

AAMC GBA Webinar: Communication Around Compensation Plans

Angie Simonson

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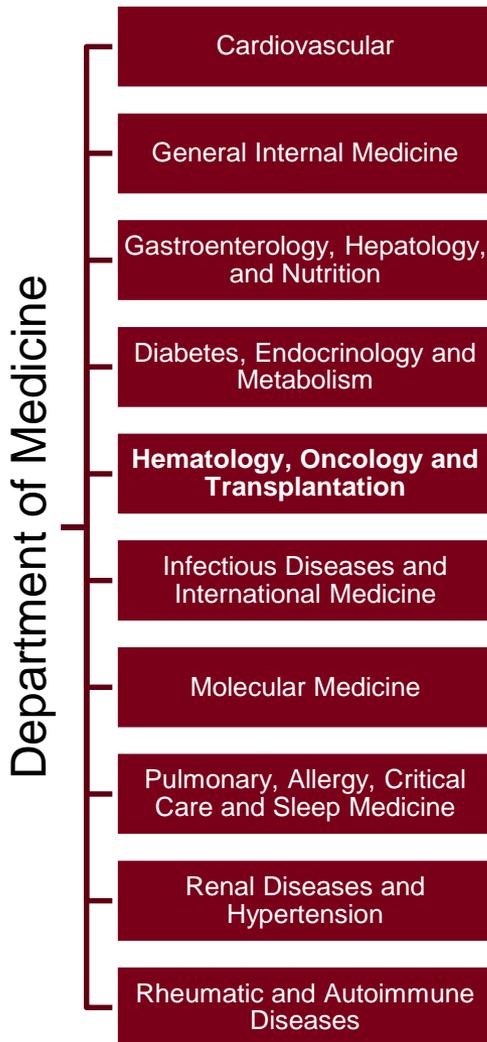
April 2019



UNIVERSITY OF MINNESOTA

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University of Minnesota Department of Medicine Overview



- Ten divisions and 290 faculty.
- In aggregate, faculty spend half their time on clinical activities and half on research and education activities.
- Before 2018, department did not have a metrics-based compensation plan.
 - Division chiefs recommended changes to recurring compensation for their faculty.
 - Faculty earned an annual incentive for clinical and research productivity.
- In 2016, the new department chair prioritized the creation of a uniform faculty compensation plan.



Department's Compensation Philosophy

Equitable

Faculty paid the same rate for clinical and academic effort

Comp plan flexible enough to accommodate unanticipated situations and applied without bias

Plan reviewed regularly to assure equitable results and the promotion of department goals.

Motivating

Individual productivity rewarded for scholarship, education, research, leadership, and clinical roles

Plan results in overall department compensation close to the AAMC Midwest median (individual compensation may be higher or lower)

Transparent

Transparent and accurate compensation metrics

Faculty receive quarterly progress reports detailing the metrics behind each quarterly incentive.



Communication and Planning Strategy



- Work on new compensation plan started 24 months before official implementation to ensure adequate time for:
 - ✓ Assessing current state of faculty compensation
 - ✓ Reviewing other departments' compensation plans
 - ✓ Engaging leadership and faculty in the planning process
 - ✓ Modeling impact of plan on finances and compensation
 - ✓ Communicating progress on plan development to faculty and Medical School leadership
 - ✓ Developing dashboard to communicate quarterly incentives to faculty



Communication and Planning Strategy: 18-24 Months Before Implementation



- New Department Chair identified the development of a faculty compensation plan as a high priority.
- In a survey, faculty identified compensation as an area where they would like greater transparency.
- Chair's Office developed a timeline for creating and implementing the new compensation plan.
- Compared current compensation for faculty to AAMC Midwest benchmarks for each rank and specialty.
- Reviewed faculty compensation plans already in place in Medical School and in other Departments of Medicine.



Communication and Planning Strategy: 12-18 Months Before Implementation



- Convened two special committees of faculty stakeholders to help with the development of the plan:
 - Drafting Committee: Six faculty from leadership positions, plus the Department Chair and Department Administrator. This group drafted the comp plan.
 - Faculty Advisory Committee: Fifteen faculty representative of the larger department. This group provided the Drafting Committee with feedback on drafts of the plan.
- Completed financial modeling to determine an affordable incentive pool.



Communication and Planning Strategy: 6-12 Months Before Implementation



- Drafting Committee and Faculty Advisory Committees met at least monthly to develop the plan.
- Department faculty were kept informed:
 - Clinical Services Unit Board of Directors: This group of 12 faculty meets monthly and makes decisions pertaining to the clinical practice, including approval of the compensation plan. They were regularly updated on the plan's progress.
 - Faculty Leadership: Six Vice Chairs and ten Division Chiefs attend a monthly department leadership meeting. They reviewed drafts of the comp plan nearly every month.
 - Department Faculty: All faculty are invited to a monthly department meeting, where the development and the progress toward the compensation plan were regularly discussed.



Communication and Planning Strategy: 0-6 Months Before Implementation



- Final draft was submitted to the Dean of the Medical School and the CEO of the faculty practice for approval.
- Dashboard to communicate incentive results was developed. Ten faculty stakeholders were solicited to give feedback on early versions of the dashboard.
- Division Chiefs met with each of their faculty to set effort amounts for categories in compensation plan. The effort in each category determines the size of the potential incentive, so it was critical that faculty understood their effort.



