PAY ADMINISTRATION

1. **REASON FOR ISSUE:** To implement provisions of the “Caregivers and Veterans Omnibus Health Services Act of 2010” (Public Law 111-163, dated May 5, 2010) as it relates to special pay for pharmacist executives within the Veterans Health Administration (VHA).

2. **SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook contains mandatory pay administration procedures regarding special pay for pharmacist executives as authorized under 38 U.S.C. 7410. The pages in this handbook replace the corresponding page numbers in VA Handbook 5007. Revised text is contained in [brackets]. Chapter 17 is added to Part VIII. These changes will be incorporated into the electronic version of VA Handbook 5007 that is maintained on the Office of Human Resources Management and Labor Relations Web site. These provisions are effective March 27, 2011.

3. **RESPONSIBLE OFFICE:** The Compensation and Classification Service (055), Office of the Deputy Assistant Secretary for Human Resources Management.

4. **RELATED DIRECTIVE:** VA Directive 5007, Pay Administration.

5. **RESCISSIONS:** None.

CERTIFIED BY:  
/s/ Roger W. Baker  
Assistant Secretary for Information and Technology

BY DIRECTION OF THE SECRETARY OF VETERANS AFFAIRS:

/s/  
John U. Sepúlveda  
Assistant Secretary for Human Resources and Administration

ELECTRONIC DISTRIBUTION ONLY
# PAY ADMINISTRATION

## PART VII. PAY LIMITATIONS

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CHAPTER 2. AGGREGATE LIMITS

1. ADMINISTRATION OF AGGREGATE LIMITS

   a. The annual aggregate limitation on compensation in 5 CFR, part 530, subpart B, applies to all Department employees, including employees in Senior Executive Service (SES); Senior-Level employees; General Schedule (GS) employees; Federal Wage system (FWS) employees; and title 38 employees except physicians, dentists, [pharmacist executives,] and certified registered nurse anesthetists (CRNAs) (see subparagraphs b[, c and d]). Such employees may not be paid aggregate compensation higher than Level I of the Executive Schedule (EL-I) in any calendar year.

   b. Physicians and dentists appointed under 38 U.S.C. 305, 7306, 7401(1), and 7405 may not be paid aggregate compensation in a calendar year higher than the annual pay (excluding expenses) received by the President of the United States.

   c. [Pharmacist executives in the following positions who are authorized special pay under part VIII, chapter 17 of this handbook may not be paid aggregate compensation in a calendar year higher than the annual pay (excluding expenses) received by the President of the United States.

   (1) The VA Central Office Chief Consultant, Pharmacy Benefits Management Services (PBM);

   (2) VA Central Office Deputy and Associate Chief Consultants, PBM;

   (3) Consolidated Mail Outpatient Pharmacy (CMOP) Directors; and

   (4) The Pharmacy Benefits Manager for each VISN.

   d. CRNAs appointed under 38 U.S.C. 7306, 7401(1), and 7405 may not be paid aggregate compensation in a calendar year higher than the annual pay received by the Vice President of the United States.

2. REFERENCES

   a. Public Law 102-40


   c. 5 CFR, part 530, subpart B

   d. 3 U.S.C. 102

   e. 5 U.S.C. 5304, 5307, 5372a, 5595, 5596, 5753, 5754, 5755, 8118

   [f. Section 601 of Public Law 111-163, “Caregivers and Veterans Omnibus Health Services Act of 2010” and 38 U.S.C. 7410(b)]
3. PROCEDURES FOR ADMINISTRATION OF THE AGGREGATE LIMITATION ON COMPENSATION

a. Making Determinations. Using the CFR and the following table, HRM officials should determine if employees’ pay has reached the aggregate limit in a calendar year. Payments over the limit (lump sum payments of excess amounts) must be deferred to the following calendar year and will count toward the aggregate limit in the new year.

b. Lump-Sum Payment of Excess Amounts. If an employee is due a lump-sum payment of an excess amount, HRM officials need only consider the employee’s estimated basic pay in the coming year in deciding how much of the excess amount may be paid in full before any other component at the beginning of a calendar year.

