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.
• 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

<table>
<thead>
<tr>
<th>Category</th>
<th>Weight</th>
<th>Annual Incentive Opportunity</th>
<th>Incentive Details</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>YTD Total Incentive</th>
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<td>$1,560</td>
<td>Publication in 2017</td>
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<tr>
<td>Education</td>
<td>10%</td>
<td>$3,120</td>
<td>Completion of Up to Four Qualifying Education Activities</td>
<td>$1,232</td>
<td>$1,508</td>
<td>$1,593</td>
<td>$3,370</td>
<td>$7,702</td>
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<tr>
<td>Patient Care</td>
<td>50%</td>
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<td>Target: 2,562 Annual wRVUs</td>
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<td>$204</td>
<td>$204</td>
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<td>Achievement of Goals</td>
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<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td><strong>Total Annual Incentive Opportunity</strong> (Excluding Division Incentive): $29,640</td>
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<td>$1,436</td>
<td>$1,712</td>
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<td>$19,800</td>
</tr>
</tbody>
</table>

**AAMC Specialty: Infectious Diseases (MD)**  
**AAMC Salary Benchmark: $208,000**  
**Total Annual Incentive Opportunity (Excluding Division Incentive): $29,640**  
**Billable cFTE: 0.5**
<table>
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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.
### Department of Medicine
#### FY19 Individual Productivity Incentive Metrics

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Total Annual Incentive Opportunity (Excluding Division Incentive): $29,640  
Billable cFTE: 0.5  
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.
Faculty Compensation Philosophy

Basic Sciences
Benchmarked to
• Top 15 Medical Research Schools

Salary Parity
Ties to rank and years in rank and research specialty

Merit Assessment
Funding and performance appropriate for faculty line and rank

Clinical Departments
Benchmarked to
• Top 30 Medical Research Schools
• Association Surveys

Salary Parity
• Based on rank
• Years in rank
• Degrees & Clinical Specialty

Transparent Clinical Incentive
Department plans reward clinical and other productivity
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
### Institutional Stakeholders

<table>
<thead>
<tr>
<th>STAKEHOLDERS &amp; PRIMARY FOCUS</th>
<th>Market Competitive</th>
<th>Equal Pay</th>
<th>Affordability</th>
<th>Approval</th>
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<tbody>
<tr>
<td>Department Directors - Finance and Admin</td>
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<td>✓</td>
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</tr>
<tr>
<td>Department Chairs</td>
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<tr>
<td>Sr. Associate Dean - Finance &amp; Admin</td>
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<tr>
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</table>
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

<table>
<thead>
<tr>
<th>Faculty or CE</th>
<th>Rank</th>
<th>Degree</th>
<th>Year Since Benchmark Degree</th>
<th>Division Chief</th>
<th>Hours</th>
<th>Appt FTE</th>
<th>Appt Tier</th>
<th>Location</th>
<th>Job Desc</th>
<th>Projected Yrs in Rank on 09/01/2018</th>
<th>External Yrs in Rank</th>
<th>Total Projected Yrs in Rank on 09/01/2018</th>
<th>VA 8ths</th>
<th>C/R</th>
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## BI Salary Setting - Compensation

New in FY 2019

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<td>Critical/Intensive Care-Med.</td>
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<tr>
<td>Proposed B+V+A</td>
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<tr>
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<td>Total Basic Sciences_MD</td>
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<td></td>
<td>Hematology/Oncology-Med.</td>
</tr>
<tr>
<td></td>
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</tbody>
</table>
BI Salary Setting - Benchmarks

Provides instant visual of base and total compensation to market benchmarks
BI Salary Setting – Funding

Includes data and visuals on source of salary funding

<table>
<thead>
<tr>
<th></th>
<th>General-OB</th>
<th>Total</th>
<th>Other</th>
<th>General-OB</th>
<th>Total</th>
<th>Over Salary Cap</th>
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<td>58.6%</td>
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</table>

Includes data and visuals on source of salary funding
BI Salary Setting – Productivity

For clinical faculty shows actual and annualized wRVUs to market benchmarks
Communications

• 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?

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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

Inflection Point:
- AAMC Median (Professor)
- FPSC Median wRVUs

Team Goals Achieved
### FACULTY COMMUNICATION – HOT TOPICS

#### Faculty Deployment

| “What’s my job?” | Clinical deployment relative to the clinical practice standard (Eight ½ day clinics, 44-weeks per year = 1.00 cFTE) |
| “That’s not my benchmark!” | *Compensation based on clinical productivity* |
| “There are barriers to success beyond my control...” | Explicit Undergraduate Medical Education or Graduate Medical Education role / assignment (made by Chief) 30th percentile – AAMC |
| “My compensation is going down...” | Research time with a corresponding reduction in clinical presence. Not a reflection of the “academic day” 30th percentile – AAMC |
| “Where will the resources come from to pay for this?” | 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

<table>
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<tr>
<th>SPECIALTY</th>
<th>AAMC SPECIALTY</th>
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<th>CLINIC ½ DAYS</th>
<th>PROC. ½ DAYS</th>
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“Wha’t’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?”
FACULTY COMMUNICATION – HOT TOPICS

Finding Operational Efficiencies

“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?”
“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?”

Physician Coaching
FACULTY COMMUNICATION – HOT TOPICS

Maximizing Revenue and Incentives

“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?”