Communication Strategies: Information Distributed to Faculty



- Developed nine-page summary of compensation plan distributed to all faculty via emails and in paper form at the monthly faculty meeting.
- Each faculty member received a letter documenting their effort in the six comp plan categories.
- Tableau, an interactive data visualization tool, used to create a web-based dashboard that communicates comp plan weights and quarterly incentives to faculty.
- Existing faculty reports for RVU and research productivity updated to ensure effort matches comp plan weights.



Communication Strategy: Live Demonstration of Comp Plan Dashboard

- Each quarter the dashboard is updated with the new incentive amounts.
- Faculty receive an email from the Chair's Office informing them that their quarterly incentive information is available online ([link](#) provided in email).
- Division directors and administrators have special division-level dashboards that allow them to view the incentives for each of their faculty.



Department of Medicine FY19 Individual Productivity Incentive Metrics

Sample, Faculty

Associate Professor

Division of Infectious Diseases and International Medicine

FY18 FTE: 1.00

AAMC Specialty: Infectious Diseases (MD)

AAMC Salary Benchmark: \$208,000

Total Annual Incentive Opportunity (Excluding Division Incentive): \$29,640

Billable cFTE: 0.5

Category	Weight	Annual Incentive Opportunity	Incentive Details	Q1	Q2	Q3	Q4	YTD Total Incentive
Scholarship	5%	\$1,560	Publication in 2017	Publication incentive to be reported in Q4			\$0	\$0
Education	10%	\$3,120	Completion of Up to Four Qualifying Education Activities	Education incentive to be reported in Q4			\$1,560	\$1,560
Patient Care	50%	\$15,600	Target: 2,562 Annual wRVUs	\$1,232	\$1,508	\$1,593	\$3,370	\$7,702
Research	5%	\$1,560	Target: \$8,601 of Salary Charged to Grants Annually	\$204	\$204	\$204	\$476	\$1,088
Department Leadership Roles	25%	\$7,800	Achievement of Goals	DOM Leadership incentive to be reported in Q4			\$5,850	\$5,850
Other Leadership Roles and Clinical Outreach	5%	\$0	Non-Department Role; No Incentive	-			-	-
Division Goals		Determined by Division	Achievement of Division-Defined Goals	Division incentive to be reported in Q4			\$4,000	\$4,000
Deductions		Reduction in Quarterly Incentive Payment		\$0	\$0	(\$400)	\$0	(\$400)
Total	100%	Total Annual Incentive Opportunity (Excluding Division Incentive): \$29,640		\$1,436	\$1,712	\$1,397	\$15,256	\$19,800



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Department Leadership Roles	25%	\$7,800	Achievement	Your research incentive is based on your sponsored extramural salary support (provided you are a PI or co-PI on at least one grant). You can earn 100% of the incentive by having \$8,601 of your salary supported on grants during this fiscal year. We arrived at your target by taking your research effort of 5% multiplied by your recurring salary or the NIH cap of \$187,000, whichever is lower.				
Other Leadership Roles and Clinical Outreach	5%	\$0	Non-Department Incentive					
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July-March wRVUs: 948.5
 YTD wRVUs as a percent of annual target: 37.0%
 Q3 incentive to be paid (after 25% withhold): \$1,593



Communication Strategy: Pros and Cons of Tableau Comp Plan Dashboard

Pros

Accessible from any device with an internet connection; users log in with standard institution credentials

Dashboard can be created by administrative staff

Most questions from faculty about incentives can be answered with reference to dashboard

Dashboard administrator can view user statistics (who logged in and when)

Cons

Cost of server license for the institution can be high

Design and maintenance can be more time-consuming than expected

Data used in dashboard are gathered separately from many sources and manually added to spreadsheet



Communication Around Compensation Plans: Lessons Learned

- Start planning as early as possible.
- Involve key stakeholders in the development and communication of the compensation plan.
- Use multiple approaches to communicate plan (meetings, online resources, emails, printed materials).
- Expect that some elements of plan will be controversial; it may not be possible for all stakeholders to agree to one approach,
- Collect comments from participants after the comp plan is implemented and prepare to make revisions to the plan after first year.





