

A STRATEGIC APPROACH TO FACULTY COMPENSATION AND PRODUCTIVITY

Kevin Eide, Senior Director, Total Rewards



September 2016

Introduction and Review of College Initiatives



Fair Market Value (FMV)

Background:

- With executive sponsorship, fair market value project began with four pilot departments in early 2012
- Increased requests for faculty compensation data by leadership

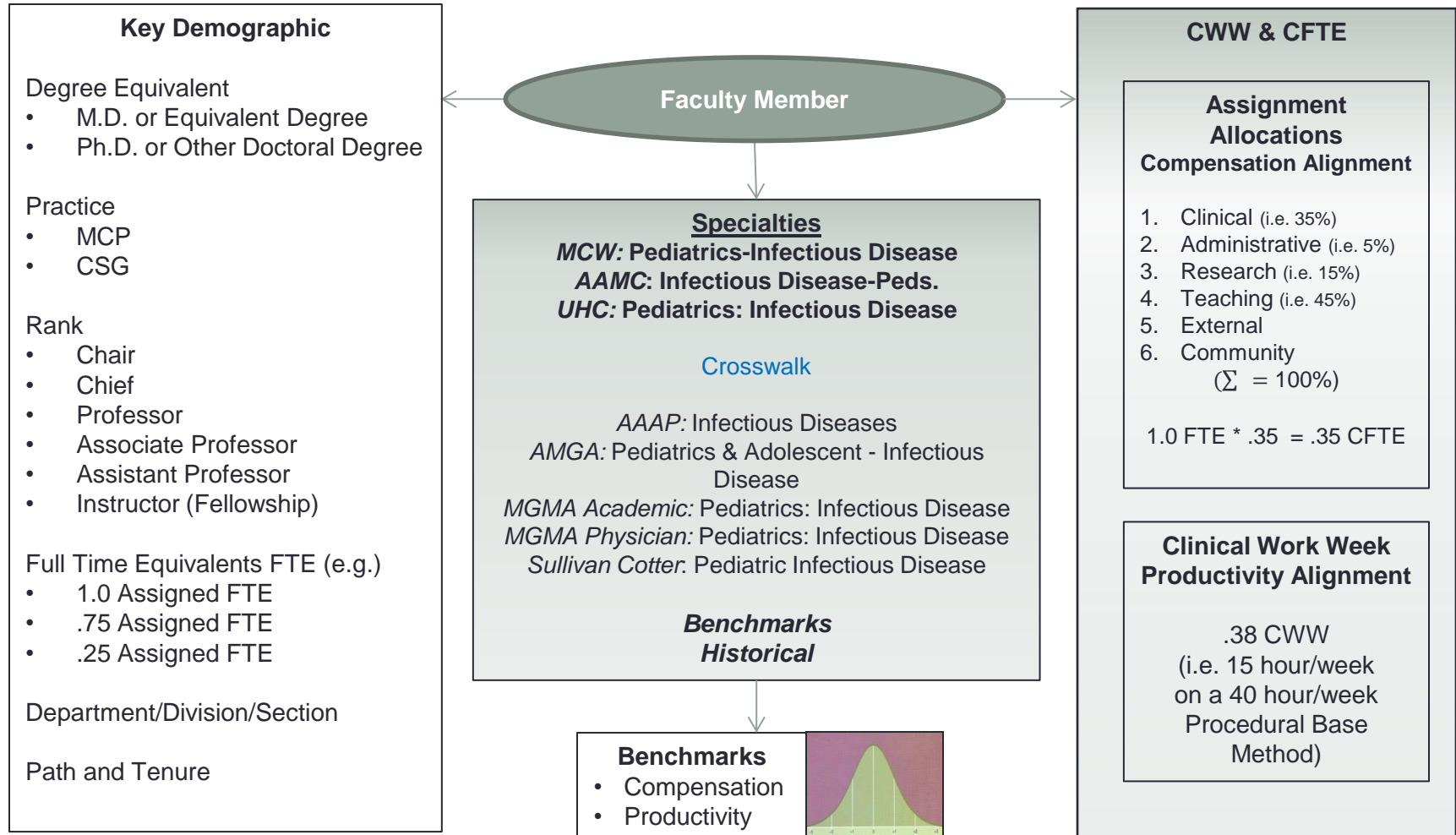
Purpose:

1. Consistent compensation philosophy.
2. Strategic Impacts:
 - Performance metrics
 - Affiliate relationships (financial management)
 - Compensation philosophy and governance
 - Practice compensation committees
 - Strategic modeling and planning
 - Department budgeting and program initiatives
3. Inform Chairs and leaders of the best practice methodology
4. Compliance – are we within benchmark guidelines?
5. Management – are we aligned with business needs?

FMV Governance & Compliance

- Federal regulatory requirements which require total physician compensation to be calculated at Fair Market Value
 - Inurement
 - Stark
 - Anti-Kickback
 - Tax-Exempt 501 (c)(3) laws
- Recent federal initiatives to reduce healthcare costs have put academic medical centers under more scrutiny due to the complex intertwining of federal oversight for reimbursements – among other issues
- Generally accepted principles suggest if paid over 75th of FMV benchmark must be justified by business factors (productivity, competition, etc.).

Key Information - Faculty

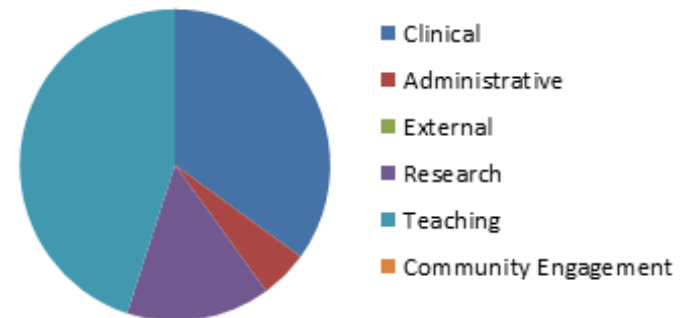


Defining the Assignment Allocations

- Assignment Allocations Methodology

Purpose: provides a measurement of faculty effort distribution across six category (Clinical, Research, Teaching, External, Administration and Community Engagement) used to align assignment Full Time Equivalent (FTE) effort with compensation.

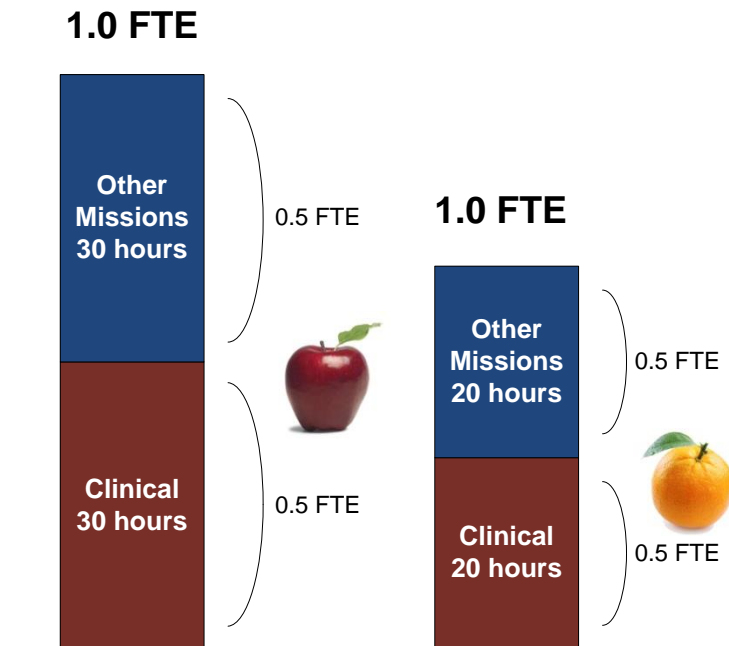
Compensation		\$ 275,000.00
Clinical	35.0%	\$ 96,250.00
Administrative	5.0%	\$ 13,750.00
External	0.0%	\$ -
Research	15.0%	\$ 41,250.00
Teaching	45.0%	\$ 123,750.00
Community Engagement	0.0%	\$ -
	100.0%	\$ 275,000.00



