



# METHODIST JENNIE EDMUNDSON

## PAID TIME OFF PROGRAM

### PURPOSE

To provide income protection for employees desiring to be away from work for short periods of time and to establish consistent guidelines on the eligibility, accrual and usage of Paid Time Off hours.

### POLICY STATEMENT

Methodist Jennie Edmundson makes available a program of paid time off which combines vacation, sick, personal and holiday time in one bank of time off hours. The bank provides flexibility for employees to utilize time off with pay to their best advantage. At the same time, the organization can maintain the necessary staffing to continue quality customer/patient care. The PTO program for nurses covered by the RN contract combines vacation, sick, holiday and personal time in one bank of hours. Refer to the RN PTO brochure for further details.

Paid time off is not accrued compensation to which an employee is entitled once it accrues; rather, it is a benefit available only to employees who remain employed in good standing at the time it is used and who meet all other conditions and procedures set forth in these policies.

PTO may not be taken in advance of accrual or eligibility. Failure to adhere to the eligibility guidelines for PTO usage jeopardizes the tax advantages of our program.

### PLAN DESCRIPTION

#### ELIGIBILITY

Employees with weekly scheduled hours of 16 or more are eligible for PTO. Part-time employees scheduled under 16 hours, casual and temporary employees are not eligible for PTO.

#### PTO DATE

The employee's PTO date determines at what level of service PTO hours are accrued. The PTO date is the date the employee is hired into an eligible status or changes from an ineligible to eligible status.

#### ACCRUAL

The bi-weekly PTO accrual is determined by multiplying hours worked during the pay period by the per-hour accrual rate based on the employee's years of eligible service. Each accrual is subject to the per-pay-period maximum for the employee's years of service. The employee will receive a minimum accrual based on his/her scheduled hours if he/she works less than his/her scheduled hours in the pay period. The new PTO hours are added to the employee's balance after the accrual period ends and are available for use in the following pay period. PTO hours taken during the pay period are considered hours worked in calculating the accrual.

#### MAXIMUM BALANCE

The PTO plan has a maximum balance of 600 hours. Once the employee accumulates 600 hours, he/she will not accrue any additional PTO hours until the balance drops below 600.

YEARS OF SERVICE	ACCRUAL RATE PER HOUR	PAY PERIOD MAXIMUM*
0 – 1	0.0985	7.39
2 – 4	0.1108	8.31
5-9	0.1313	9.85
10-15	0.1354	10.16
16-25	0.1395	10.47
26+	0.1436	10.77

## USE OF PTO HOURS

1. PTO hours will be available for use on the first day of the pay period following the first accrual.
2. PTO hours are to be submitted for payment via Kronos Workforce and may be used in quarter-hour increments. Payment for PTO hours is at the employee's benefit rate. PTO hours will not be included toward any overtime calculation.
3. Worked hours (not counting call back hours) plus PTO/EIB hours taken may not exceed the employee's weekly scheduled hours (based on your budgeted FTE). PTO may be granted only for days the employee is normally scheduled to work.
4. PTO may not be taken in advance of eligibility. Future PTO hours may not be taken for time off prior to the actual availability of PTO. Newly accrued PTO hours are available for use in the pay period following the accrual.
5. Time off for jury duty or election board service shall not be considered as paid time off taken by the employee.
6. Absences of less than one day are handled as follows:
  - A. Hourly: (non-exempt) Absences of less than four hours may be taken as PTO or without pay at the employee's option. Accumulated PTO must be used for the entire shift for absences of four hours or more. However, worked hours (not counting call back hours) plus PTO taken, should not exceed the employee's weekly scheduled hours for the position in which the PTO is used. Employees requesting someone to cover their shift must use PTO.
  - B. Salaried: (exempt) Absences of less than four hours may be taken as PTO (if available), and absences of four or more hours must be charged to available PTO. All other cases will be considered compensatory time, or made up at a later date. No salary reductions will be made for any absence of less than one day, unless the absence meets the criteria for Family Medical Leave. Absences governed by the Family Medical Leave policy may result in salary reductions if the employee has exhausted available PTO or chooses not to use PTO for the entire absence. Supervisors must notify Human Resources when an employee is taking any portion of the leave as non-paid.
7. Time off at the request of management (temporary reduction in work volume), will be handled as follows:
  - A. Hourly: Employees may elect whether or not to use PTO. If no PTO is available, the time off will be unpaid. Employees may arrange with their supervisor to make up "absences without pay" on their scheduled day off provided the work is necessary and does not place the employee in an overtime situation.
  - B. Salaried: Absences for one full week or more may result in paychecks being docked or employees may use PTO. Absences of four hours or more must be charged to PTO (if available). It is also an option for employees to make up time over the next two weeks. All other cases will be considered compensatory time. Pay for salaried staff may not be docked if absence is due to reduction in work unless the absence is a full week or more. If a salaried employee has no available PTO, his/her pay may not be docked if the absence is less than one week.
8. PTO is not intended to be used to fulfill the termination notice requirement. In addition, remaining PTO may not be taken following the last day of active employment.
  - A. Any exception must be approved by the appropriate Vice President and the Human Resources Department. To ensure compliance with the benefits plans and tax laws, the maximum amount of PTO under this exception is 2 weeks (4 weeks for supervisors and staff required to give a 30 day notice).