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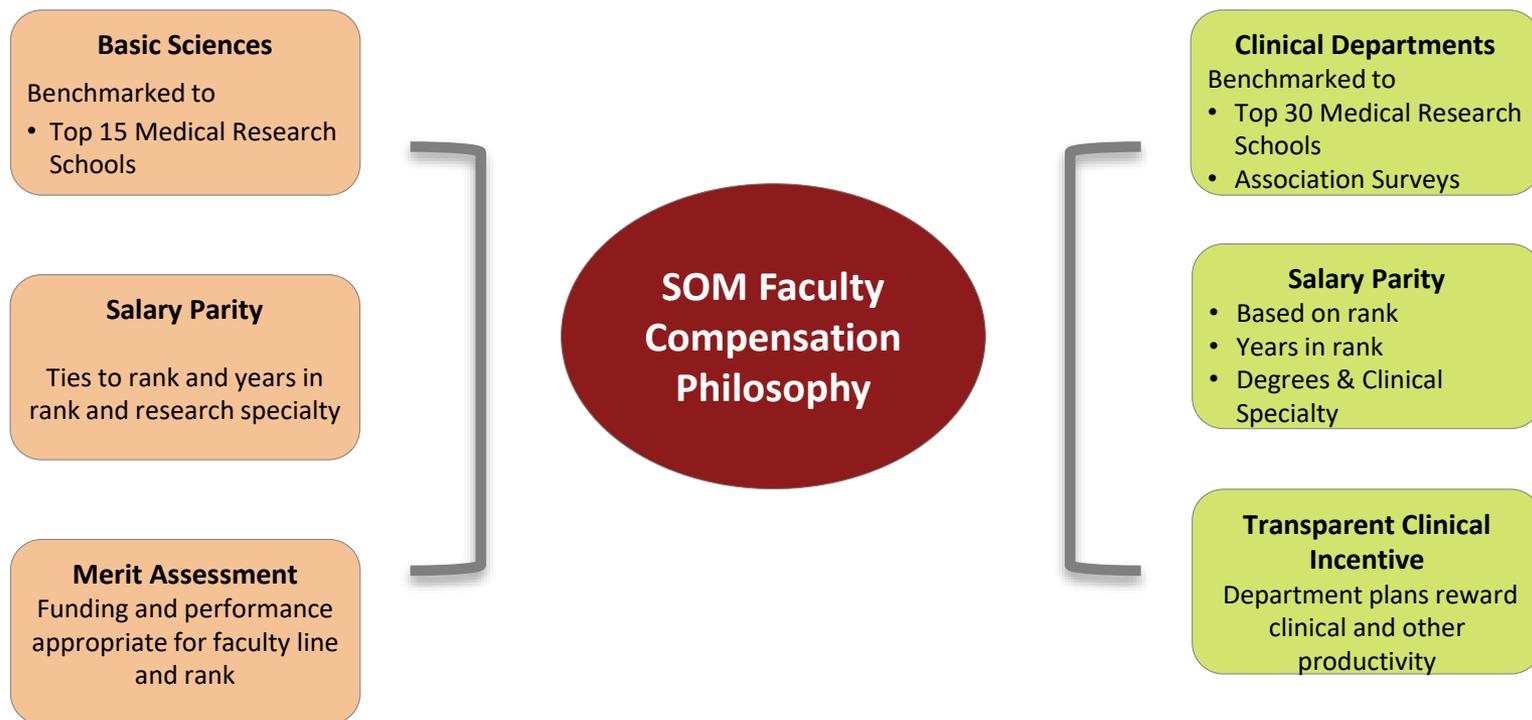
Communication Around Faculty Compensation

Sue Kingston

Executive Director of Faculty Compensation

May 2, 2019

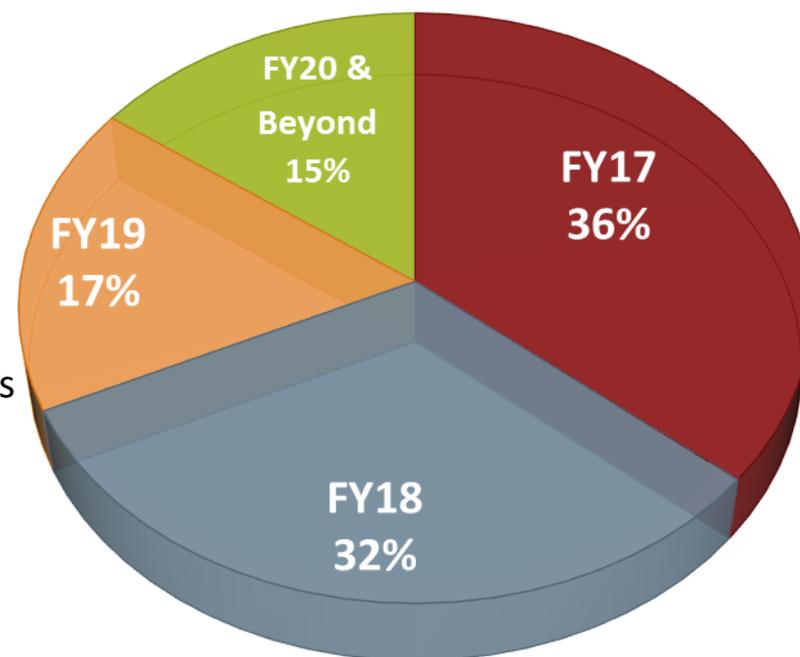
Faculty Compensation Philosophy



Multi-year focus on Salary Scales

- **Ties salary to Rank, Years in Rank and Clinical or Research specialty**
- **FY 2017:** Five departments representing 36% of faculty led the way
- **FY 2018:** Two more departments and a Clinical Science Research scale raised coverage to 68%
- **FY 2019:** Additional seventeen department structures covered 85% of faculty
- **FY 2020:** Will cover 95% of all faculty

SALARY STRUCTURE IMPLEMENTATION



Institutional Stakeholders

STAKEHOLDERS & PRIMARY FOCUS	Market Competitive	Equal Pay	Affordability	Approval
Department Directors - Finance and Admin	✓	✓	✓	
Department Chairs	✓	✓	✓	
Sr. Associate Dean - Finance & Admin	✓	✓	✓	
Vice Dean	✓	✓	✓	✓
Provost	✓	✓		✓
University Compensation Committee	✓	✓		✓

Communication Road Map

Develop New Salary Tables w/DFAs

February to March
(In-Person Meetings)

New Tables Approved by Vice Dean & SADFA

February to March
(In-Person & Emails)

Program Release in BI Salary Tool to DFAs

Late March – Early April
Emails & Presentations

Basic Science Department Submissions in BI

Late April
Via BI Salary Tool

Clinical Department Submissions in BI

Early May
Via BI Salary Tool

Dean's Office Review & Approval

Late April – Late June
Email Reviews/Teleconference/Meetings

Dean's Office Approval

May – June
In-Person Meetings

Provost Approval

August 1st
Binder with Salaries, Benchmarks, Funding & Research/Clinical Productivity

