

Challenges in Faculty Compensation

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MEDICINE *of* THE HIGHEST ORDER



Overview

- Background & Context
- Development of the Compensation Plan
- Components of the Plan
- Implementation and Communication
- Lessons Learned



Lesson 1 – Time and Stakeholder Input

Lesson 2 – Prepare for Effort Negotiations

Lesson 3 – Heisenberg Principle

Lesson 4 – Creativity in Funding Incentive Pool

Lesson 5 - Transparentize

Background & Context

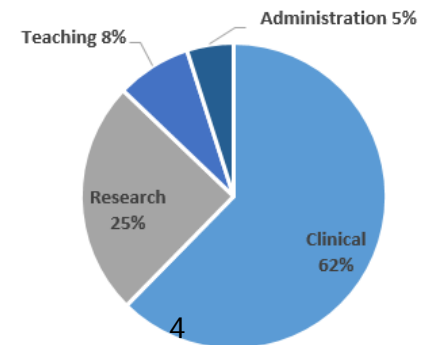


University of Rochester Medical Center

- 1,400 Full Time Faculty
- Med Center Budget of \$2 Billion
- 32 Departments and Centers
- External Research of \$300 Million



Effort Distribution of Neurology Faculty



Department of Neurology

- 88 Full Time Faculty
- Hospital Based Clinical Program
- No Compensation Plan prior to 2015

Development of the Compensation Plan



1. Institutional Compensation Plan Drafted February 2015
2. Department Timeline for Development of Plan
3. Creation of Task Forces for non wRVU-Incentives

Incentives: Task Force Created Components

Clinical	
Novel Program Development	Creating new or improved clinical programs that require significant coordination among different departments or specialties and that benefit the overall reputation of their Unit, Department or Institution at the local, regional and national level.
Quality Improvement and Patient Satisfaction	Individuals who have dedicated significant time and effort in improving patients satisfaction with a particular clinical operation, multidisciplinary service, access to care, and/or who have developed and completed quality improvement projects/activities from which the reputation and performance of the Department.
Research	
Formula-based (for faculty with >50% research effort)	The formula component of the incentive plan will be based on salary recovery from research grant funding. Based on actual salary or the NIH salary cap, whichever is less, qualification for the incentive will be driven by % salary recovery during the qualification/eligibility period. This threshold will be determined by appointment level: Assistant Professor ≥65%, Associate Professor ≥75%, Professor ≥85%. All research funding sources are applicable: federal, industry, foundation, institutional, philanthropy.
Goal-based	Entails discrete accomplishments in research, mentoring, and diversity efforts from the prior qualification/eligibility period. Examples of such achievements include: Research (first R01, NIH council, Program Project), Mentoring, Promoting diversity (obtaining diversity supplement)
Award component	The award component will serve as an additional mechanism to recognize outstanding accomplishments by faculty members. Receipt of a research award, induction into an institute or society on the basis of research accomplishments (e.g. Institute of Medicine), or other national or international research recognition represent qualifications for this component.
Teaching	
Instructor/Assistant Professor	*Teaching Award - Local *Mentoring Trainees to successful publication New Course/Curriculum Development (Local) Society Educational committee
Associate Professor or lower rank	*Teaching award – National *Creation of a new fellowship New Course/Curriculum Development Nationally Creation of Regional CME programs AAN/ANA Educational Committee New Educational Administration appointment Educational Research publications
Professor or lower rank	*Creation of an R25/T32 or equivalent *Primary Mentor on a successful junior faculty career development award *Educational Research Grant Teaching award – International Chair of AAN/ANA Educational Committee New Educational Administration appointment nationally

Incentives: Non-RVU Clinical

Non-RVU Clinical	
Novel Program Development	<p>Creating new or improved clinical programs that:</p> <ul style="list-style-type: none">• Require significant coordination among different departments or specialties• Benefit the overall reputation at the local, regional and national level
Quality Improvement and Patient Satisfaction	<p>Individuals who have dedicated significant time and effort in improving patients satisfaction with:</p> <ul style="list-style-type: none">• Particular clinical operation• Multidisciplinary service• Access to care• Developed and completed quality improvement projects/activities