Full Time Equivalent (FTE) = 1.0

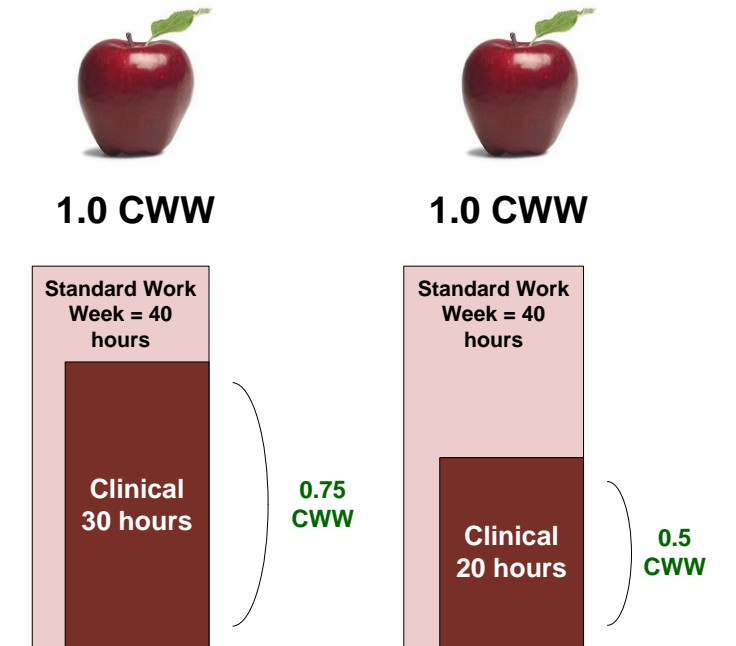
We Need to Compare Apples to Apples

Effort Allocation Lens



Purpose: Provides an overall look at faculty and what their distribution of time is across missions.

Clinical Work Week (CWW) Lens



Purpose: Provide an apples to apples comparison between providers which can be utilized for clinical benchmarking purposes and applied consistently

Guiding Principles of a CWW definition

- Administrative time related to clinical work is considered part of the clinical work week (CWW)
- A total CWW can be up to 1.0, but cannot exceed it
- One size will not fit all, a clinical work week must take into account the differences in provider type (e.g. procedure based, E&M based, etc.)
- Need the ability to look across the practice at how FTEs are divided across missions
- If any two faculty work an equal amount of time in clinic, their clinical work week must equal