New Rates Effective

September 1st
New Salary Implementation

BI Salary Setting Tool

- Tracks appointment, compensation, market, productivity and funding data
 - Replaced spreadsheet approach
 - Requires dedicated IT resources for development and maintenance
 - Integrates multiple School, University and Hospital data sources
 - Constantly evolving to reduce department workload
- Labor intensive to maintain
 - Faculty characteristics loaded into warehouse from multiple data bases
 - Must be reviewed regularly for omissions and errors
- Moved from “creating reports” to “analyzing data”
 - Basic Sciences use a “Plus or Minus” 5% of Salary Target to reward performance
 - Clinical Departments place faculty on Salary Scale unless performance issue
 - Reward performance through incentive plans
 - Increases transparency of equitable payment practices

BI Salary Setting – Appointment Data



New in FY 2019

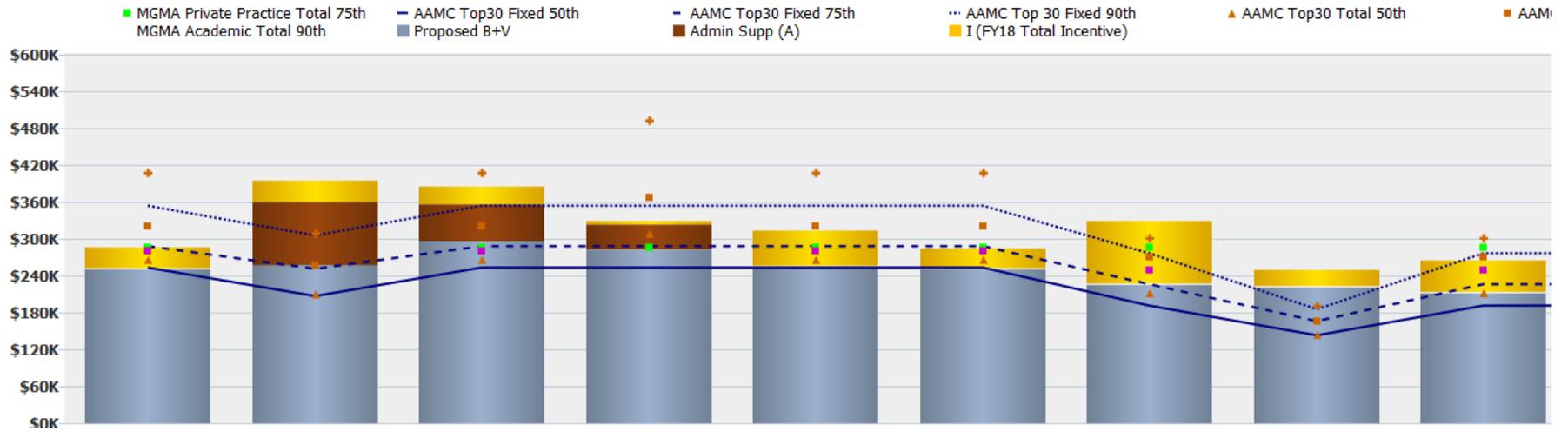
Appointment Information														
Faculty or CE	Rank ▲▼	Degree	Year Since BenchMark Degree	Division Chief	Hours	Appt FTE	Appt Tier	Location	Job Desc	Projected Yrs in Rank on 09/01/2018	External Yrs in Rank	Total Projected Yrs in Rank on 09/01/2018	VA 8ths	C/R
Faculty	Professor	PHD	33		40.00	1.000	Primary	SHC	Professor	12.1	8.0	20.1	0.00	R
C-E	Professor	MD	46		20.00	0.500	Primary	O-MED	Clinical Professor	1.9	10.0	11.9	0.00	C
Faculty	Professor	MD	31		40.00	1.000	Primary	SHC	Professor	6.4	0.0	6.4	0.00	C
Faculty	Associate Professor	MD	20		40.00	1.000	Primary	SHC	Assoc Prof-Med Ctr Line	2.3	0.0	2.3	0.00	C
Faculty	Associate Professor	MD	17		40.00	1.000	Primary	SHC	Assoc Prof-Med Ctr Line	1.7	0.0	1.7	0.00	C

BI Salary Setting - Compensation

New in FY 2019

Proposed Compensation		Stanford Internal Benchmark					
Proposed B+V	Proposed B+V+A	Mapping Specialty	Step Level	FY19 Target Rate	Diffs to final target	Dept FY19 BV to Target	Position to Target
		Critical/Intensive Care-Med.	Prof 21				Leading by 5%+
		Total Basic Sciences_MD	Prof Over 21				Leading by 5%+
		Total Basic Sciences_MD	Prof 14				Leading by 5%+
		Hematology/Oncology-Med.	Prof 9				Leading by 5%+
		Hematology/Oncology-Med.	Prof 14				On Target

