
Avoid the Overtime Blues in Your Practice

By Elizabeth Woodcock, MBA, FACMPE, CPC

Perhaps no one in your practice deliberately abuses overtime. Then again, if you make overtime pay available to employees on a regular basis, who could blame them for grabbing the opportunity? Not only can overtime cost you money, but it may also bring legal liabilities if you fail to manage it with care.

It's true that medical practices can be overwhelmingly busy with unpredictable patient demands. Yet, overtime shouldn't be a fact of life. Consider that if only four staff members are kept an hour beyond their full-time work schedule every day, you'll rack up thousands of dollars in overtime costs each year. If your practice is like most, then staff salaries are already the biggest portion of your overhead expenses.

Here's a run-down of when you're obligated to pay overtime and some strategies to avoid, or at least reduce, the need to use overtime in the first place while continuing to accommodate patients and deliver exceptional service.

Understand obligations. If an employee qualifies for overtime, pay it. It's the law. The pay must be at least one and one-half times the employee's regular rate of pay. Don't be tempted to use 'time off in lieu' of overtime to avoid those obligations. Time off in lieu of overtime is currently prohibited for private sector workers covered by overtime laws. If you don't follow the law, you may find yourself getting a call from your state's labor law regulators, an employee's attorney, or both.

Know the terminology. 'Covered nonexempt employees' means just that: not exempt from getting overtime. The federal Department of Labor's Wage and Hour Division says that 'covered nonexempt employees' must receive overtime pay for hours worked over 40 hours in a workweek. An office manager (and certain other positions) may indeed be exempt, but just calling someone 'manager,' or 'consultant' doesn't necessarily exempt them from federal or state overtime laws. Department of Labor regulations define the types of executive, administrative, professional and outside sales employees who may be exempt from the overtime provisions of the Fair Labor Standards Act (FLSA). To see more about who could be exempt or non-exempt, see the Department of Labor's [website](#).

Clarify the workweek. Labor law defines the workweek as a fixed and regularly recurring period of 168 hours – seven consecutive 24-hour periods. Your practice can define its own workweek within those parameters, and it need not coincide with the traditional Monday-

through-Friday week. While your week may begin and end on any day and hour of day, you cannot change your workweek each week or two just to avoid paying overtime. You also are not allowed to average an employee's hours over a two-week period.

Avoid misperceptions. Federal law defines when you have to pay overtime and to whom, but it does not restrict the number of hours that employees 16 years or older may be asked to work during any workweek (except for medical residents, transportation workers and certain others). The FSLA also does not require you to pay overtime to those who work on weekends, holidays, or regular days of rest unless these hours are in excess of 40 hours in the workweek. Of course, the reality is that for weekend and holiday work you may need to pay extra to attract the employees you want.

Don't forget the state. If your state is one of the several states with overtime laws, then any employees subject to both state and the federal overtime rules are entitled to overtime pay at whichever is the higher-paying standard.

Avoid abuse. Recognize that overtime can be abused. Overtime is lucrative, so it's not uncommon to see employees seek it out. In a pinch, such as end-of-month charge entry, it can be quite valuable to have employees who are able and willing to put in a few extra hours. But don't allow workers to stretch their eight-hour days into 10 hours which, at time-and-a-half, means they are getting paid for 11 hours. An effective time and attendance system can help you manage overtime. Use the familiar punch clocks, biometric time clocks, paper sign-in sheets – whatever works best for you.

Require approval. Establish a protocol that all overtime hours must be approved by a supervisor. Make sure supervisors get clear direction about when overtime is justified. Supervisors also must know to document all overtime hours accrued each pay period and the reasons for them. At least every quarter, those reports should be reviewed by top-level managers.

Charge back. Consider allocating overtime costs to the physicians who create overtime by frequently running behind, turning in charges only at the end of the month, or other behaviors that can rack up support staff overtime.

Get creative. One way to avoid overtime could be to expand office hours beyond the traditional business hours. For example, many practices have success by establishing a 7 a.m. start time and staggering work shifts so that patients can continue to be seen over the lunch hour. Perhaps you can take it a step further by creating a new staffing model such as four 10-hour days – or compressing the 40 hours into four-and-a-half days with Friday afternoons off. These creative hours may do more than allow you to stem overtime, they can also mean a happier – and more productive – staff.

Schedule thoughtfully. At the very least, pay careful attention to scheduling practices. If your busiest physician has only one nurse available on Friday afternoons, you are just contributing to overtime usage.

Finally, don't forget about using part-timers, either to cover extra-busy clinical hours or to fill in when regular staff request leave time. After all, if you're paying 150 percent per hour for the extra work, why not hire someone on a part-time basis to fill this need – it may well save your practice money as well as headaches.

More information from the U.S. Department of Labor:

[General guidance](#)

[Wage and Hour Division information for employers](#)

[“Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales and Computer Employees,” July 26, 2017](#)

The contents of The Sentinel are intended for educational/informational purposes only and do not constitute legal advice. Policyholders are urged to consult with their personal attorney for legal advice, as specific legal requirements may vary from state to state and/or change over time.