Incentives: Research

Research	
Formula-based: >50% research effort	Salary Recovery: <ul style="list-style-type: none"> • Assistant Professor $\geq 65\%$ • Associate Professor $\geq 75\%$ • Professor $\geq 85\%$
Goal-based	Significant accomplishments in research, mentoring, and diversity efforts Examples: <ul style="list-style-type: none"> • Research -first R01/Program Project • NIH council • Mentoring • Promoting diversity (obtaining diversity supplement)
Award component	Additional outstanding accomplishments by faculty members Examples: <ul style="list-style-type: none"> • Receipt of a research award • Induction into an institute or society (e.g. Institute of Medicine) • Other national or international research recognition

Incentives: Teaching

Rank	Award/Recognition/Accomplishment
Instructor/Assistant Professor	<ul style="list-style-type: none"> • Teaching award – local • Mentoring trainees to successful publication • New course/curriculum – local • Society educational committee
Associate Professor	<ul style="list-style-type: none"> • Teaching award – national • Creation of new fellowship • New course/curriculum – national • Creation of regional CME program • AAN/ANA Educational Cmte (or equivalent) • Education research publication
Professor or lower rank	<ul style="list-style-type: none"> • Creation of an R25/T32 or equivalent • Primary mentor on a junior faculty CDA • Teaching award – international • Chair of AAN/ANA Educational Committee • New Education Administration Apt - national

Development of the Compensation Plan



**Lesson 1:
It takes time &
stakeholder input**



Components of the Plan

Expected Work Effort



Incentives

Clinical Productivity
Clinical – Other
Research
Teaching/Academic

Benchmarks

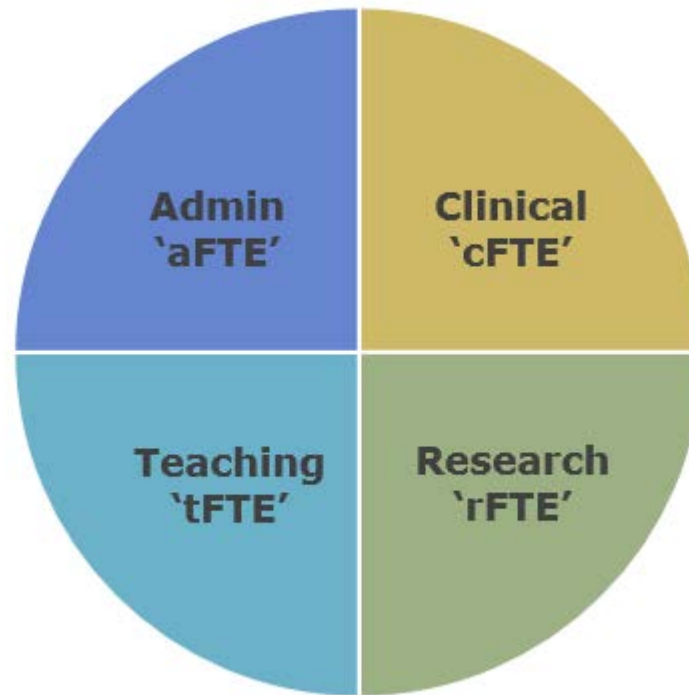
Compensation
Clinical Productivity

Total Compensation

Target (Base) + Incentive

Expected Work Effort

$$\text{FTE} - (\text{aFTE} + \text{rFTE} + \text{tFTE}) = \text{cFTE}$$



Expected Work Efforts



Lesson 2:
Be prepared to negotiate
...both up & down



Benchmarks

Compensation

AAMC

All Schools (National); Clinical Science Departments; Rank Adjusted;
Updated Annually

Clinical Productivity

Homegrown Benchmark

National Benchmarks:

- Faculty Practice Solutions Center (FPSC)
- Medical Group Management Association (MGMA)
- American Academy of Neurology (AAN)

