Overview & Objectives

• The Charge: New Chair mandate- fix the plan

• Best Practices: Don’t reinvent the wheel

• Survey Results: Identify common principles

• New Compensation Plan: Reinforcing a Culture
The Charge

April 2013 New Chair

Faculty Survey- comp plan #1 issue

Dean’s Charge- create a new plan
Best Practices

Reviewed other Plans

Sent out APD survey (24 questions)

Consulted Advisory Council
Survey Results

15 responses
Arrayed on Spreadsheet
Survey Highlights

- Full-time clinician: 7.7 half-day clinics/week
- Components of Compensation:

<table>
<thead>
<tr>
<th></th>
<th>Clinical Comp</th>
<th>Non-clinical Comp</th>
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<tbody>
<tr>
<td>Guaranteed/Base</td>
<td>60%</td>
<td>20%</td>
</tr>
<tr>
<td>Incentive</td>
<td>15%</td>
<td>5%</td>
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- Non-clinical - teaching, research, directorships
- Plan’s character determined by allocation
Survey Highlights

• Level of Guaranteed/Base - % of total physician comp that is fixed or guaranteed varied widely
  – 3 of 15 comp was 100% fixed
  – High Base pay plans stable & predictable but lack flexibility & control.
    • “Standardized salary reduces intradepartmental and interdepartmental conflict, but only works with internally motivated faculty”
    • “I think most people believe they are paid less than they would earn in private practice but enjoy the challenges of an academic job more”
  – High Incentive plans foster productivity but with less stability of income.
    • “It drives doctors to be in the clinics and see patients, but it inhibits them from performing non-revenue generating activities”
Survey Highlights

• Clinical Incentives
  • 8 of 12 use some variation of collections after expenses.
  • 2 of 12 guarantee straight % of collections
  • 2 of 12 incentivize for exceeding wRVU target

• Plans that do not account for revenue and expenses shift financial risk from faculty to the department.
  • “For reasons I do not understand, our institution prioritizes growing collections rather than containing costs. I actually tried to implement such a plan and was denied”
Survey Highlights

• Funding Non-clinical Compensation
  • Wide variety in funding sources
    • Grants
    • Endowments
    • Central Institutional Support
    • Clinical Revenue
  • 10 of 15 fund with clinical revenue
  • Another 2 of 15 subsidize “behind the scenes”
  • Generally 5-15% of clinical revenue used to fund non-clinical comp
Survey Highlights

- Allocating clinically funded non-clinical compensation
  - Varies greatly across the 12 departments
  - Chair subjective/discretionary approach
  - Reward specific goals and roles
  - Point system

- Medical Directorships, Residency Directorships and Research efforts most common
OHSU Dermatology

- New Compensation Plan

- Goal: To simplify, clarify and increase emphasis on non-clinical goals and encourage and reward clinical productivity
Compensation Plan Summary

• X Component- Academic Base Pay
  • Based on rank
  • Increased incentive for pursuing promotion
  • Instructor- $0
  • Assistant Professor- $20,000
  • Associate Professor- $40,000
  • Professor- $80,000
Compensation Plan Summary

• Y Component- Pay for specific non-clinical duties and roles
  • Historically funded from grants and foundation accounts
  • Annual fixed pool of clinical revenue
  • Clinically funded Y set by Chair
  • Calculated base on time commitment
    • $25,000 per .1 FTE (208 hrs/yr)
• Chair determined roles and duties
  • Examples- Residency Director .2 FTE- $50,000, Budget Committee Chair .02 FTE- $5,000, Individual Goals- $1,000
Compensation Plan Summary

• Clinical Pay (Z) based on 38% of clinical collections
  • Z1 Component - Clinical Base Pay (recurring bi-weekly paycheck)
    • Up to 80% of clinical pay
  • Z2 Component - Clinical Incentive Pay (monthly)
    • Remainder of clinical pay
    • Distributed to an Individual Practice Account (IPA)
    • Faculty can pay themselves from their IPA
    • Must retain a minimum balance of 3 months of Z1 pay in IPA
Compensation Plan Summary

• Z3 Profit Sharing
• Participating Programs (ie Clinical Trials)
  • Paid if program revenue exceeds goal & department meets its net margin
  • Profit from program split: 1/3 to individual(s) responsible for the program; 1/3 to improve the program; 1/3 to department
• Year End Bonus
  • If department exceeds budgeted net margin, ½ put into a profit-sharing pool.
  • Department employees- ½ of pool paid base on hours worked.
  • Department faculty- ½ of pool paid based on FTE.
Summary & Conclusion

• New Plan in Place for FY 15
• A work in progress
• Important to regularly review and revise
• Communication and faculty input critical
• Every academic Derm department has unique issues and culture that influences their comp plan
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SALISHAN RESORT
GLENEDEN BEACH, OR
WWW.MONTAGNASYMPOSIUM.ORG

LEACHMAS@OHSU.EDU
GLAZIERD@OHSU.EDU