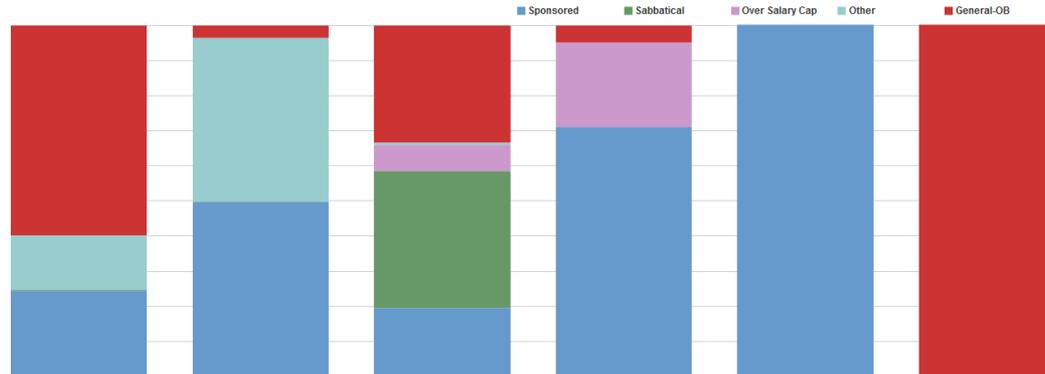
BI Salary Setting - Benchmarks



Provides instant visual of base and total compensation to market benchmarks

BI Salary Setting – Funding

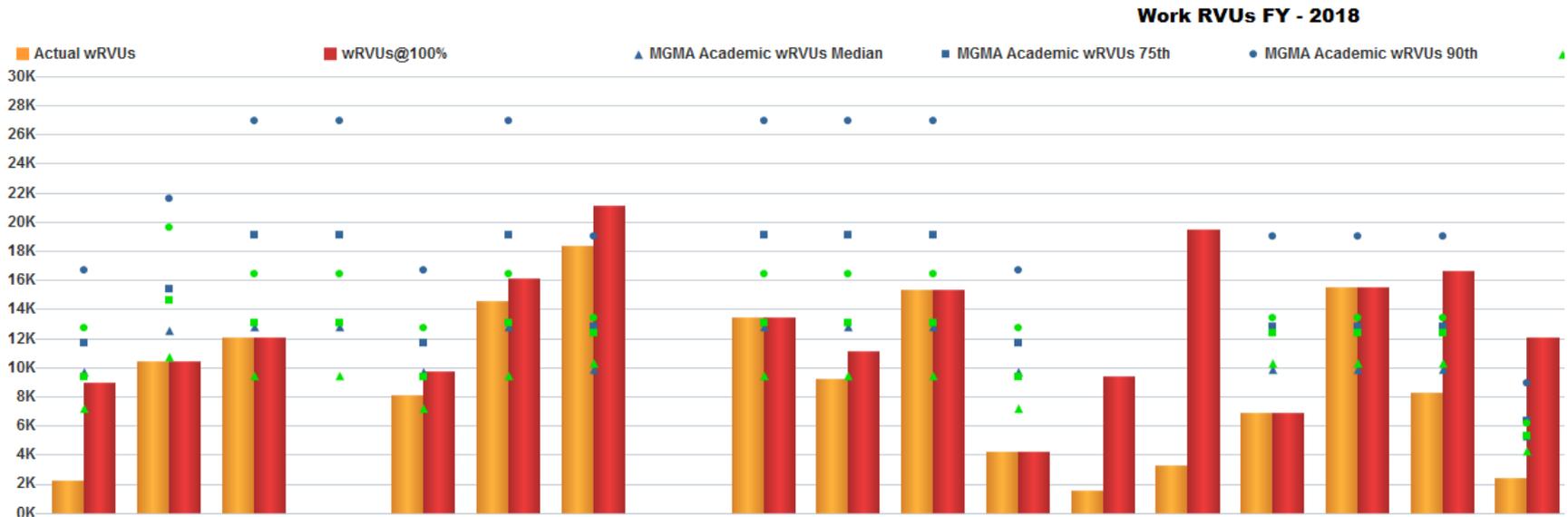
Actual Payments
FY - 2018



FYD 2018	General-OB	Total	Other						Total	Over Salary Cap			Total	
	GEN_OB		CLR_ORG_SUSPENSE	DES_PSI	DES_RESTRICTED	DES_REVENUE	END_FFE	END_PER_DONOR	GIF_EXP_GIFT	END_PER_DONOR	GEN_OB	GIF_EXP_GIFT		
\$81,685	58.6%	58.6%			0.0%					0.0%				
\$192,508	59.9%	59.9%	0.2%			1.0%			14.2%	15.5%	0.1%		0.1%	
\$144,900	3.7%	3.7%	0.0%		46.9%					46.9%				
\$294,114	33.4%	33.4%	0.0%	0.8%						0.8%		7.5%	7.5%	
\$268,882	5.0%	5.0%	0.0%						0.0%	0.0%	0.0%	24.2%	0.0%	24.2%

Includes data and visuals on source of salary funding

BI Salary Setting – Productivity



For clinical faculty shows actual and annualized wRVUs to market benchmarks

- **Lessons learned**

- Communication with Department critical to understand ability of their Salary Scale to attract and retain faculty, as well as for structural issues (promotional increases and step intervals)
- Easier to communicate and enforce equal salary pay for faculty with same clinical special in different departments (i.e., allergy and bioinformatics)
- Chair endorsement and open communication to faculty improves Salary Scale implementation and increases faculty support and acceptance
- Without support of department leadership, implementation can be a multi-year process
- Use of a Salary Scale approach extremely well received by University leadership



Questions?