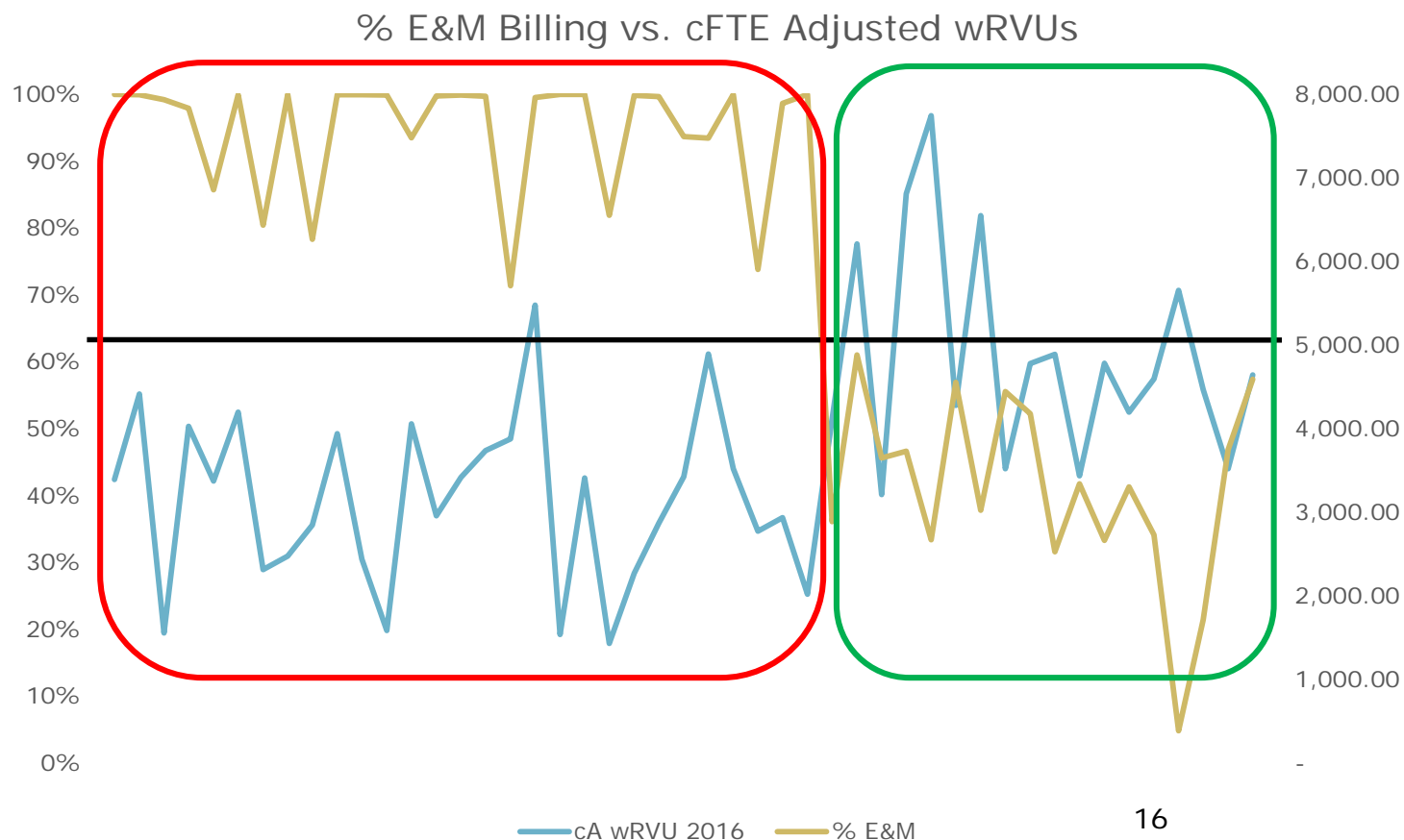
Benchmarks: Clinical Productivity Year 1

