



Indian Health Service Biweekly and Annual Pay Limitations on the Sum of Basic Pay and Premium Pay for General Schedule Employees Standard Operating Procedure

DOCUMENT CHANGE HISTORY

Record all SOP versions and revisions

Version Number	Release Date	Summary of Changes	Section	Changes Made By
1	7/16/2025	SOP establishment	New SOP	OHR, HQ, Compensation

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1. Introduction

The purpose of this Standard Operating Procedure (SOP) is to describe the biweekly and annual caps on the sum of basic pay and premium pay, how to monitor if employees are at risk of reaching the pay caps, and the procedures for requesting that an employee(s) be moved to the annual cap. This SOP is not intended to provide comprehensive guidance on the general use and receipt of premium pay as there is plentiful information available on the Office of Personnel Management (OPM) (See: section 3 of this SOP for hyperlinks to guidance). There is only one premium pay system used at the Indian Health Service (IHS) for employees paid under the General Schedule (GS) pay system and it authorized under [5 United States Code \(U.S.C.\) §§ 5541-5548](#) and [5 Code of Federal Regulations \(C.F.R.\) Part 550 – Pay Administration, Subpart A - Premium Pay](#).

2. Employees Covered and Not Covered by this SOP

Covered Employees:

This SOP only applies to employees paid under the General Schedule (GS) pay system to include employees who receive basic pay under one of the following pay tables:

- 1) A [GS locality pay table](#),
- 2) An [Office of Personnel Management \(OPM\) Title 5 special salary rate pay table](#), or
- 3) An [Indian Health Service \(IHS\) Title 38 special salary rate \(SSR\) pay table](#).

Hyperlinks to the online locations of the above three types of pay tables are included.

Not Covered Employees:

This SOP does not apply to employees paid under the following pay or employment systems because either the employees are not eligible to earn any premium pay under their pay system, or the employees receive premium pay under a pay system that has different pay cap rules:

- 1) Title 38 Physician, Dentist, and Podiatrist Pay,
- 2) Commissioned Corps of the U.S. Public Health Service,
- 3) Senior Executive Service
- 4) Federal Wage System, or
- 5) Political Appointment

3. References

Law:

[5 United States Code \(U.S.C.\) §§ 5547 – Limitation on Premium Pay](#)

Regulations:

[5 Code of Federal Regulations \(C.F.R.\) § 550.105 – Biweekly Maximum Earnings Limitation](#)

[5 C.F.R. § 550.106 – Annual Maximum Earnings Limitation](#)

[5 C.F.R. part 550, subpart A – Premium Pay](#)

Office of Personnel Management Guidance:

[Fact Sheet: Premium Pay \(Title 5\)](#)

[Fact Sheet: How to Compute Rates of Pay](#)

[Biweekly Caps on Premium Pay](#)

U.S. Department of Health and Human Services Guidance:

[HHS Instruction 550-1: Premium Pay](#)

[HHS Guide for Timekeeping – Chapter 10 – Premium Pay, Differentials, General Schedule Employees](#)

Indian Health Service

[Personnel Delegation #21 – Delegation of Authority to Approve Title 5 Premium Pay](#)

4. Definitions

- **Basic Pay** – Basic Pay (also commonly referred to as “salary”) is received in exchange for work performed. Examples of basic pay received at IHS include pay received under a:
 - GS locality pay table (the majority of IHS employees are paid under a GS locality pay table),
 - IHS Title 38 SSR Pay Table (many IHS clinical support employees are paid under IHS Title 38 SSR pay tables),
 - Office of Personnel Management (OPM) Title 5 SSR pay table, or
 - A [Federal Wage System](#) wage schedule.
- **Premium Pay** – Premium pay is additional pay provided to employees for working certain types of hours or under certain types of conditions, as provided under 5 U.S.C. chapter 55, subchapter V and 5 CFR 550, subpart A. Premium pay at IHS includes:
 - Overtime Pay*,
 - Night Pay,
 - Sunday Pay,
 - Holiday Pay, and
 - Compensatory Time Off (an alternative form of payment for overtime work)*