<table>
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<td>For title 38 physicians and dentists, fee basis and all other compensation paid under title 38 authority.</td>
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[CHAPTER 17. SPECIAL PAY FOR PHARMACIST EXECUTIVES]

1. GENERAL. This chapter provides mandatory procedures for administering special pay for pharmacist executives in the Veterans Health Administration (VHA). Special pay may be paid in order to recruit and retain highly qualified VHA pharmacist executives.

2. AUTHORITY. 38 U.S.C. 7410(b) as added by Public Law 111-163, dated May 5, 2010 provides for a special pay amount up to $40,000 annually to be authorized for the recruitment and retention of highly qualified pharmacist executives.

3. ELIGIBILITY. Pharmacist executives in the following positions who maintain a performance rating of at least “Fully Successful” or equivalent are eligible for special pay under this chapter:

   a. The VA Central Office Chief Consultant, Pharmacy Benefits Management Services (PBM);

   b. VA Central Office Deputy and Associate Chief Consultants, PBM;

   c. Consolidated Mail Outpatient Pharmacy (CMOP) Directors; and

   d. The Pharmacy Benefits Manager for each VISN.

4. RESPONSIBILITIES

   a. Under Secretary for Health (or designee)

      (1) Approves and/or adjusts special pay amounts payable to eligible VA Central Office pharmacist executives.

      (2) Terminates special pay amounts payable to the VA Central Office pharmacist executives in accordance with paragraph 8 of this policy.

   b. Chief Consultant, PBM Services, VA Central Office

      (1) Approves and/or adjusts special pay amounts payable to the eligible Pharmacy Benefits Manager for each VISN and CMOP Directors.

      (2) Terminates special pay amounts payable to the Pharmacy Benefits Managers and CMOP Directors in accordance with paragraph 8 of this policy.

   c. Deputy Assistant Secretary for Human Resources Management. Advises the Under Secretary for Health and other key officials on the regulations, policies, and procedures contained in this chapter.

5. DETERMINING THE AMOUNT OF SPECIAL PAY. Each pharmacist executive approved to receive special pay under this chapter may receive a special pay incentive of up to and not more than $40,000 per year.
a. **Factors to Consider.** The following factors will be considered when determining whether to approve special pay for a covered and eligible pharmacist executive.

(1) **Grade and Rate of Pay for the Position**

(a) The rates of pay for comparable positions within the geographic area of the position as evidenced by applicable third party salary survey data.

(b) Availability and opportunity for progression within the rate of pay.

(2) **Scope and Complexity of the Position**

(a) The level of accountability and responsibility for the successful outcomes of clinics and programs.

(b) The geographical dispersion/complexity of facilities/campuses.

(c) Line authority or programmatic responsibility for pharmacy and other professions/services.

(d) Scope of educational affiliation programs.

(3) **Personal Qualifications.** Possession of advanced degrees, Board of Pharmaceutical Specialties certification, residencies and fellowships, etc.

(4) **Characteristics of the Labor Market.** Unique characteristics of the labor market, historical recruitment and retention difficulties, scarcity of available candidates.

(5) **Other Factors.** Any additional factors deemed appropriate by the approving official, including but not limited to organizational leadership, management skills, ethical behavior, education/staff development, resource utilization, quality management, expertise in a specific pharmacy discipline, research, etc.

b. **Documenting Approval of Special Pay Amount**

(1) Special pay approvals will be documented on VA Form 0941. A sample is provided in appendix VIII-K of this part.

(2) In addition to specifying the annual amount of special pay to be paid to the pharmacist executive, complete justification in support of the approved amount will be provided in accordance with the factors in subparagraph a above.

