

POLICY System_HR25

Subject: System_HR25 PAID TIME OFF
POLICY

Effective Date: MAY 2000

Applies to: ALL HOUSTON METHODIST
BUSINESS UNITS

Date Revised: 06/7/2017

Target Review Date: 6/7/2020

Originating Area: HUMAN RESOURCES

I. **POLICY STATEMENT**

Houston Methodist provides eligible employees with the ability to earn time for approved absences from work with pay defined as Paid Time Off (PTO) ([HR Glossary](#)) because we believe rest and rejuvenation is essential to keeping our workforce healthy. PTO may be used for vacation, holidays (as defined in the Authorized Holiday Schedule ([HR Glossary](#)), personal reasons, severe weather emergencies, family illnesses and short-term personal illness.

PTO must be used for absences and missed time (see item C under Earning and Using PTO for exempt level employees). If no PTO is available, employees may be absent without pay subject to management approval. If the employee is requested to not work the remainder of the shift or a full shift due to the business needs of the department, the employee may use PTO or take the time without pay (see also Earning and Using PTO Section E).

ELIGIBILITY

Employee with Standard Hours of 20 per week or above who are not classified as temporary or PRN.

EARNING AND USING PTO

- A. Eligible employees earn PTO based on the number of years of service and the date on which they began continuous employment with Houston Methodist, as well as their position and standard hours. Employee's job titles are classified within PTO Categories (click [HERE](#) for PTO Categories).
- B. PTO hours are available for use immediately upon hire or benefits eligibility and are reflected on paycheck records as "PTO Balance". Employees do not accrue PTO while on a Leave of Absence or in their last pay period of employment or benefit eligible status. If an employee should accrue PTO during LOA or their last pay period of employment or benefit eligible status, it will be removed from the employee's PTO Balance. Employees are encouraged to save an appropriate amount of time for unanticipated personal illnesses or injury.
- C. Exempt employees are allowed to take partial days off. However, if an exempt employee works any part of the work day, PTO may not be used for missed time. They are paid with Regular Pay for the entire day. For planned partial work days the employee should make

the request in accordance with the department/unit's time-off-request procedures. For unplanned partial work days where an exempt employee comes in late or leaves early because of emergencies such as feeling ill, attending to a sick child, etc. the employee should seek approval from their leader. If time does not allow for approval, the leader must at least be notified. Frequent occurrences of this nature that negatively impact the employee's ability to be present for their patient/customer needs will be addressed as a performance issue in accordance with HR01.

- D. PTO may only be used to pay employees up to their standard hours ([HR Glossary](#)) in a week as well as up to their Standard Daily Hours. If eligible employee hours are greater than standard hours then PTO is not to be used (i.e. when standard hours are 36, and employee works 40 hours then no PTO is allowed to be used). The only exception is when additional hours have been worked at the request of management to meet the needs of the business.
- E. During periods of low patient census, employees may be asked to go home before the end of their shifts. Employees may choose to use PTO to supplement their pay for the duration of said shift(s). In these cases, management should code the employees' time as Low Census PTO. See also [System HR52 ON-CALL PAY POLICY](#) .
- F. Eligible employees accumulate PTO with no limitation, but employees are encouraged to not hold more hours than they are eligible to be paid upon termination or transition to a benefits ineligible status.
- G. Borrowing PTO is not permitted. Employees are encouraged to manage their PTO balances to allow for unplanned events and circumstances. In the event that an employee is absent from work and does not have available PTO, the time must be approved by management and will not be paid.
- H. PTO is computed using the employee's base salary only. All other pay sources, such as shift differential and overtime, are excluded from the PTO pay calculation.
- I. PTO used for a period of time that will exceed 31 calendar days must be/will be classified as a Personal Leave of Absence ([HR Glossary](#)). The leave period will be effective on the first day absent. [System HR29 LEAVES OF ABSENCE POLICY](#)