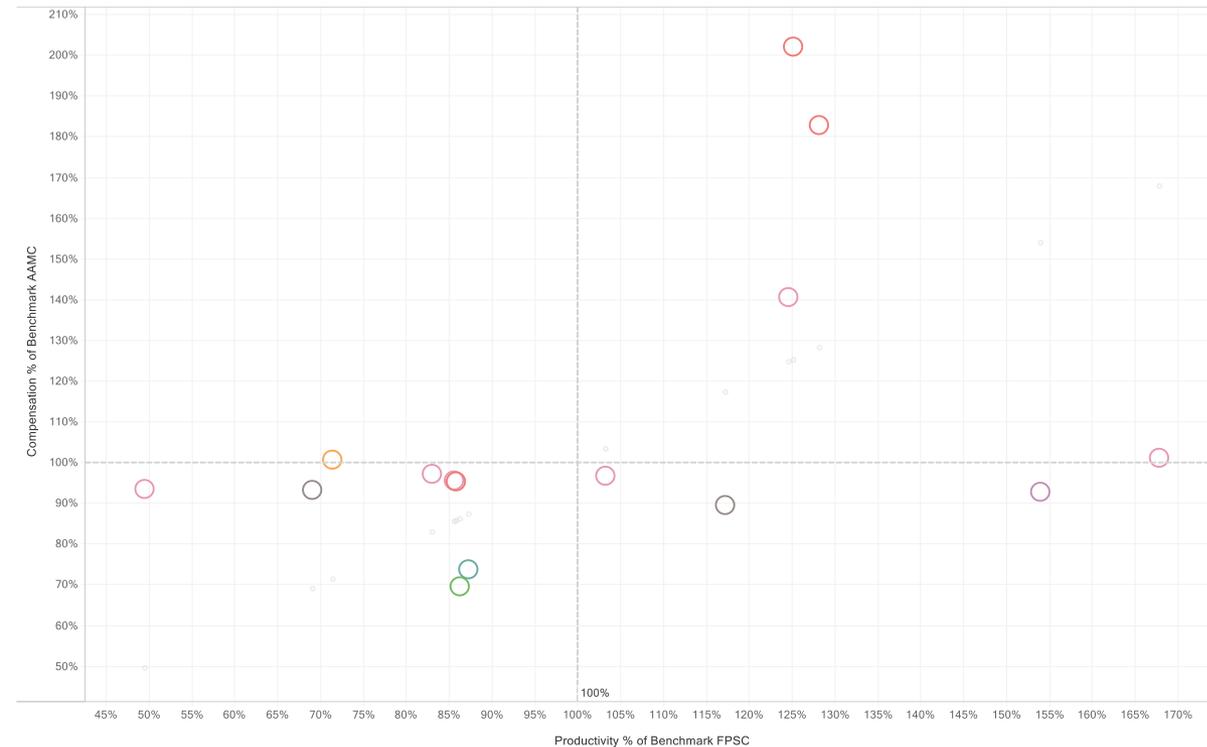
Sue Kingston, Exec Director of Faculty Compensation skingston@stanford.edu

Brian Hoffmeister, Director of Faculty Compensation bhoff@stanford.edu

Chia-Yu Chan, Associate Director of Faculty Compensation chiayuc@stanford.edu



THE CASE FOR CHANGE



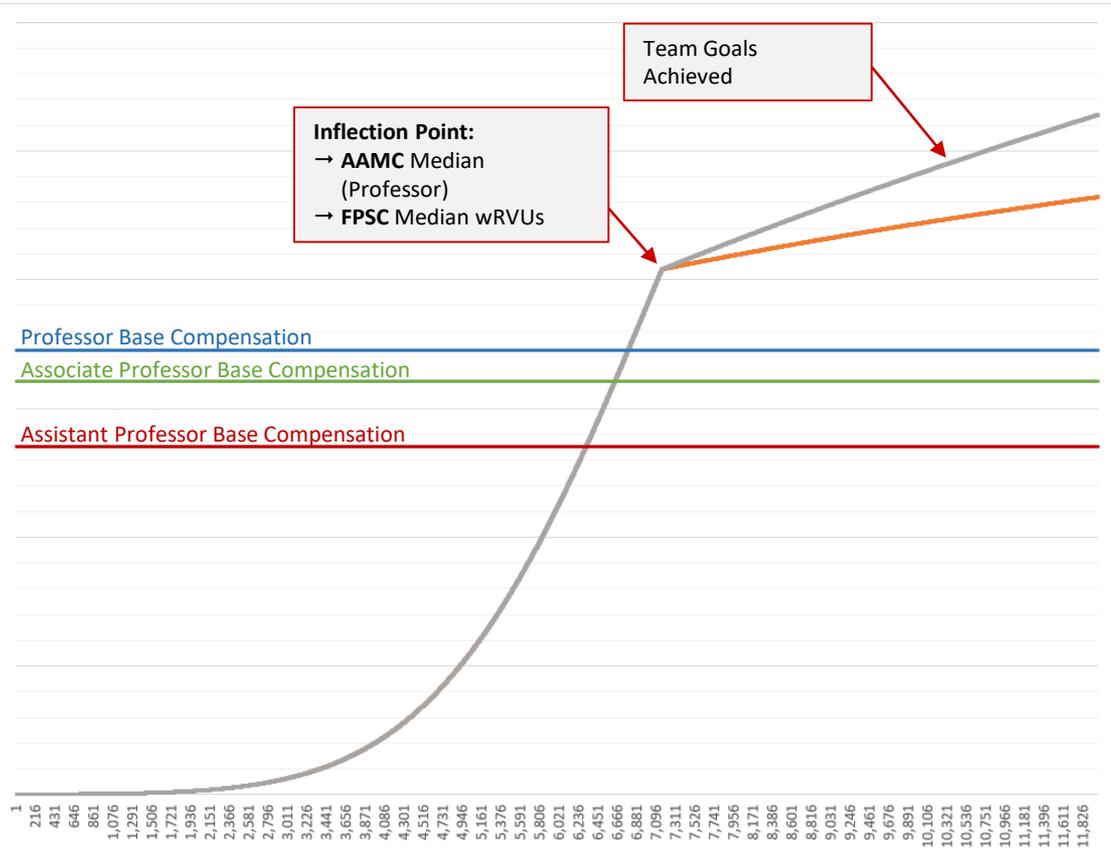
The Previous Pay Plan:

Compensation was generally based on AAMC rank based median for each physician

- Detached from local/national market for clinical salaries
 - At risk for compensation equity issues when recruiting new clinical faculty
- Disconnected from the clinical activity and academic success of individual faculty members
- Not founded in institutional strategy, goals, incentives
- Focus on cost structure within department and division – imperative to get faculty salaries right!



