

Milliman

Overview of Survey Process and Evaluation of Approaches

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Agenda

- Background on the survey process
 - Compensation survey use
 - Milliman Northwest Health Care Survey
- Evaluation of approach

Compensation Survey Use

Why?

- Establish a competitive pay practice
- Diagnose compensation problems
- Guide allocation of limited resources
- Provide advice to management
- Respond to internet data (every employee an “expert”)
- Establish credibility

Compensation Survey Use (continued)

What is a quality survey?

- Administered by independent third party
- Adequate sample size
- Breadth of sample size
- Clear data compilation practices
- Aggregated data; NOT individually reported
- List of participants/sources
- “Current”

Compensation Survey Use (continued)

- Identify market: “The place you recruit from and the place you lose people to”
- Use consistent criteria for peers
- Select appropriate survey sources
 - Reputable
 - Credible
 - Consistent
 - Substantial representation
- Match jobs to survey positions; aggregate data and generate composite

Compensation Survey Use (continued)

- Select the appropriate market
 - Industry factors
 - Geography and location
 - National market – executive and difficult to recruit
 - Regional – management and professional
 - Local – hourly positions

Compensation Survey Use (continued)

Geography

The labor market for some positions is determined by geography. Certain positions might be recruited only from the local area so data from organizations within that geography are most relevant. Other positions might be recruited from a regional or even national geography.

Industry

The labor market for some positions is closely related to an industry; certain positions are only found in the public sector; others exist only in the health care industry, and in still other cases, the pay for a particular position may be significantly influenced by industry practices.

Compensation Survey Use (continued)

Function

Often we will look to surveys that collect data on specific functional areas because the pay for a particular position is tied to that area; technical health care positions are a good example.

Size

Organizational size can be another factor that influences levels of pay for particular positions. At certain job levels, the complexity created by organizational size is directly related to the scope of responsibility of the position and, consequently, its pay.

Milliman NW Health Care Survey

- Premier source for NW health care positions
- Objective, independent, confidential
- 22 years publication; 280 jobs; 169 orgs
- Steering committee representation
 - Leading compensation professionals in the field
- Directed by Larry Daniels, Principal & Survey Practice Leader

Evaluation of UW's Approach

- Reasonableness of peer organizations?
 - Yes, appropriate for geography, industry, function and size
- Consistency in use of peer organizations?
 - Yes, same 11 peer organizations for matching process
 - Yes, verifies appropriateness of peer organizations on annual basis since 2008
 - Yes, stability and consistency applied over time

Evaluation of UW's Approach (continued)

- Consistent with best practice?
 - Yes, best practice demonstrated by:
 - “Job matching” approach
 - Appropriate aging (trending) of data
 - Appropriate aggregation of data

Evaluation of 1199's Approach

- Reasonableness of peer organizations?
 - No, questionable geography (Oregon)
- Consistency in use of peer organizations?
 - No, inconsistent definition and use of peer group

Evaluation of 1199's Approach (continued)

- Consistent with best practice?
 - No, inconsistencies demonstrated by:
 - Job described differently than UW's "official" job description
 - Inappropriate matches (job blending) between 1199 description and Milliman survey descriptions
 - Job blending, as a best practice, relies on 80% of job represented in the job description