*Note: Overtime pay and Compensatory time off are only considered in the biweekly and annual basic pay/premium pay caps for employees *exempt from the FLSA (i.e., not covered by FLSA rules)*.
- **Biweekly Cap on Sum of Basic Pay and Premium Pay** – GS employees may receive certain types of premium pay for a biweekly pay period only to the extent that the sum of basic pay and premium pay for the pay period does not exceed the greater of the biweekly rate payable for:
 - (1) the applicable GS 15/10 (includes both GS locality pay tables and Title 5 or Title 38 special salary rate pay tables), or
 - (2) the rate payable for level V of the Executive Schedule (\$183,100 in 2025), or
 - (3) or in the case of employees paid from an IHS Title 38 special salary rate table that does not have a GS 15 level but whose basic pay exceeds the location’s GS 15/10 locality pay level, the employees’ biweekly rate of basic pay becomes the employees’ biweekly cap on basic pay and premium pay. In this case, the employees are not eligible to earn any premium pay as they are capped in basic pay and premium pay at their biweekly basic pay rate. The IHS Certified Registered Nurse Anesthetists (CRNAs) are the only IHS

employees in this situation. For example, an IHS CRNA at the GS 13/9 level (\$224,645 in 2025) would not be able to earn any premium pay because their earned biweekly basic pay is their biweekly cap and does not leave any room for the receipt of premium pay.

Because even the lowest locality pay table (Rest of U.S.) GS 15/10 (\$190,424 in 2025) is higher than EX V (\$183,100 in 2025), the GS pay table that includes a GS 15 level is always the pay table that determines the biweekly pay cap. If an employee is under a special salary rate pay table that does not include a GS-15 level, the HHS payroll system, the Defense Finance Accounting Service (DFAS) will use the GS 15/10 pay level on the GS locality pay table for the employee's duty station to determine the biweekly cap. Note the exception for IHS CRNAs on the IHS Title 38 special salary rate pay table who are capped at their biweekly rate of basic pay and cannot earn any premium pay due to that limit. Additional forms of compensation like incentives (3Rs) or cash awards are not included in the biweekly pay cap.

- **Annual Cap on Sum of Basic Pay and Premium Pay** - In certain emergency or mission critical situations, IHS may apply an *annual* premium pay cap instead of a biweekly premium pay cap. The emergency criteria can be met by a need for an employee to work extra hours or certain work shifts to meet patient care needs. The annual cap on the sum of basic pay and premium pay is based on the annual rate for the GS 15/10 as described above under the Biweekly Cap definition. Like the biweekly cap, if an employee is under a special salary rate pay table that does not include a GS-15 level, DFAS will use the GS 15/10 pay level on the GS locality pay table for the employee's duty station to determine the annual cap. (Note the exception for IHS CRNAs who may not earn any premium pay under either the biweekly or annual caps.) Additional forms of compensation like incentives (3Rs) or cash awards are not included in the annual cap on salary and premium pay. However, these are included in employees' aggregate compensation limits (See [HHS and IHS Title 38 Pay Limitations](#) or [OPM Guidance on Title 5 Aggregate Compensation Limitation](#))

5. Roles and Responsibilities

- *Employee* – Needs to have awareness and responsibility to ensure that basic pay and premium pay do not exceed the biweekly or annual cap on basic pay and premium pay. The employee should monitor their Leave and Earnings statements and immediately raise any questions about their compensation to their supervisor and servicing HR specialist. The employee should also monitor their biweekly statements to ensure that the waiver of the biweekly cap still stands.
- *Employee's Supervisor* - Needs to have awareness and responsibility to ensure that basic pay and premium pay do not exceed the biweekly or annual cap on basic pay and premium pay. The supervisor should advise OHR staff about any staffing changes that affect the need for a biweekly cap waiver.
- *Employee's Timekeeper* – Should have awareness to help in ensuring that basic pay and premium pay do not exceed the biweekly or annual cap on basic pay and premium pay. Timekeepers have limited access to HR systems so they must work with the servicing payroll specialist.
- *OHR Staff* – OHR staff work with managers and employees to explain the limitations on the earning of premium pay. They should advise managers and employees about the option of moving to the annual cap on basic pay/premium pay in emergency situations. OHR HQ staff are responsible for maintaining this SOP, advising on the use of premium pay and biweekly/annual caps, and providing training when needed.

6. Procedures

A. Monitoring Employee's Receipt of Premium Pay

The employee and their supervisor should regularly monitor the receipt of basic pay and premium pay to ensure that staff do not inadvertently reach:

- the biweekly cap, if the employee has not been moved to the annual cap, or
- the annual cap if the employee has been approved for the annual cap.