Defining Clinical Work Week

- Clinical Work Week (CWW)*

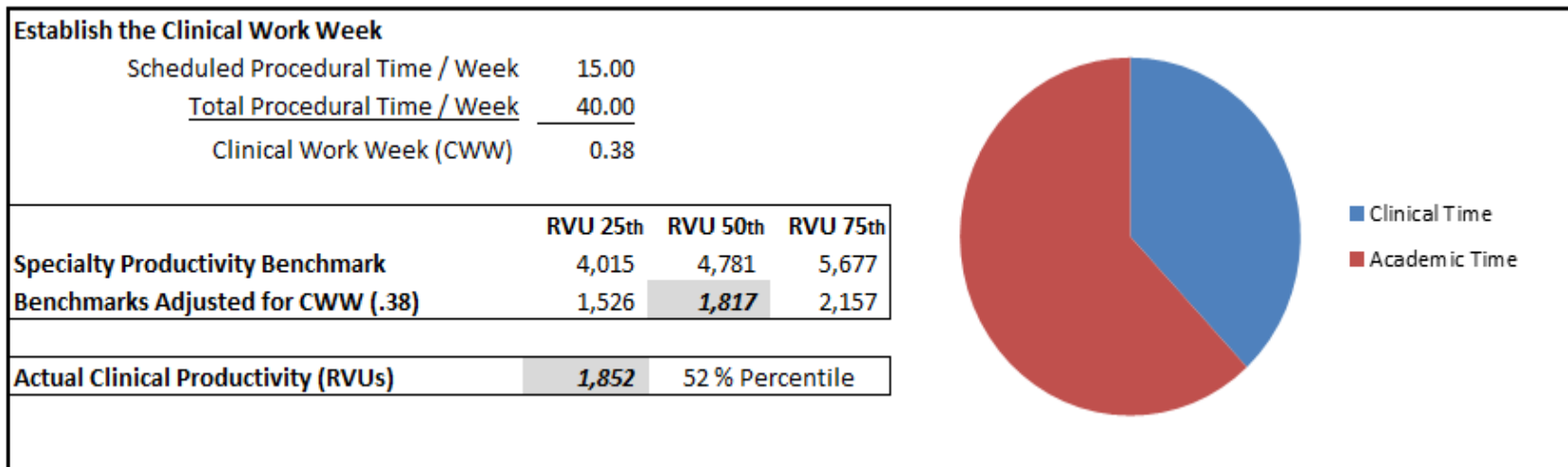
Purpose: provide the time effort spent doing billable patient care services, with and/or without resident/medical student teaching. In other words, any clinical activity associated with the generation of RVUs, even if some teaching occurs during said time. This includes time spent related to E&M, Emergency Medicine, Hospitalist, Procedural and Anesthesia.

Category	Standard Unit	Time period expectation to complete a unit	Expected time periods/year	CWW Value/Unit
E &M Based				
E&M Based	8 half days	1 week	47 weeks/year	1 half day = 0.125
Emergency Medicine				
Emergency Medicine	30 hours	1 week	47 weeks/year	1 hour = 0.033
Hospitalists				
Wards	10 blocks	1 year	1 year	1 block = 0.07
AMO	2 blocks			1 block = 0.07
NAMO	12 nights			1 night = 0.0133
Procedural				
Procedural	40 hours	1 week	47 weeks/year	1 hour = 0.025
Anesthesia				
Anesthesia	4 OR days	1 week	47 weeks/year	1 OR Day = 0.25

Clinical Productivity Review

- Clinical Productivity vs. Benchmark

Example:



FMV Benchmark Philosophy



+



+



Clinical Benchmarks:

- American Medical Group Association
- Medical Group Management Association-Physician Practice
- Sullivan Cotter and Associates, Inc.

Academic Benchmarks:

- Association of Administrators in Academic Pediatrics
- Association of American Medical Colleges
- Medical Group Management Association-Academic

Administrative Leadership Benchmarks :

- Association of American Medical Colleges,
- Sullivan Cotter and Associates, Inc.

\overline{X} = FMV Benchmark Guideline

FMV Faculty Benchmark Example

Specialty : General Pediatrics

Rank	Total FTE	Clin. FTE	Acad. FTE	Admin. FTE	External FTE	Base Pay	Incentive Pay	Total Comp	FMV Total Comp Median Benchmark	FMV Compa Ratio
Assistant Professor	1.00	0.60	0.20	0.20	0.00	\$150,000	\$0	\$150,000	\$176,694	85%

Clinical Benchmarks:

	Median
American Medical Group Association (AMGA)	\$193,205
Medical Group Management Association-Physician Practice (MGMA)	\$169,947
Sullivan Cotter and Associates, Inc.	\$162,516

Average: **\$175,223**

Academic Benchmarks:

	Median
Association of Administrators in Academic Pediatrics (AAP)	\$144,264
Association of American Medical Colleges (AAMC)	\$155,672
Medical Group Management Association-Academic	\$142,517

