



## UVA Physicians Group Pay for Performance Bonus Plan

### **Name of Plan**

University of Virginia Physicians Group Pay for Performance Bonus Plan

### **Effective Date**

The Plan was effective July 1, 2002; revised July 1, 2003; revised July 1, 2004; revised July 1, 2005; revised July 1, 2006; revised July 1, 2007; revised February 10, 2009; revised February, 2011; revised November, 2013; revised November 2014; revised November 2015; revised January 2017; revised January 2019

### **Purpose of the Plan**

To recognize and reward individual and group performance that adds value to the organization and contributes to the UVA Physicians Group (UPG) strategic goals in alignment with the UVA Health System.

### **Definitions**

*Aggregate salaries* means the sum of total earnings, excluding bonuses, of all Eligible Team members in the bonus plan year.

*Individual Staff Bonus* equals the Staff Bonus Pool divided by the number of Eligible Team members multiplied by the percentage of goals achieved.

*Eligible Team member* means any Team member that meets the eligibility criteria as outlined in each of the UVA Physicians Group Performance Reward Plan.

*Eligible Amount* means the amount the Team members are eligible for based on the aggregate of Eligible Administrative Staff Earnings.

*Performance Management* means the process by which all Supervisors communicate performance expectations and achievements to Team members of UPG.

*Performance Reviews* means the formal review process including 6 Month Review, 1<sup>st</sup> Anniversary Review, and Annual Review.

*Plan Year* means the fiscal year of the UPG.

*Scheduled Hours* are work hours formally listed in Workday.

*Staff Bonus Pool* equals 5% of the Aggregate Salaries.

*Supervisor* means any person directly supervising staff and responsible for performance reviews (including Officers, Directors, Managers, Assistant Managers, and Supervisors)

*Total Cash Compensation* means the Eligible Team member's actual earnings during the Plan Year including overtime but excluding bonus payments.

*Home Team* is a group of Team members reporting to the same Manager, or group of Managers, within a functional unit of UPG.

*Home Team Goals* are measurable goals supporting the UPG and Health System strategic goals that create eligibility for bonus compensation.

### **Plan Administration**

The UPG CEO and/or his/her designee will administer the Plan. In this role, he/she has sole discretion to make Plan interpretations including, but not limited to:

- Whether certain Performance Management elements will be considered when determining Performance Reward bonuses;
- Recasting accounting decisions for goal achievement purposes; and
- Mediating any conflicts that arise under the Plan.

### **Conditions for all Performance Reward Payments**

The following guidelines will apply:

- In order for a Supervisor to qualify for a bonus, s/he must have set clear performance expectations and given ongoing feedback to each individual Team member throughout the Plan Year. This includes the completion of all Performance Reviews.
- UPG will deduct any applicable taxes or statutory deductions required by law to be withheld from bonus payments under the Plan.
- No individual's Performance Reward cumulative payouts for Home Team Bonus and Quarterly Achievement Bonus combined over the course of the fiscal year can exceed 10% of base salary.

### **Communication**

Supervisors will provide Eligible Team members with regular, ongoing communication regarding the status of the home team performance and individual performance in meeting goals and expectations.

### **Terms of Employment**

Nothing in this Plan will limit UPG's right to terminate an Eligible Team member's employment at any time, nor confer on an Eligible Team member the right to remain in UPG's employment.

### **Pay for Performance Bonus Programs**

Three bonus programs are designed to achieve the purpose of this plan:

- A. Home Team Bonus Program
- B. Quarterly Achievement Bonus
- C. Manager Bonus Program

These programs are explained in more detail in the following sections.

## **Eligibility for Pay for Performance Bonus Programs**

Eligible Team members include all full-time and non-temporary part-time (scheduled at least 20 hours per week) Team members of UPG working on the last day of the Plan Year (June 30) in one of the following units:

- Accounting
- Billing and Collections
- Billing Quality and Audit
- Business Development
- Charge Capture & Billing
- Executive Office
- Legal Affairs
- Facilities
- Human Resources and Development
- Clinical Practice Group
- IT
- Planning and Analysis

A new Team member will become eligible to participate on his/her date of hire.

Team members who transfer from a non-participating department will become eligible to participate on the transfer date. Team members who transfer to a non-participating department will become ineligible to participate on the transfer date.

Eligible Team members must remain continuously employed for the period of time the bonus is calculated and paid in order to receive the bonus payment. Eligible Team members who terminate employment before the bonus is paid will not receive the bonus payment, except in cases of disability or staff reductions.

In order to receive a bonus a Team member is expected to meet the standards of performance (as defined in the Team member Standards of Performance policy) from the first day of the Plan Year until the day of the payout. If a Team member does not meet the standards of performance, the Team member's Supervisor will provide justification to the appropriate Chief to determine if the Team member will be included in the bonus payout. The Chief will determine whether the Team member will earn a full or a prorated portion of the bonus for that Plan Year, and provide that justification to HR&D.

Part-time Team members are eligible to receive a share of the Home Team Bonus that is prorated based on actual Scheduled Hours.

A bonus payout for Eligible Team members who increase or decrease scheduled work hours from part time to full time during the Plan Year will be prorated based on actual Scheduled Hours.

Team members who become eligible to participate during the Plan Year will be eligible for a prorated share of any bonus earned based on the eligibility date.

Eligible Team members on approved leave, including FMLA, or short term disability, will be eligible for the full bonus, although payment may be deferred until after the leave period. Eligible Team members on unpaid leave of 4 weeks or more will receive a share of the Home Team reward based on their time at work during the Plan Year.