If an employee reaches the biweekly or annual cap (whichever cap applies to the employee), the employee will not be able to receive any more premium pay for that pay period or calendar year. Any premium pay that is forfeited due to reaching the annual cap before the end of the calendar year will be paid out in lump sum at the beginning of the next calendar year which will then add to reaching the following year's annual pay cap. If a decision is made to pay the deferred premium pay in lump sum, a Service Now ticket may need to be submitted.

Since the Defense Civilian Payroll System (DCPS) is retrospective and can only show what an employee earned for a prior pay period that has ended, there is no system-based way to project that an employee may hit the biweekly or annual caps. Staff should familiarize themselves with how hourly rates and premium pay rates are calculated. A [sample Excel spreadsheet](#) for monitoring the biweekly and annual caps is provided on the OHR website. Note that the employee's basic pay hourly rate must be inserted into the spreadsheet in Column R. The GS 15/10 rate for both the biweekly and annual cap will either be a Title 38 SSR (if the T38 SSR has a GS 15 level) or the GS locality pay table for the employee's duty station depending on what pay table applies to the employee. Tabs 2 and 3 show the calculations for an IHS pharmacist paid from the IHS Title 38 SSR. However, Tab 4 can be used to advise employees and supervisors regarding the biweekly and annual caps, and as an ongoing means for an employee and supervisor to ensure that an employee does not exceed the relevant pay caps. The employee's basic pay hourly rate is needed (column R), the relevant GS 15/10 biweekly cap (GS 15/10 hourly rate x 80) (cell B3), and the annual GS 15/10 cap (cell B4).

B. Moving Employee from Biweekly to Annual Cap

In emergency or mission-critical situations when an employee may be earning a lot of premium pay due to overtime, night, holiday, etc. work, IHS managers may seek approval to apply an annual basic pay/premium pay instead of a biweekly basic pay/premium pay cap. Providing direct patient care or services incident to patient care meets this criterion. The annual cap is equal to the GS 15/10 pay rate on the applicable GS locality or Title 5/Title 38 SSR pay table that applies to the employee. If the SSR table that an employee is paid under does not have a GS-15 level, DFAS will use the duty station's applicable GS locality pay table. (Note the exception for IHS CRNAs noted on pages 3-4 and that CRNAs do not earn premium pay). Note that moving an employee to the annual cap still limits the employee to the GS 15/10 rate, but on an annual, aggregate basis. **Moving to an annual cap can be helpful for employees who only periodically earn in excess of the biweekly cap but it is not a permanent solution for employees who regularly earn over the biweekly cap as they will eventually hit the annual cap. Once the employee hits the annual cap, they can continue to earn their basic pay but they cannot earn any more premium pay that calendar year. Moving an employee to the annual cap could even worsen the situation as employees may not be able to earn any premium pay once they hit the annual cap.**

There are certain steps that must be taken to move an employee from the biweekly cap (the default) to the annual emergency cap:

- Create an approval memo for the Area Director to sign indicating that the employee may earn basic pay/premium pay more than the biweekly cap due to “emergency or mission-critical situations” and should be moved to the annual cap. A sample approval memo is included at Attachment 1.
- Once the approval memo is signed, process an action in EHCM to create a “Start” action on the biweekly cap waiver. See Attachment 2 for how to process a “Start” action.
- In coordination with the servicing compensation specialist, HR must submit a ticket to the Service Center, HHS Helpdesk, requesting that the biweekly cap be lifted. A copy of the signed memorandum and SF-50 personnel action (NOAC 800, Legal Authority Code CGM with the remarks “Biweekly pay cap lift, effective [insert date]” must be attached to the ticket. The compensation specialist must confirm 800 action has flowed to the Defense Civilian Payroll System (DCPS), to the pay rates and appointment page one.

There is an EHCM job aid on this process at Attachment 2.

C. Moving Employee from Annual to Biweekly Cap

If the underlying emergency or mission-critical need which justified moving the employee from the biweekly to the annual cap ends, it is necessary to move the employee back to the biweekly cap. For instance, if staffing levels improve to a level that the employee is not earning so much overtime pay, the employee should be moved back to the biweekly cap. The employee will remain under the annual cap until a “Stop” action is processed in EHCM.

Note with every within grade increase or pay adjustment, a new biweekly Pay Cap Lift needs to be processed in EHCM and flowed to DCPS.

There are certain steps that must be taken to move an employee from the annual emergency cap back to the biweekly cap (the default):

- Process an action in EHCM to create a “Stop” action on the biweekly cap waiver. See Attachment 2 for how to process a “Stop” action.
- In coordination with the compensation specialist, HR must submit a ticket to the Service Center, HHS Helpdesk, requesting that the biweekly cap be re-established. A copy of the SF-50 personnel action (NOAC 800, Legal Authority Code CGM with the remarks “Termination of bi-weekly pay cap waiver, effective [insert date]” must be attached to the ticket.