Average: **\$147,485**

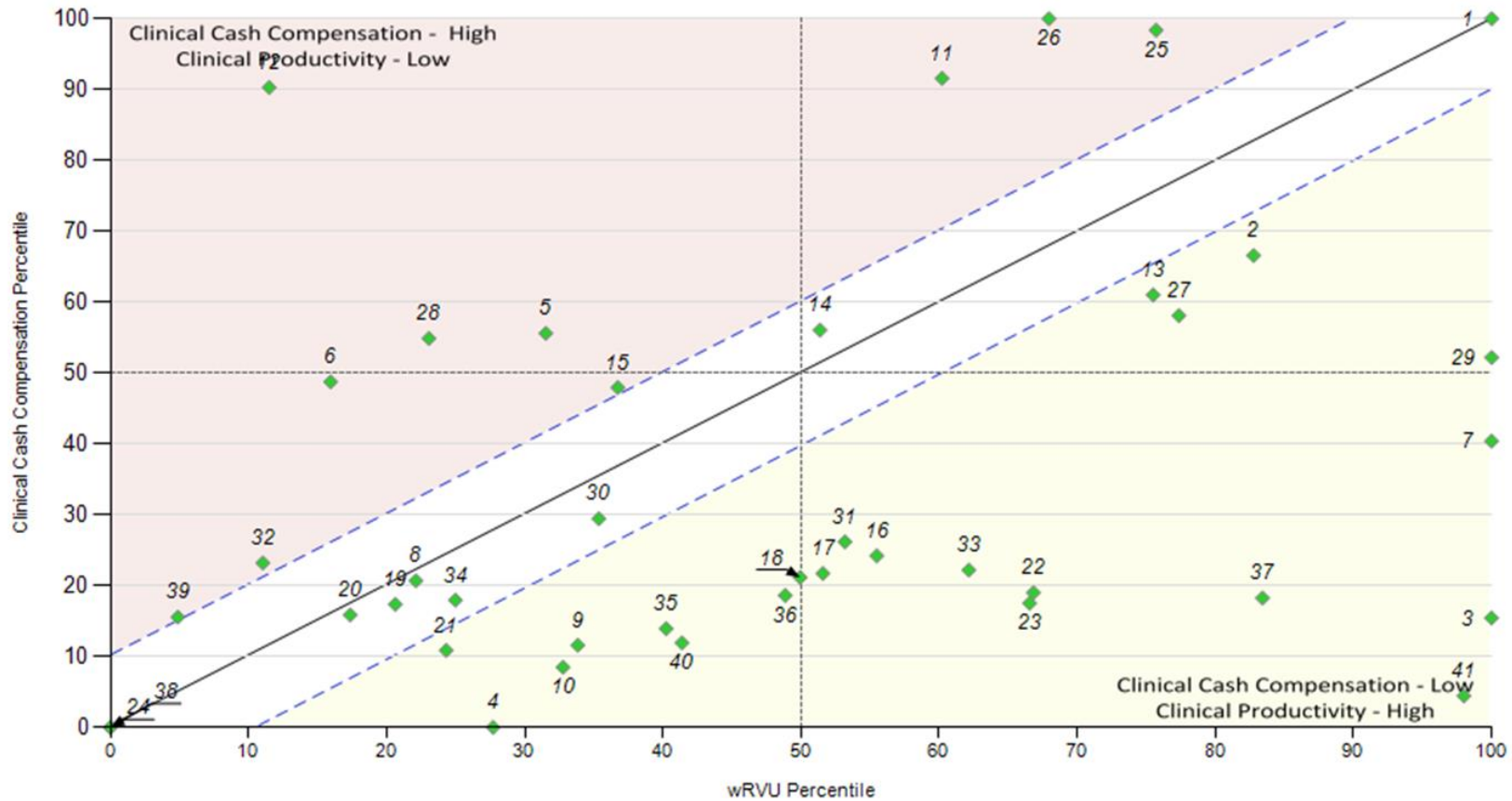
Administrative Leadership Benchmark:

	Median
Sullivan Cotter and Associates, Inc. (Medical Director Role)	\$210,317

Clinical FTE Weighted Benchmark (.60 x 175,223):	\$105,134
Academic FTE Weighted Benchmark (.20 x 147,485):	\$29,497
Administrative FTE Weighted Benchmark (.20 x 210,317):	\$42,063
	\$176,694

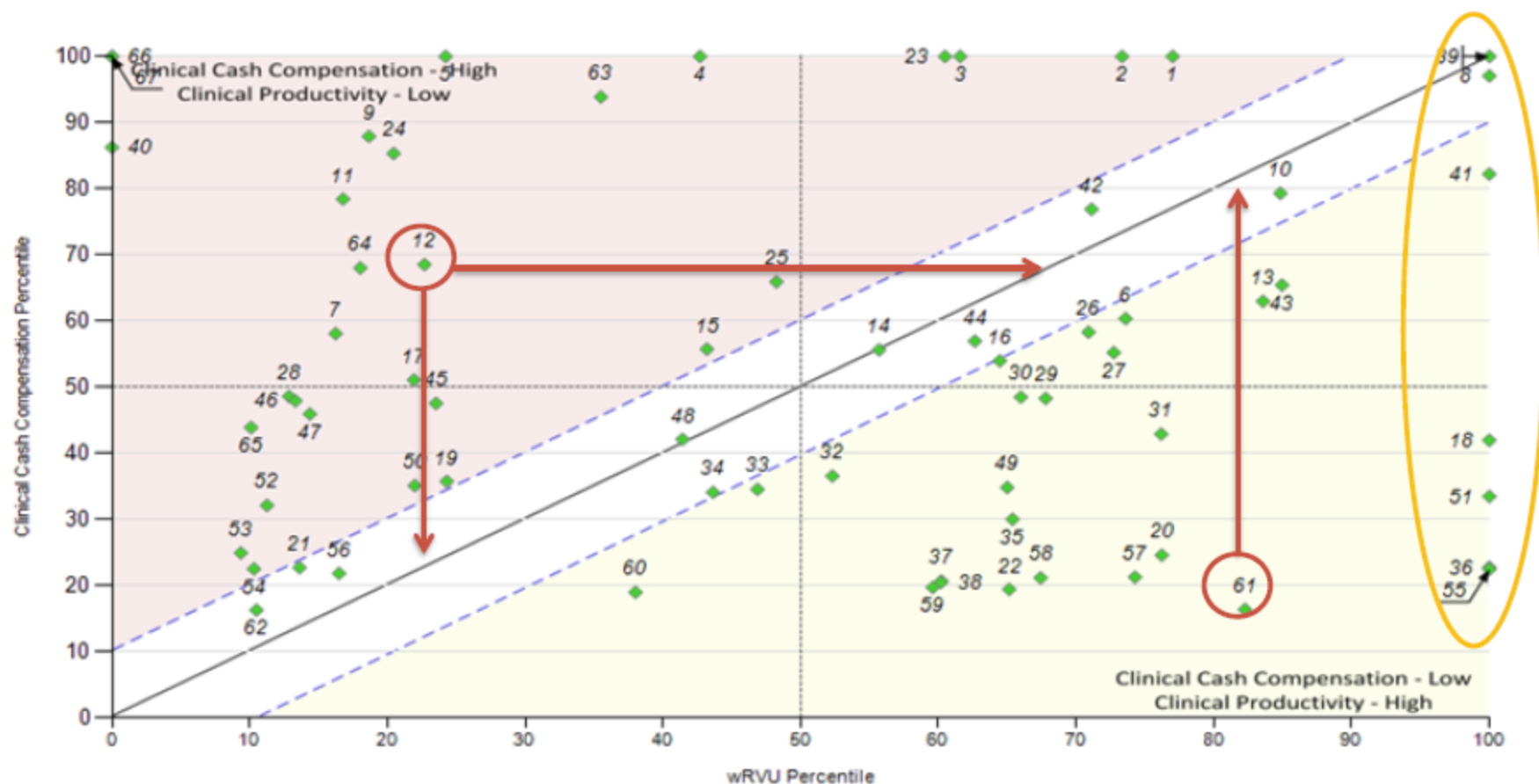
Clinical Pay and Productivity (wRVUs) Report Example