Team members who become eligible or ineligible to participate due to a transfer will be eligible for a prorated share of any bonus earned based on the transfer date, assuming that he/she remains employed by UVA Physicians Group on the date the bonus is paid.

Team members who transfer internally from one participating department to another participating department will receive the bonus for the department where they were employed the majority of the time, based on actual Scheduled Hours, over the course of the Plan Year.

Team members who become ineligible to participate during the course of the Plan Year, for reasons of disability, or staff reduction will be eligible to receive a prorated share of the bonus earned based on actual Scheduled Hours worked hours during the Plan Year.

Payments will be determined according to the provisions of the Plan, based on data for the Plan Year. The goals will be reviewed at least twice each Plan Year with the intent to awarded bonuses to Eligible Team members in September. All bonuses shall be paid no later than October 31st of the year immediately following the year in which the Team member earns the bonus or the Employer's taxable year.

### **Funding for Pay for Performance Bonus Plan**

Annually, during the normal budget cycle, UPG will budget a pool of money to fund the Pay for Performance bonus programs.

In the event that there is an Administrative Surplus at the end of the Plan Year, the CEO has the discretion to contribute additional funds into the overall pool of money to be distributed.

### **Team Member Bonus Program**

Each Eligible Team member could receive up to the maximum percentage of his/her bonus (10% of individual salary) based on attainment combination of Home Team Bonus and Quarterly Achievement Bonus.

The Staff Bonus Pool is distributed in the following way:

50% based on the achievement of Home Team Goals

50% based on Quarterly Achievement for an individual or group

### **A. Home Team Bonus Program**

The Home Team Bonus Program will target annual organizational strategic goals determined by the UVA Physicians Group leadership (Senior Operations Group, Executive Team and CEO) before the beginning of the Plan Year. Each Home Team is responsible for setting measurable goals to support the UPG and Health System strategic goals. Goals should state specifically how team members and management in the Unit will contribute to the overall achievement of the strategic goals.

**Step 1:** At the beginning of the Plan Year each Home Team will determine goals for the Plan Year.

**Step 2:** The UPG Joint Leaders will review all Home Team Goals and the Senior Operations Group will give final approval for the annual Goals. During the Plan Year Teams may alter or update a goal based on changing strategy and obtain the necessary approval.

**Step 3:** Eligible Team members work together as a team to accomplish the approved goals.

**Step 4:** On a quarterly basis, goal status and updates will be presented to the Joint Leaders.

**Step 5:** At the end of the Plan Year, results of each Unit's goals will be presented to Joint Leaders with a recommendation of the percentage achieved. Those recommendations will go to the Senior Operations Group for review and to the CEO for final approval.

**Step 6:** Human Resources will provide a list of all recipients of each Unit for management approval prior to supervisors communicating the bonus amount to Eligible Team members. Once approved, Supervisors will communicate with each Eligible Team member whether he/she is receiving a payout and the amount of his/her specific bonus. This individual communication will precede the date of the bonus payout.

## **B. Quarterly Achievement Bonus**

In addition to the Home Team Bonus, individual team members, teams, or cross-functional teams can be recognized for demonstrating discretionary effort over and above normal job expectations.

**Step 1:** HR&D sends Eligibility Bonus Budgets to Chiefs based on the number of staff in their departments for the fiscal year.

**Step 2:** At the end of each FY Quarter, supervisors enter recommending bonus amounts into Workday, including justifications, to their Chief.

**Step 3:** Chiefs review and approve Quarterly Achievement bonuses quarterly in Workday based on budget and justifications provided by supervisors.

**Step 4:** Bonuses are paid on a published schedule to eligible Team members.

*Note: Any unused Quarterly Achievement bonus pool budget for the FY will be forfeited.*

## **C. Manager Bonus Program**

The Manager Bonus Program is designed to reward managers, directors, and chiefs for successful leadership and effort necessary to achieve annual UPG Corporate goals, Home Team Bonus goals, and Individual Bonus goals.

Managers are eligible for up to 7.5% of their individual salary based on the following achievement levels:

- 50% Maximum percentage based on Corporate Bonus Goals
- 50% Maximum percentage based on Home Team Bonus Goals

Directors are eligible for up to 10% of their individual salary based on the following achievement levels:

- 50% Maximum percentage based on Corporate Bonus Goals
- 50% Maximum percentage based on Home Team Bonus Goals

Chiefs are eligible for up to 15% of their individual salary based on the following achievement levels:

- 50% Maximum percentage based on Corporate Bonus Goals
- 50% Maximum percentage based on Home Team Bonus Goals

**Step 1:** At the beginning of the Plan Year, the CEO will announce Strategic Corporate Goals to the Joint Leaders.

**Step 2:** Each manager, director, chief will work with his/her Supervisor to set strategic individual bonus goals and document those goals on the UVA Physicians Group Manager Bonus Plan form. Each goal must be aligned with the UPG Corporate Goals. Each goal will have a weighted percentage attached to it.

**Step 3:** After the end of the Plan Year, each manager, director, chief will meet with his/her direct Supervisor to review individual performance results to determine the extent to which each of the individual goals on the UVA Physicians Group Manager Bonus Plan form has been met.

**Step 4:** The CEO will review each manager's recommendations for individual recognition based on goals achievement and will make the final determination regarding bonus payments.

During the Plan Year participants in the Manager Bonus Program may alter or update a goal based on changing strategy and obtain supervisor approval.

**Step 5:** The Officers will approve a listing of all recipients prior to communicating the bonus amount to individual managers.