There is an EHCM job aid on this process at Attachment 3.

Attachments

Attachment 1 – Sample Memo Template to Request Movement from Biweekly Cap to Annual Cap



DEPARTMENT OF HEALTH & HUMAN SERVICES

TO: Name
Area Director, Area

THROUGH: Name
HR Area Director, Office of Human Resources

FROM: Supervisor Name
Position Title, Name of Office

SUBJECT: Approval to Waive Biweekly Basic Pay/Premium Pay Cap Due to Emergency and Mission-Critical Situation– **DECISION**

ISSUE

The purpose of this memorandum is to obtain approval to grant a waiver to the biweekly basic pay/premium pay cap maximum for staff due to emergency and mission-critical reasons. The biweekly cap on the sum of basic pay and premium pay is the biweekly rate for the General Schedule (GS) 15, step 10 in the employee's locality pay area. If the employee is paid under a special salary rate that includes a GS 15/10 rate, the biweekly payable amount is determined under that special rate table. By granting a waiver to the biweekly pay cap, the employee will be placed under an annual cap on basic pay and premium pay equal to the annual payable rate for the GS 15/10. The annual cap may not be waived for any reason. The employee(s) is/are indicated at the end of this memorandum.

BACKGROUND

The Code of Federal Regulations (Annual Maximum Earnings Limitation §550.106-§550.107) states that, in an emergency event, an employee may exceed the biweekly premium pay limit to the extent that the payment does not cause the total of his or her basic pay and premium pay for any biweekly pay period to exceed the greater of the annual rate for the GS-15 maximum rate or Level V of the Executive Schedule in effect on the last day of the calendar year. This authority allows IHS managers to submit a request to waive the biweekly premium pay limit for critical staff during emergencies. As noted above, the employee will then be moved to an annual cap on basic pay and premium pay which may not be waived. Attention will be given to monitoring that the annual cap is not exceeded as it may not be waived.

The below listed employee(s) is/are responsible for providing quality patient care and must work extra hours during some pay periods to meet patient care demands.

RECOMMENDATION

I recommend you waive the biweekly premium pay cap maximum for the following employee(s) based on emergency or mission critical activities surrounding patient care.

- List of employees, titles, occupational series, GS grade/step

DECISION

Approved _____ Disapproved _____ Date _____

Supervisor Name

Attachment 2 - EHCM Process Waiver of Biweekly Pay Cap Limitations Start Job Aid

Menu Path

1. Select **Navigator**
2. Select **Workforce Administration**
3. Select **Job Information**
4. Select **HR Processing USF**

Process Steps

1. Enter the **EMPLID** or perform a search for the employee by their name
 - From the **Data Control** page, click the + sign in the upper right corner of the page
 - ***Effective Date** field = start date employee began working UC effort
 - **Action** field = DTA
 - **Reason Code** field = DTA
 - **NOA Code** field = 800 for Chg in Data Element
 - ***NOA Code Ext** field = **0** (Change in Data Element)
 - **Legal Authority** = ZLM
 - **Legal Authority Description** = Biweekly Pay Cap
 - **Par Remarks** = ZZZ
 - **Par Remarks Description** = Biweekly Pay Cap Lift, effective [insert date]
2. Click the **OK** button to return to the **Data Control** page
3. Click on **Employment Data 1** tab
4. Click on **Appt Data** hyperlink
5. Click on the **Special Pay Indicator** drop-down
6. Select the value appropriate value for the employee from the drop-down of **Pay Cap Exception**
7. Review the value you selected in the page.
8. Click the **OK** button to return to the **Employment Data 1** page
9. Click on **Save**

Attachment 3 - EHCM Process Waiver of Biweekly Pay Cap Limitations Stop Job Aid

Menu Path

1. Select **Navigator**
2. Select **Workforce Administration**
3. Select **Job Information**
4. Select **HR Processing USF**