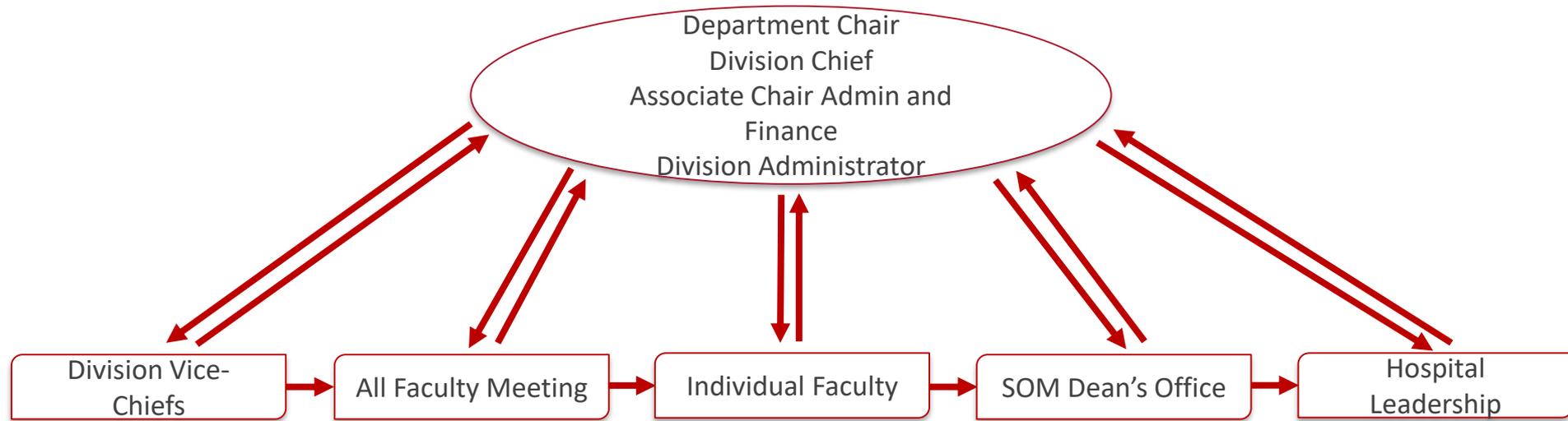
COMPENSATION MODEL BASICS



- Faculty Compensation Principles**
- Incentivize success in research, education and patient care
 - Align with strategy
 - Recognize and value academic rank
 - Competitive academic and clinical salary (local/national)
 - Clear clinical productivity expectations
 - Success of colleagues and team



STAKEHOLDER INVOLVEMENT AND COMM





FACULTY COMMUNICATION – HOT TOPICS

Faculty Deployment

“What’s my job?”

“That’s not my benchmark!”

“There are barriers to success beyond my control...”

“My compensation is going down...”

“Where will the resources come from to pay for this?”



Clinical deployment relative to the clinical practice standard (Eight ½ day clinics, 44-weeks per year = 1.00 cFTE)

Compensation based on clinical productivity



Explicit Undergraduate Medical Education or Graduate Medical Education role / assignment (made by Chief)
30th percentile – AAMC



Research time with a corresponding reduction in clinical presence. Not a reflection of the “academic day”
30th percentile – AAMC



University and national service, including division, department or system roles that include a reduction of clinical presence. *30th percentile – AAMC*



FACULTY COMMUNICATION – HOT TOPICS

Assigning a Productivity Target

“What’s my job?”

“That’s not my benchmark!”

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“Where will the resources come from to pay for this?”

SPECIALTY	AAMC SPECIALTY	Fpsc SPECIALTY	CLINIC ½ DAYS	PROC. ½ DAYS	wRVU TARGET
Therapeutics	Gastroenterolog y	Gastroenterolog y	2	6	7,159
Luminal	Gastroenterolog y	Gastroenterolog y	2	6	7,159
Inflammatory Bowel Disease	Gastroenterolog y	Gastroenterolog y	3	5	6,542
Community Clinics	Gastroenterolog v	Gastroenterolog y	1	7	7,777
Hepat		olog Hepato			,637