PTO AND HOLIDAYS

- A. Holiday time is earned and awarded in the pay period in which the holiday falls. The amount of Holiday PTO that is awarded is based upon standard hours ([HR Glossary](#)). Holiday PTO hours are added to the PTO Balance. To be eligible for PTO accrual for a designated holiday, the employee must be on preapproved scheduled PTO or work his or her last scheduled day before, on and after the holiday, unless prior arrangements have been made with the employee's supervisor or designee. Timecards should be proactively monitored in the Time and Attendance System (LaborWorkx) to ensure compliance.
- B. Holidays are observed on the holiday itself unless the holiday falls on a weekend. In such a case, the holiday will be observed either on the preceding Friday for Saturday holidays or on the following Monday for Sunday holidays.

Extra holidays: When Christmas and New Year's Day fall on a Tuesday, the Mondays before these holidays will be awarded as additional holidays. When Christmas and New Year's Day fall on a Thursday, the Fridays after these holidays will be awarded as additional holidays.

Holiday Premium Pay: Non-exempt ([HR Glossary](#)), regular or PRN employees may be required

to work on the actual day of the following holidays: Thanksgiving Day, the day after Thanksgiving Day; Christmas Day or New Year's Day. If required to work, employees will be paid an additional rate of one-half times their regular base pay including shift differential (if applicable), excluding travel time for on call pay ([HR Glossary](#)). (Note: The holidays listed may not be the day observed according to the authorized holiday schedule). The holiday premium pay ([HR Glossary](#)) starts with the 11:00 p.m. shift immediately preceding the actual holiday and ends at 11:00 p.m. on the actual holiday. No holiday premium will be paid for the extra holidays provided when Christmas and New Year's Day fall on a Tuesday or Thursday.

SPECIAL PTO CIRCUMSTANCES

- A. Houston Methodist provides paid time off at the employee's base rate for approved/documented jury duty (see Policy [System HR69 JURY DUTY POLICY](#)) and bereavement (see Policy [System HR47 BEREAVEMENT LEAVE POLICY](#)) and is **not** deducted from the employee's PTO balance. In the event that scheduled PTO ([HR Glossary](#)) is interrupted for bereavement leave or jury duty, PTO will not be used.
- B. In the event of severe weather or other emergencies or business disruption, employees who are scheduled to report to work and are unable to do so or are delayed in reporting to work may use PTO time or take excused absence without pay (see [System HR94 STAFFING MANAGEMENT DURING A DISASTER, PANDEMIC EVENT OR COMMUNITY EMERGENCY POLICY](#)) up to their Scheduled Hours for the day and/or week. Reduction in hours due to emergency office/department closures is treated similarly under [System HR94 STAFFING MANAGEMENT DURING A DISASTER, PANDEMIC EVENT OR COMMUNITY EMERGENCY POLICY](#); PTO for excused absence without pay will be used. Further guidance is provided in HR Glossary

PTO PAYOUTS

To be eligible for a payout from any options outlined below, you must have completed one year of service from your most recent employment.

- A. Upon Termination or Retirement

An eligible employee's PTO Balance will be paid out at termination (including retirement) of employment subject to a maximum based upon their years of service and PTO Category in the pay period prior to termination. Any balance above the payout limits will be forfeited at the time of the termination or retirement. Any negative PTO or monies due to Houston Methodist will be deducted from the employee's last pay check(s) at time of termination.

Employees may not use PTO time to extend their termination date beyond their last day worked. Once an employee gives two weeks of notice of their resignation regardless of the reason, PTO generally may not be used between the notification date and the last day worked except when a physician's note is provided because of illness-related absence.

- B. Upon Status Change

Employees who move to non-benefited positions (Standard Hours less than 20 or not a Regular Employee) PTO Balance will be paid out subject to a maximum based upon their years of service and PTO Category in the pay period prior to change in status. Any balance above the payout limits will be forfeited at the time of the change in status.