Created blended benchmarks by effort & subspecialty

Neurology FY2016 Blended wRVU Benchmarks			
	25th	50th	75th
Nurse Practitioners	1000	2000	3000
Dementia	2700	3500	4800
NeuroImmunology	2300	3500	4400
Child Neurology	2526	3600	4800
Movement	2356	3700	5100
General - Non Procedural	2900	3700	4700
NeuroOncology	2700	3700	4800
NeuroMuscular	2977	3780	5122
Sleep	3035	3962	4900
General Headache	3170	3965	5180
General Procedural	3584	4506	5655
Stroke & NeuroHospitalist	3298	4291	5182
Epilepsy	3860	5115	7873

Benchmarks: Clinical Productivity Year 2

Examined our Faculty Data
Result – Two Groups: High E&M Practice vs. Procedure Mix



Benchmarks: Clinical Productivity Year 2

National Benchmarking Survey Data				
National Benchmark		25th	50th	75th
FPSC 2015 Non Proc Neurologist		2,923	3,883	4,983
FPSC 2015 Child Non Proc Neurologist		3,015	3,537	4,711
AAN 2014 Stroke		2,000	3,060	3,646
AAN 2014 Child		1,981	3,603	4,100
MGMA 2016 Stroke		2,185	3,666	4,051
MEDIAN - E&M Tier		2,185	3,603	4,100
2014 AAN Headache Medicine		3,472	4,246	5,713
2015 FPSC General Neurology		3,391	4,330	5,693
2016 MGMA Neurology		3,373	4,633	6,289
2015 FPSC Neuromuscular		3,912	4,789	6,023
2014 AAN Epilepsy		3,202	4,900	7,654
2016 MGMA Epilepsy		4,517	5,329	8,091
MEDIAN - Procedure Tier		3,432	4,711	6,156

Two Tiers: 1) E&M and 2) Procedure Mix

Reality Check:

How do the resulting tiered benchmarks compare to our faculty?

Our Faculty					
		N	25th	50th	75th
E&M Tier		29	2,438	3,373	3,876
Procedure Tier		18	4,133	4,619	5,464

Neurology FY2017 wRVU Benchmarks					
			25th	50th	75th
E&M Tier			2,185	3,603	4,100
Procedure Tier			3,432	4,711	6,156

Benchmarks: Clinical Productivity

$$\Delta x \Delta p \geq \frac{\hbar}{2}$$

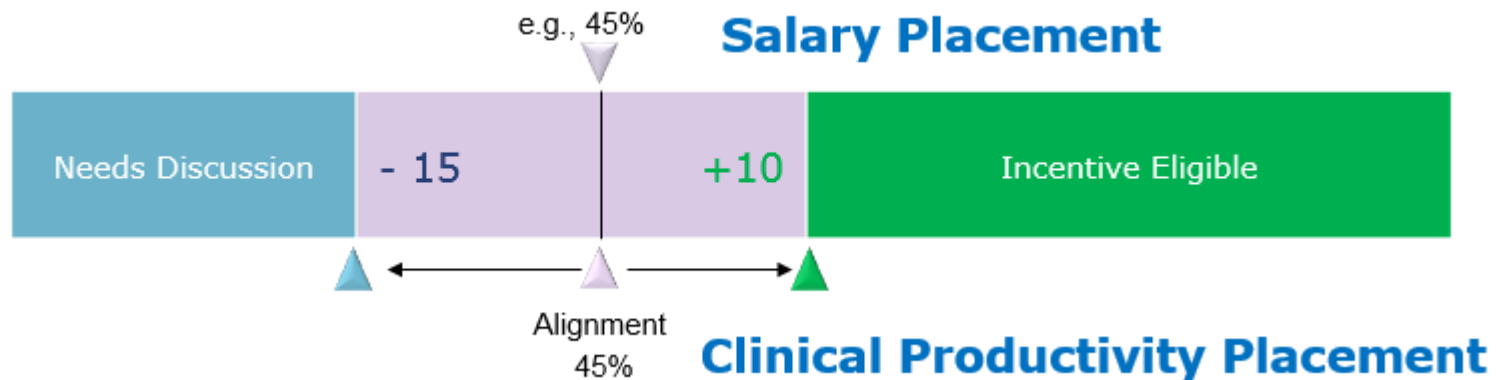


Lesson 3: Avoid Heisenberg Uncertainty Principle

Benchmark measurements will never be exact

Incentives: Clinical Productivity

- Eligible if Clinical Productivity \geq 10% Targeted Salary Placement
- RVU Incentive Targets capped at 75th percentile
- Alignment at -15% to +10% from Salary Placement