FACULTY COMMUNICATION – HOT TOPICS

Finding Operational Efficiencies

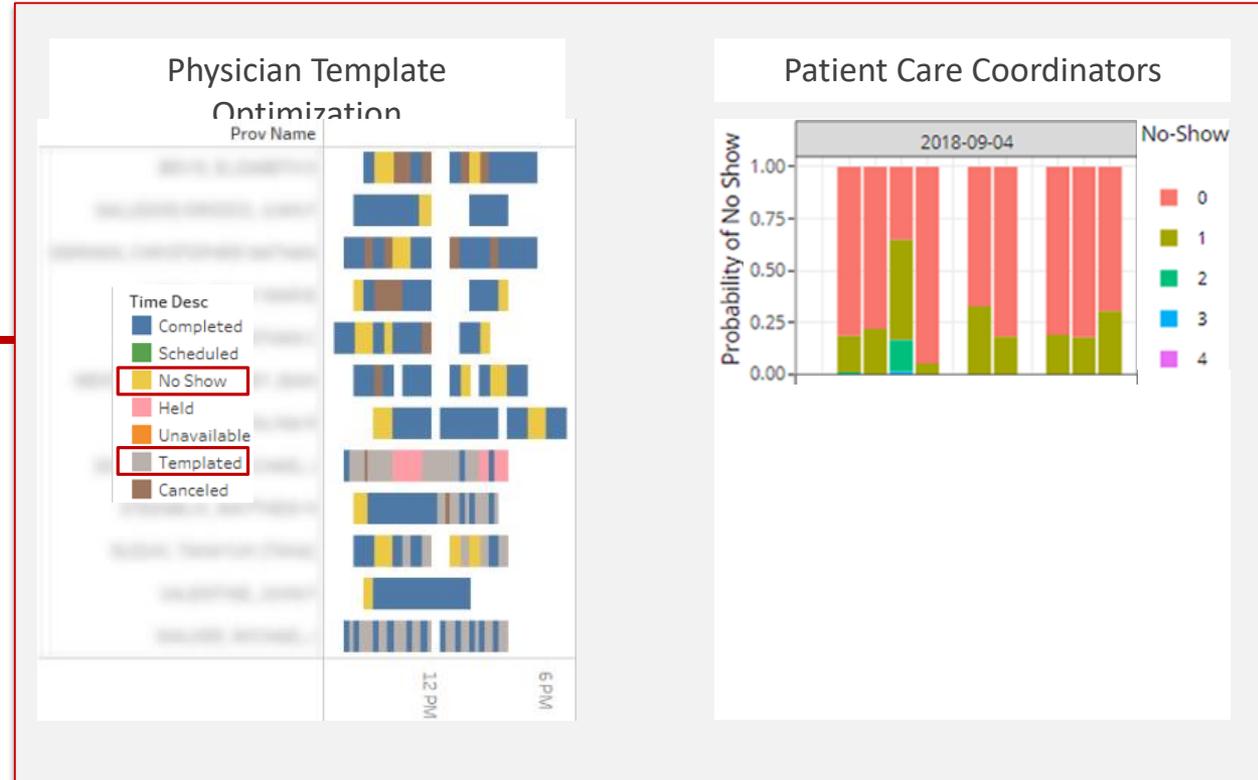
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FACULTY COMMUNICATION – HOT TOPICS

Physician Coaching

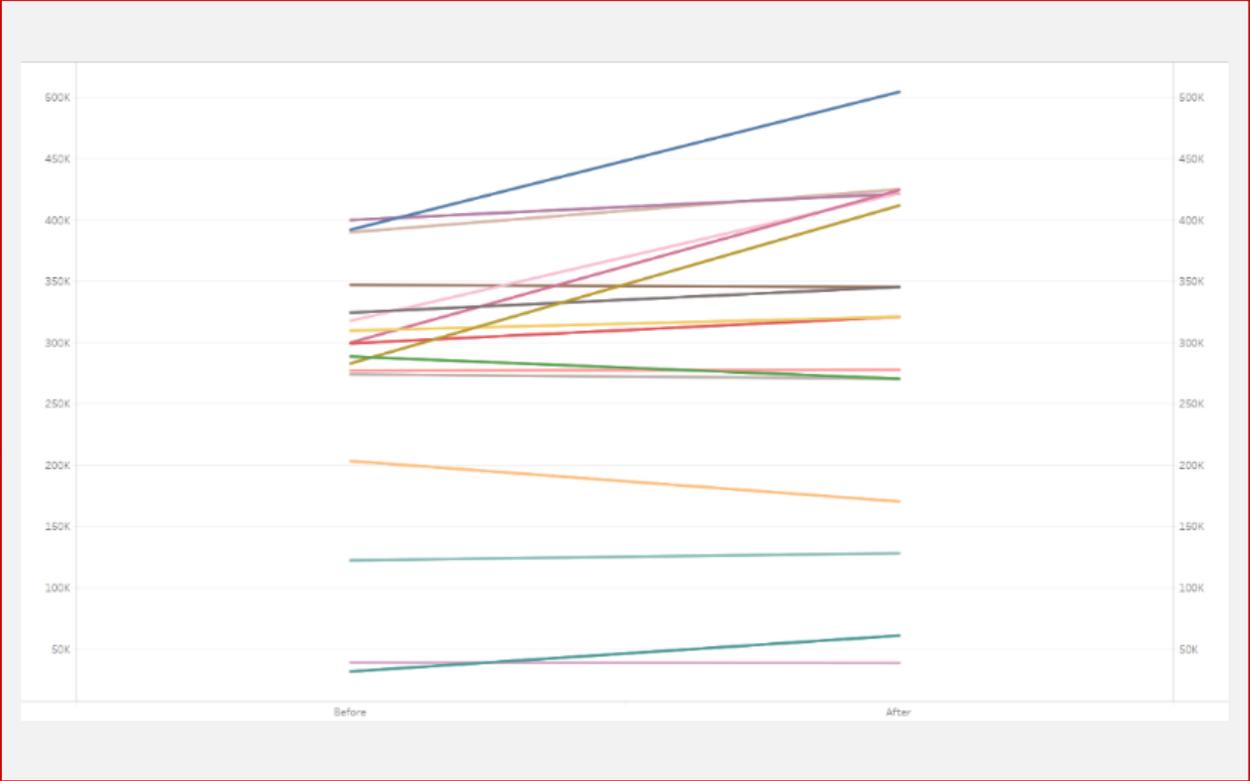
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FACULTY COMMUNICATION – HOT TOPICS

Maximizing Revenue and Incentives

“What’s my job?”

“That’s not my benchmark!”

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“My compensation is going down...”

“Where will the resources come from to pay for this?”