Productivity vs. Total Clinical Cash Compensation



Methodology

Achieving Compensation and Productivity Alignment

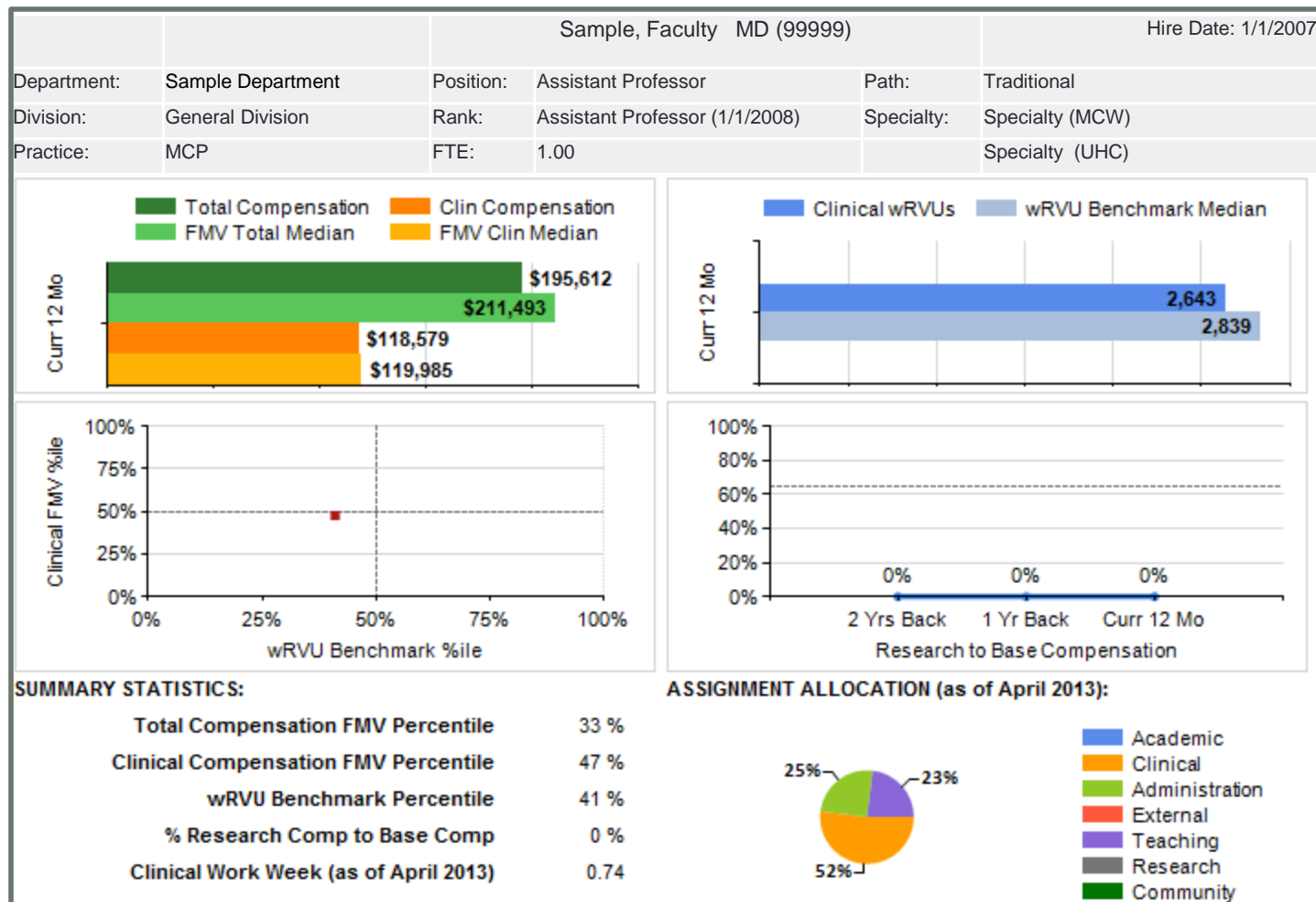


Points between blue dotted lines represent data that are within the Clinical TCC and productivity confidence interval.

