation of successful or higher within the prior year. Salary actions will not process at fiscal year end for employees without the performance evaluation.
- The "Projected Longevity Report" in the HRE system can assist agencies in identifying eligible employees. Select "Reports" from the activity list and then select "Employment Reports." Enter the Agency and Low Org data and click on "Projected Longevity."

2. MCA Range Adjustments

(DHRM Automated Processing)

- This processing simply adjusts all salary ranges affected by MCA increases. Ranges will move as many steps as necessary to bring range midpoints to 90% of market based on DHRM's annual salary

survey. For example, if a salary range for a particular job were at 40-55 and scheduled to receive a 2-step increase, then the new range would be 42-57. No money is given to employees at this point.

3. Longevity Range Adjustments

(DHRM Automated Processing)

- The next step will be to adjust the salary step for Longevity employees who are brought back onto the General Pay plan as a result of an MCA Range Adjustment. For example, if an employee were at Step 55-L1 and the MCA Range Adjustment moves the top of the range to Step 57, this employee would now be on the General Pay Plan. Step 55-L1 would need to be adjusted to Step 56. This process involves no salary increase for the employee since Step 55-L1 and Step 56 represent the same dollar amount. This process simply puts the employee back onto the proper step on the General Pay Plan.

4. MCA Employee-to-Minimum Adjustments

(DHRM Automated Processing)

- Any employee, regardless of their schedule code, who falls below the minimum of the range after the MCA Range Adjustments will receive as many steps as are necessary to bring them up to the minimum step. For example, if an employee were at Step 40 of a range that the minimum is moving to Step 42 because of an MCA Range Adjustment, the employee would be given two steps to be brought up to minimum. Money is being given here in the form of step increases to applicable employees. Employees who are already on a step within the new range will not receive a step increase..
- The increase will appear in the July 16, 2004 pay check. Prior to that date, DHRM will provide letters to HR Directors to distribute to all employees in the affected benchmark jobs and related titles. These letters will explain the impact of the MCA to their range and whether the individual will receive an increase or not.

5. Adjustment to Pay Plans for 1% COLA

(DHRM Automated Processing)

- The General, Longevity, and Administrative pay plans will be adjusted to reflect the 1% COLA. For example, the current value of Step 55 is \$20.17 but will increase to \$20.37 after applying the 1% COLA. In order to maintain a 2.75% pay plan, individual steps may be off of the 1% by a few pennies.

6. Employee Salary Increase for 1% COLA

(DHRM Automated Processing)

- Employee salary rates will be changed to reflect the 1% COLA. The employee's salary step on the pay plans will remain the same, but the value of the step will be worth approximately 1% more. For example, if an employee is on Step 50, he or she will remain on Step 50, but the value of the step will be worth an additional 1%. The salary increase will appear in the July 16, 2004 pay check.

Other Important Information

1. **The HRE system** will go down at 5:00 p.m. on June 24, 2004. It will be back up June 28, 2004 at 8:00 a.m.
2. **Agency Assignment, Classification, and Salary Actions** that are entered and approved prior to DHRM's shutdown of the system to run fiscal year end that have an effective date of June 19, 2004 or earlier, will process before the MCA's and the COLA. Note that **Assignment actions** that you want effective June 19, must be entered and approved on or before 5:00 p.m. on June 24th. Edits will not allow them afterwards. **Salary actions** can be made effective on June 19th whether entered and approved before or after the HRE system shutdown.

3. **Employees on the Administrative Pay Plan** are eligible for the 1% COLA.
4. **Salary ranges for Executive Directors and Commissioners** on the State of Utah Executive Pay Plan have been approved for a 1% increase on June 19, 2004, in accordance with SB 231. The **salary** increase for each Executive Director and Commissioner shall be determined by the Governor.
5. **The 1% COLA for employees on Pay Rate Indicator 2 or 3** will not be processed automatically. Manual entries will need to be processed by agencies with an effective date of June 19, 2004, and must be entered and approved prior to June 24, 2004, when HRE goes down.
6. **Increases shall be effective June 19, 2004**, for both salary and range adjustments, and will show in the paycheck received on July 16, 2004.
7. **Performance Evaluations** must be entered prior to June 24th in order for longevity increases to process. The absence of an employee's performance evaluation will not preclude him or her from receiving the COLA. Nevertheless, we encourage you to follow the normal, annual practice of completing and entering your evaluations into the HRE system.