(3) VA Form 0941 is filed in the permanent folder of the e-OPF.
6. PAYMENT OF SPECIAL PAY

   a. Computation. Special pay will be paid on a pay period basis using the same formula used to
determine basic hourly rates. The per annum amount of special pay is divided by 2,080 to obtain an
hourly rate. The hourly rate is then multiplied by the number of hours in a pay status (not to exceed 80)
to obtain a bi-weekly payment. A fraction resulting from any computations is adjusted to the nearest
cent, counting one-half cent and over as a whole cent. Payment of special pay will not be authorized for
periods of leave without pay or absence without leave.

   b. Treatment as Basic Pay. Special pay paid to a pharmacist executive under this chapter is
considered part of the individual’s rate of basic pay for the purposes of computing civil service retirement
benefits, life insurance, thrift savings plan, lump-sum annual leave payments, work injury compensation
claims, severance pay, continuation of pay, and recruitment and retention incentives. It is not considered
pay for the purpose of adverse actions under Chapter 74, Subchapter V of Title 38, United States Code.

7. ADJUSTMENTS IN SPECIAL PAY

   a. The special pay authorized for a pharmacist executive will be re-determined when:

      (1) The scope of the pharmacist executive assignment changes;

      (2) Assigned to another pharmacist executive position; or

      (3) The approving official determines that the factors considered in paragraph 5a have significantly
changed.

   b. The amount of special pay authorized for a pharmacist executive may increase or decrease as a
result of a re-determination under subparagraph 7a above. Pay retention provisions do not apply to
special pay.

   c. Except for changes resulting from appointment or transfer to another VA facility, special pay
adjustments will be effective the first day of the first pay period after the date the approving official signs
VA Form 0941. Adjustments resulting from appointment or transfer to another VA facility will be
effective on the same date as the appointment or transfer.

8. TERMINATION OF SPECIAL PAY

   a. Special pay for a pharmacist executive shall be terminated if:

      (1) The pharmacist executive leaves a special pay eligible position.

      (2) The pharmacist executive is rated less than “Fully Successful” or equivalent or is placed on a
performance improvement plan. Special pay may be reinstated at the same or different amount upon
successful completion of a performance improvement plan (if applicable) or demonstration of
performance at the fully successful level.
(3) It is determined that it is no longer necessary for the recruitment or retention of select pharmacist executives.

b. Pay retention provisions do not apply to special pay. Further, termination of special pay is not considered an adverse action.

c. Terminations of special pay will be effective the last day of the pay period in which the determination to terminate special pay is made under subparagraph a above.

9. SPECIAL PAY FOR DETAILS

a. Special pay for a pharmacist executive continues while the employee is detailed to another assignment.

b. An individual detailed to a pharmacist executive assignment or who serves in such an assignment in an acting capacity may receive special pay effective the beginning of the first full pay period after serving 30 consecutive days in the assignment. The special pay remains in effect only so long as the employee serves in the assignment and as long as deemed necessary by the approving official. Upon approval of the special pay amount on VA Form 0941, the following statement will be placed in the “Remarks” item of Standard Form SF-50, Notification of Personnel Action: “Employee informed of conditions of temporary assignment”.

10. REFERENCES

a. Public Law 111-163, dated May 5, 2010

b. 38 U.S.C. 7410]
# Appendix K. Pharmacist Executive Special Pay Approval Form

## 1. Name (Last, First, Middle Initial)  
2. Last 4-Digits of SSN  
3. Location of Assignment  
4. Grade/Step  
5. Current Basic Pay Rate  
6. Current Special Pay Amount  

### 7. Assignment (Check one)  
- VACO Chief Consultant, PBM  
- VACO Associate Chief Consultant, PBM  
- VISN Pharmacy Benefits Manager  
- VACO Deputy Chief Consultant, PBM  
- Consolidated Mail Outpatient Pharmacy Director  

### 8. Justification  
(Refer to Special Pay Factors in VA Handbook 5007, Part VIII, Chapter 17, Paragraph 5)  

1. Grade and Rate of Pay for the Position  
2. Scope and Complexity of the Position  
3. Personal Qualifications  
4. Characteristics of the Labor Market (Including recruitment and retention difficulties)  
5. Other Factors  

### 9. Action by Recommending Official  
9A. Special Pay Amount Recommended  
9B. Signature and Title of Recommending Official  
9C. Date Signed  

### 10. Action by Approving Official  
10A. Special Pay Amount Authorized  
10B. Signature and Title of Approving Official  
10C. Date Signed  
10D. Effective Date