- *Interactive Reports, MS Excel Analysis Cubes and Ad Hoc Data Sets.*

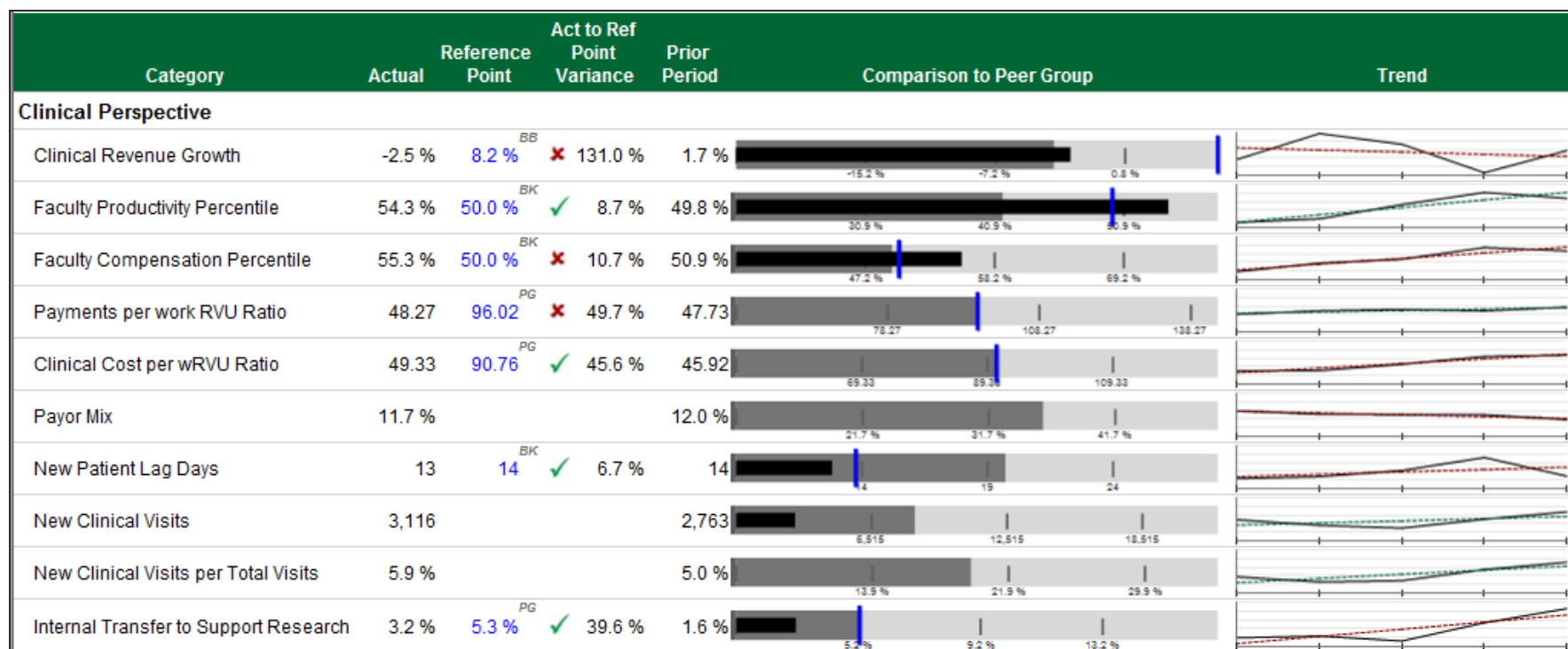


Faculty Report Example



Department Performance Metrics

Clinical Perspective Dashboard



ADDITION: Patient Satisfaction

Question and Answer

