

HACKETTSTOWN REGIONAL MEDICAL CENTER
Administrative Policy and Procedure

SECTION: ADMINISTRATION

Number: AD63

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TITLE: EMPLOYEE "INCENTIVE PROGRAM"

PURPOSE:

To outline the rationale, funding and eligibility of an annual employee incentive program.

INTRODUCTION:

All employees play a vital role in the success of our organization and Administration feels it is important that we all share in the benefits of this success. To address this issue the following employee incentive program was developed and approved.

POLICY:

1. The incentive program is to reward superior performance as measured by successfully meeting and exceeding the hospital's operating budget. One-half of this cost will be built into the hospital's operating expenses and the other half must come from excess income above the hospital's operating budget as outlined below:

A. Within Approved Budget

To be eligible for this portion the hospital must attain at least ninety percent (90%) of its budgeted operating net income. The following scale will be used for any amount between 90% and 100%.

<u>Percentage of Budgeted Net Operating Income*</u>	<u>Percentage of Money Available</u>
100%	100%
99	95
98	90
97	85
96	80
95	75
94	70
93	65
92	60
91	55
90	50
89 & below	0

***Total operating revenue minus total operating expenses.**

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B. Excess Budget

The other half must come from excess income above the hospital’s approved operating budget. All excess income will be shared equally between the hospital and employees until the maximum earned incentive is paid to employees.

2. The comparison to budget will be based upon the actual year-end Audited Financial Statements.
3. To be eligible for this incentive program an employee is required to have:
 - Begun employment prior to July 1;
 - Worked a minimum of 300 hours in the calendar year; and
 - Be actively employed at the time the incentive is paid.
4. The incentive will be paid between pay periods 7 and 8 of the following year.
5. This program is intended to generate and reward superior service and performance that adds substantially more value than the cost of the incentives. This program can be discontinued by Administration at any time and for any reason.
6. The specific amount of money available to employees and the goals and criteria for earning this incentive will be developed and communicated to employees on an annual basis.