Incentives: Clinical Productivity Component

Step Through of Plan Application

Target (Base) Salary
Salary Placement
RVU Incentive Target
E&M Tier Target
cFTE
cFTE Adjusted Target

DR. CLINICAL



\$215,000
45 th
55 th
3,700
0.85
3,145

DR. RESEARCH



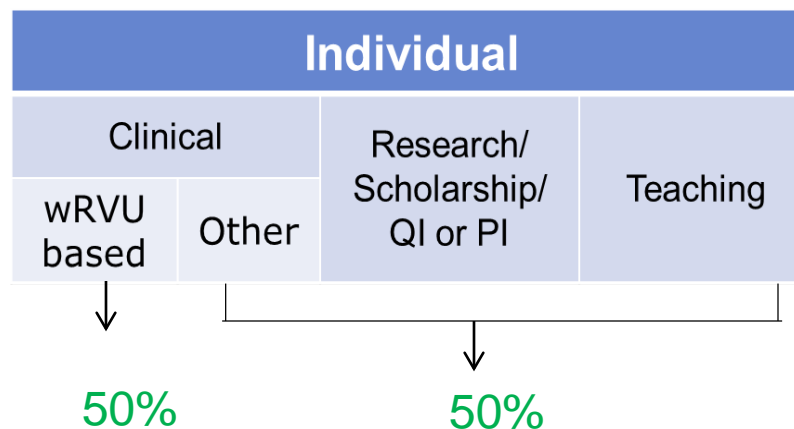
\$215,000
45 th
55 th
3,700
0.35
1,295

Incentives: Value

Incentives as a % of Total Compensation:

FY2016	2%
FY2017	3-4%
FY2018	5-6%
FY2019	7-10%

Incentive Pool Distribution:



Incentives: Value Assignment

DR. CLINICAL



DR. RESEARCH



Target (Base) Salary
cFTE
r,a,tFTEs
Clinical Base Salary (cFTE x Target Salary)
Clinical Productivity Incentive Potential
Non Productivity Incentive Potential
Total Potential

\$215,000

0.85

0.15

\$182,750

\$500-\$12,800

\$500-\$7,500

\$500-\$20,300

\$215,000

0.35

0.65

\$75,250

\$500-\$5,300

\$500-\$15,100

\$500-\$20,400

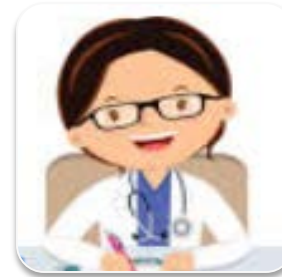
Incentives: Other Review

DR. CLINICAL



Clinical	Annual Review
Novel Program Development	Created Urgent New Patient Visit Clinic
Quality Improvement and Patient Satisfaction	N/A

DR. RESEARCH



Research	Annual Review
Formula-based (for faculty with >50% research effort)	N/A
Goal-based	Awarded U01 Program/Project
Award component	N/A