C. Upon Death

In the event of an employee's death, the PTO Balance will be paid out to the account(s) established for direct deposit. If the account is closed, the PTO Balance will be paid out to the designated beneficiary on the employee's Basic Life Insurance benefit. If no such benefit exists, or if no beneficiary is named, the PTO balance will be paid to the employee's estate. The number of PTO hours paid out will be subject to a maximum based upon their years of service and PTO Category in the pay period prior to the employee's passing. Any balance above the payout limits will be forfeited. Any negative PTO or monies due to Houston Methodist will be deducted from the employee's last pay check(s).

D. Annual PTO Sell Programs

Two different PTO Sell programs are available to employees. Employees must retain a minimum of 80 hours in their PTO Balance in order to elect to sell PTO hours, subject to maximum sell amounts. Elections are ***irrevocable***. Faculty and Resident benefit level employees are not eligible to sell PTO under either option. New employees are not eligible to sell PTO in the calendar year in which they are hired.

- A. Sell Option 1: Eligible employees may sell up to 60 hours of PTO hours two (2) times per year (May and November). Hours will be sold at 100% of the employee's base salary at time of sell from hours that have accrued that calendar year. Requests to sell under Option 1 must be submitted during the Benefits Open Enrollment each year for payout in May and November of the following year.
- B. Sell Option 2: Employees may sell up to 40 hours of PTO two (2) times per year (March and November/December). Hours will be sold at 75% of the employee's base salary at the time of sell. Requests may be submitted just prior to the sell election deadline via Employee Self Service within MARS.

II. **MANAGEMENT RESPONSIBILITIES**

- A. Approving PTO within the guidelines as outlined in the Policy.
- B. Verifying PTO is taken appropriately and coded in accordance with this Policy in the Time and Attendance system (LaborW orkx).
- C. Providing employees with written departmental or entity time-off request and call-in-procedures and any changes made to them.
- D. Scheduling PTO in a manner that ensures that the quality of patient or member care is maintained as well as the department's operations.
- E. Approving absences (paid or unpaid) based on the needs of the department.
- F. Ensuring consistency throughout the work unit when addressing unscheduled PTO ([HR Glossary](#)) issues with employees.
- G. Completing the [Paid Time Off Hours Adjustment Form](#) in the event PTO hours are not deducted properly.
- H. Obtaining a physician's certification when employees take three or more consecutive days of unscheduled PTO

III. **EMPLOYEE RESPONSIBILITIES**

- A. [Requesting scheduled PTO](#) in accordance with the entity or department's time-off procedures. In cases where such procedures do not exist, at least one week's advance notice is required.
- B. Obtaining and providing to management, if required, a physician's certification of eligibility to return to work when taking three or more consecutive days of unscheduled PTO.
- C. Contacting your manager, Human Resources or HR Benefits or reviewing applicable materials at <http://myHR.HoustonMethodist.org> for individual PTO rates or for questions related to PTO.

IV. **REFERENCES**

- [System HR29 LEAVES OF ABSENCE POLICY](#)
- [System HR47 BEREAVEMENT LEAVE POLICY](#)
- [System HR52 ON-CALL PAY POLICY](#)
- [System HR69 JURY DUTY POLICY](#)
- [System HR94 STAFFING MANAGEMENT DURING A DISASTER, PANDEMIC EVENT OR COMMUNITY EMERGENCY POLICY](#)

V. **SIGNATURE OF APPROVING EXECUTIVE**

Signed Original on File

Carole Hackett
Senior Vice President, Human Resources

Date Signed

Revision	Date	Changed by	Revision Summary
10	September 26, 2013	Janay Andrade	Updated language to explicitly state that employees must be employed for at least one year with HMH to be eligible for PTO payouts.
11	June 7, 2017	Holly Smoot and Laura Studensky	Added new material to clearly explain how PTO should be handled with exempt employees who work a portion of the day. Clarified process on payouts, when employees accrue PTO and when PTO is provided that doesn't come out of an employee's PTO Balance such as jury duty. Updated material under Annual PTO Sell Programs and PTO and Holidays to provide clarity as well as under Management Responsibilities to ensure timecards are coded in compliance with this policy. Updated links, formatting, and web addresses.