## REQUESTING PTO

Supervisors have the responsibility to maintain adequate staff to provide the services expected of their areas; therefore, they have the authority to approve or deny a request for PTO.

Although an employee may be receiving PTO at a rate of up to 35 days per year, he/she should be discouraged from exhausting the PTO account. Employees should be encouraged to accumulate some PTO in the event of an unexpected absence.

In the event of illness or injury, the employees must notify his/her supervisor as far in advance as possible, but not less than two (2) hours prior to the start of his/her shift, except in the case of an emergency requiring hospitalization or immediate medical treatment.

## **HOLIDAYS**

The six holidays that are recognized by the organization are:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

PTO hours issued to employees include hours for the six holidays recognized by the organization. See Holidays policy for further details.

## **FAMILY MEDICAL LEAVE**

Refer to the "Family Medical Leave" and "Leave of Absence - Personal" policies regarding the usage of PTO during absences which meet the criteria for FML/LOA.

## **TRANSFER TO CASUAL STATUS OR SCHEDULED HOURS DROP BELOW 16**

An employee whose scheduled hours drop below 16 (part-time or casual) will receive a sellback of PTO hours according to the termination guidelines.

## **SELLBACKS**

### **VOLUNTARY SELLBACK**

1. Voluntary sellbacks of PTO must be submitted prior to the start of the calendar year in which the hours are accrued. Each year a deadline for the sellback elections for the following year will be established and communicated to staff.
2. The number of PTO hours an employee can sell back each year is limited to the hours he/she will accrue in that year. If the employee has not accrued the number of hours he/she elected to sell back, the sellback will be adjusted to sell back as many hours as possible while still maintaining a minimum balance of 80 hours.
3. An employee may request up to two voluntary sellbacks per year. Voluntary sellbacks will be paid on the last pay date of each quarter (March, June, September and December). An employee may select which of the quarterly sellback dates on which he/she wants to receive the sellback. The employee must be in good standing (no corrective action at a suspension level or higher) at the time of the scheduled sellback to be eligible to receive the payment.
4. Voluntary sellback elections are irrevocable. Once the deadline to make the election for the following year passes, employees may not change the number of hours to be sold back, the date(s) of the sellback nor withdraw the sellback election.
5. PTO sellbacks will be paid at the employee's benefit rate and are subject to all applicable taxes.
6. Employees participating in the MHS Defined Contribution Retirement Plan may elect to defer a percentage of the sellback to the Plan.

To allow proper taxation, the contribution is limited to approximately 88% of the sellback value. All employee contributions to the MHS Defined Contribution Retirement Plan are subject to the annual maximums for the plan.

7. An emergency sellback provision is available to address unforeseen circumstances that cause a financial hardship for an employee that can be resolved in part or in total with a PTO sellback. The guidelines for an emergency sellback will follow the IRS unforeseen emergency provisions. The employee will need to demonstrate that a financial hardship exists consistent with IRS guidelines. If requested, the employee must provide proof of the hardship. Every effort will be made to preserve confidentiality. Emergency sellbacks will be limited to only the amount necessary to meet the financial need. The full PTO balance may be utilized if needed to meet the need.
8. The PTO Sellback – Annual Election and PTO Sellback – Emergency Request forms are available on the mhsintranet under Forms/Methodist Jennie Edmundson Hospital/Human Resources/Benefits.

## TERMINATION SELLBACK

1. If an employee terminates or reduces scheduled hours to less than 16, he/she will be paid for unused PTO at 100% of the employee's benefit rate, less taxes.
2. For employees participating in the MHS Defined Contribution Retirement Plan, the employee contributions will be taken from the sellback. The employee may elect to defer a different amount or choose to have no employee contribution to the MHS Defined Contribution Retirement Plan.

To allow proper taxation, the employee contribution is limited to approximately 88% of the sellback value. All employee contributions to the MHS Defined Contribution Retirement Plan are subject to the annual maximums for the plan.

3. An employee who terminates does not have to submit paperwork for a termination sellback unless he/she wishes to change the amount of the employee contribution to the MHS Defined Contribution Retirement Plan or have no contribution. The employee should then submit a PTO/EIB Sellback Form indicating his/her choice. The form is available on the mhsintranet under Forms/Methodist Jennie Edmundson Hospital/Human Resources/Benefits. The supervisor will submit a termination notification using Manager Self Service to Human Resources who will then process the termination sellback.
4. Termination sellbacks cannot be processed until after the terminated employee's last day of employment. Therefore, termination sellback checks will be issued on the next normal payday after the terminated employee's final paycheck.