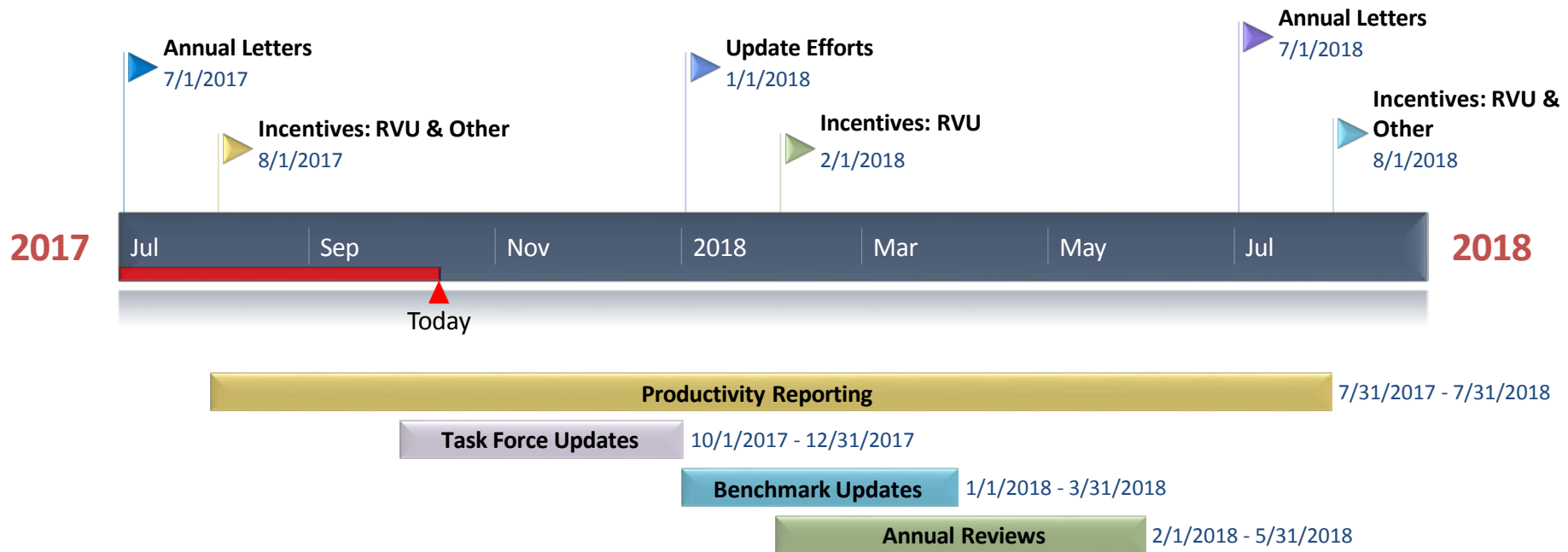
Incentives



Lesson 4: Creative Approaches to Funding Incentive Pool

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Implementation & Communication: Timeline



Implementation & Communication: Letters

Department of Neurology

Robert G. Holloway, M.D., M.P.H.
Edward A. and Alma Vollerison Rykenboer
Professor and Chair of Neurology



July 5, 2017

RE: 2017-2018 Salary

PERSONAL AND CONFIDENTIAL

Robert Clinical
Assoc Professor of Neurology

Dear Dr. Clinical:

In accordance with the new faculty compensation plan, and in recognition of your outstanding contributions to the Department, you will receive the following incentive payments for the 2016-17 academic year in your August paycheck. Your total compensation (base + incentive) for the academic year 2016-2017 is as follows:

Target (base) salary, 2016-2017		\$210,700
Incentive Pay Category:	Explanation	Incentive Amount
Clinical Productivity		\$ 10,000
Clinical Other	Novel Program: Creation of Urgent New Patient Visit Clinic	\$ 5,000
Research/Scholarship		\$0
Teaching		\$ 0
Total Compensation		\$225,700

We are also pleased to inform you that your authorized target (base) salary for the academic year 2017-2018 is \$215,000 effective July 1, 2017. In addition, for the 2017-2018 academic year, your potential incentive payments are as follows:

DR. CLINICAL		
Category	Expected Effort*	
Clinical Productivity - RVU	85%	>3,145.0
Clinical Other		
Research/Scholarship	10%	\$500-\$7,500
Teaching	5%	
Administrative	0%	

*Based on existing and known funding sources; will be adjusted every 6 months based on mid-year changes in funded research or changes in administrative or teaching roles.