Process Steps

5. Enter the **EMPLID** or perform a search for the employee by their name
 - From the **Data Control** page, click the + sign in the upper right corner of the page
 - ***Effective Date** field = date employee should no longer be covered under the annual emergency/mission critical annual cap and should be returned to the biweekly cap.
 - **Action** field = DTA
 - **Reason Code** field = DTA
 - **NOA Code** field = 800 for Chg in Data Element
 - ***NOA Code Ext** field = **0** (Change in Data Element)
 - **Legal Authority** = ZLM
 - **Legal Authority Description** = Biweekly Pay Cap Stop
 - **Par Remarks** = ZZZ
 - **Par Remarks Description** = Termination of bi-weekly pay cap waiver, effective [insert date]
6. Click the **OK** button to return to the **Data Control** page
7. Click on **Employment Data 1** tab
8. Click on **Appt Data** hyperlink
9. Click on the **Special Pay Indicator** drop-down
10. Select the value appropriate for the employee from the drop-down to **Not Applicable**
11. Review the value you selected on the page.
12. Click the **OK** button to return to the **Employment Data 1** page
13. Click on **Save**

Attachment 4 - Title 5 Premium Pay Summary Chart

PREMIUM PAY PROVISIONS	TITLE 5 PREMIUM PAY PROVISIONS
Basic Hourly Rate	Annual salary divided by 2087 hours
Premium Pay Hourly Rate	Annual salary divided by 2087 hours
Bi-weekly Premium Pay Limitations	Base pay plus premium pay limited to greater of the bi-weekly rate of a GS 15/10 for the locality area or Level V of the Executive Schedule. (This limitation does not apply to FLSA Non-Exempt employees.)
Overtime Grade Cap	Overtime rate cannot be based on a basic hourly rate exceeding GS 10/1. (This limitation does not apply to FLSA Non-Exempt employees.)
Overtime Pay Rate	<p><u>FLSA Exempt Employees:</u></p> <ul style="list-style-type: none"> • If the employee's basic hourly pay rate is less than or equal to the GS-10/1 basic hourly pay rate, the overtime pay rate is one and one-half (1.5) times the employee's basic hourly pay rate. • If the employee's basic hourly pay rate is greater than the GS-10/1 basic hourly pay rate, but less than one and one-half (1.5) times that rate, the overtime pay rate is one and one-half (1.5) times the GS-10/1 basic hourly pay rate. • If the employee's basic hourly pay rate is greater than one and one-half (1.5) times the GS-10/1 basic hourly pay rate, the overtime pay rate is the employee's basic hourly pay rate. <p><u>FLSA Non-Exempt Employees:</u></p> <ul style="list-style-type: none"> • One and one-half (1.5) times the premium pay hourly rate
Holiday Pay Rate	If required, paid a minimum of two hours. The holiday pay rate is two (2) times the basic hourly pay rate.
Call Back Pay Rate	If required, paid a minimum of two hours. The rate of pay is either the overtime rate, or the holiday pay rate depending on the situation.

PREMIUM PAY PROVISIONS	TITLE 5 PREMIUM PAY PROVISIONS
Standby Duty Pay Rate	Approved on an annual basis for an employee in lieu of regularly scheduled overtime, night, holiday and Sunday pay. The employee must remain at the work site. Standby duty pay cannot exceed 25% of base pay, not to exceed GS-10/1, and must be authorized (in the time and attendance system) on an annual basis.
On-Call Pay Rate	Time spent in an on-call status is considered off duty and is not considered hours of work. It is not paid as overtime if the employee is allowed to leave the work site, leave a phone number or carry a phone/beeper to allow quick contact, or is allowed to make arrangements such that any work which may arise during the on-call period will be performed by another person. For any work that does arise in the on-call period, the employee must receive call back pay (see above).
Night Differential	10% of basic hourly pay rate. Employees receive night differential for work performed between 6pm and 6am.
Saturday Differential	<i>Not applicable</i>
Sunday Differential	25% of the basic hourly pay rate. If any part of the scheduled tour falls on Sunday, Sunday Differential premium pay is received for the entire tour.
Scheduled Overtime vs. Irregular (or Unscheduled) Overtime	<p><u>Scheduled Overtime</u> – Receive night differential when overtime is authorized in writing by supervisors before the beginning of the administrative workweek (i.e., 12:01am Sunday through midnight Saturday).</p> <p><u>Irregular Overtime</u> – Do not receive night differential or Sunday differential</p>

<p>When Multiple Premium Pays Apply</p>	<p>Each separate entitlement to Title 5 premium pay is calculated as percentage of the employee's basic hourly rate. No compounding occurs if the employee is entitled to more than one type of premium pay for the same hour of work. An employee receives the overtime pay rate for overtime work performed on a federal holiday.</p>
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