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Implementation & Communication: Letters

Department of Neurology

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Professor and Chair of Neurology

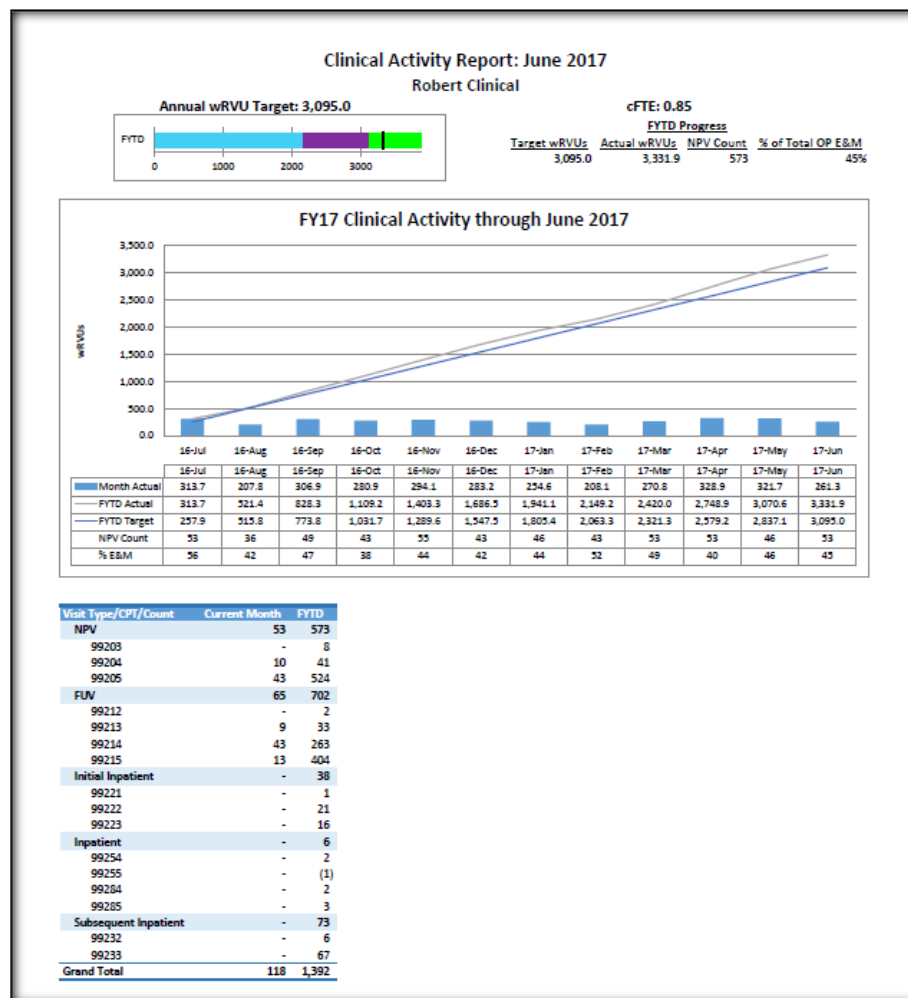


DR. CLINICAL			
Category	Expected Effort*		Incentive Potential
Clinical Productivity - RVU	85%	>3,145.0	\$500-\$12,800
Clinical Other			\$500-\$7,500
Research/Scholarship	10%		
Teaching	5%		
Administrative	0%		

Teaching		\$0
Total Compensation		\$225,700

DR. RESEARCH			
Category	Expected Effort*		Incentive Potential
Clinical Productivity - RVU	35%	>1,665.0	\$500-\$5,300
Clinical Other			\$500-\$15,100
Research/Scholarship	60%		
Teaching	5%		
Administrative	0%		

Implementation & Communication: Reports



Incentives



Lesson 5: **TRANSPARENTIZE**

(I know what you're thinking and yes, it is a word)



Lesson 1 – Time and Stakeholder Input

Lesson 2 – Prepare for Effort Negotiations

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Questions ?

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UNIVERSITY *of*
ROCHESTER
MEDICAL CENTER