

How to Build a Transparent Compensation Plan

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How to Build a Transparent Compensation Plan

The Big An Incentive Plan That Actually Works: Moving From Theory To Reality
 In An Academic Anesthesiology Department

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How to Build a Transparent Comp Plan

Components of Ideal Plan

- Equitable: seen to be fair/transparent
- Easily Understandable
- Competitive (in step with SAAA or AAMC)
- Recognizes Promotion
- Maintains Academic Mission
- ↑ Experience; ↑ Pay ?
- Incentive Component (15-20%) ?

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Dilemma

- Recognize Instructors/Assist Profs do most clinical work
- Assoc/Full Profs
 - ↑ admin responsibility
 - ↑ academic/mentoring responsibility
- ↑ Institutional Constraints/Guidelines for total comp for Incentive Program
- ↑ Base/Guaranteed salary > Recruitment Advantage

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Compensation Building Blocks

- (A) Base Salary
- (B) Productivity/Incentive
- (C) Extra compensation: e.g. after hrs (\$150 phr)
- Total Compensation $A + B + C$

Published Compensation Plans

A Mission-Based Productivity Compensation Model for an Academic Anesthesiology Department
Anesth Analg 2006; 107:1981-6
 David L. Rich, MD, Maria Galati, MBA, Maria Kroll, PhD, Carol A. Bizjak, DVM, Ronald A. Kahn, MD
 Yrs: 2000-2007, 70% Total Comp at Risk

Integration of academic and clinical performance-based faculty compensation plans: a system and its impact on an anaesthesiology department
BJA
 T. Saklatval, M. Hudson, P. Doulat and J. Williams
 Yrs: 2004-2010, 80% Total Comp at Risk

Finding An Incentive Plan That Actually Works
Academic Medicine
 The PATRICIAN Model
 Yrs: 2004-2005

Published Compensation Plans

Figure 5

Academic Productivity (22.8% + 73%)
 Revenue (7.8% + 13%)
 Points (18.8% + 45%)
 Clinical Time Based (27.8% + 68%)

JCA 2009; 21: 83-93
 Leadership and management of academic anesthesiology departments in the United States
 Yrs: 2006

Published Compensation Plans

Measurement of Individual Clinical Productivity in an Academic Anesthesiology Department
Anesthesiology 2000; 93:1509-16
 Amy E. Aboulokh, M.D., M.B.A., Mark H. Zornos, M.D., Ronald S. Levy, M.D., James Abate, M.A., Donald S. Proctor, M.D.

- Clinical Days
- Time Units (ASAtu)
- ASA Units (Base + modifier + ASAtu)
- Problem: ICU & other sites (no ASAtu billed)

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Base Salary (A) Step Calculation

Base Salary Scale (A)		Step	Salary	Increase
Clinical Instructor	Clinical Instructor	-1	\$ xxx,000	
		0	\$ xxx,000	3.5%
Assistant Professor	Assistant Professor	1	\$ xxx,000	4.7%
		2	\$ xxx,000	3.2%
		3	\$ xxx,000	3.2%
		4	\$ xxx,000	3.1%
		5	\$ xxx,000	3.1%
		6	\$ xxx,000	0.5%
		7	\$ xxx,000	0.4%
		8	\$ xxx,000	0.5%
		9	\$ xxx,000	0.5%
		10	\$ xxx,000	0.5%
		11	\$ xxx,000	0.5%
		12	\$ xxx,000	0.5%

Annotations:
 - A box labeled "Add to" contains "Associate Prof + \$8000.00" and "Full Prof + \$16000.00".
 - An arrow points from the "Associate Prof + \$8000.00" row to the Step 7 row in the table.
 - Another arrow points from the "Full Prof + \$16000.00" row to the Step 8 row in the table.

Incentive (B)

- CLINICAL INCENTIVE
- ACADEMIC/ADMINISTRATIVE INCENTIVE
- 10-15% of Total Compensation

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Clinical Incentive

- Basis: ASA Time Unit (ASAtu) + wRVU conv to eASAU
- Converted to represent activity in OR or ICU and normalized to total clinical days:

$$\frac{\text{Total ASA Time Units Billed}}{\text{Clinical OR Days}} = \text{Converted Time Units (eASA}_{tu}\text{)/OR day}$$
- For OR and An Pain or Preop Clinic Staff:

$$\text{Annual Total eASA}_{tu} = (\text{eASA}_{tu}\text{/OR day} \times \text{total clinical days}) = \text{Clinical OR Factor (CF}_{OR}\text{)}$$
- For ICU Staff: Net revenue wRVU/net revenue ASA unit billed = eASA_u

$$\text{Annual Total eASA}_{u} = \text{Total ICU billed wRVU} \times \text{eASA}_{u} = \text{Clinical ICU Factor (CF}_{ICU}\text{)}$$
- For Faculty, Dr. J Smith (ICU and OR) Clinical Factor (CF) = CF_{OR} + CF_{ICU}

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CLINICAL INCENTIVE

Determination of Clinical Incentive per faculty

$\frac{\text{Clinical Factor (JSmith)}}{\text{CFjs} + \text{CFbm} + \text{CFdc} + \text{etc}} \times 50\% \text{ of Total Incentive Pool } \$ = \text{JS Clinical Incentive } \$$

Incentive (B)

- CLINICAL INCENTIVE
- ACADEMIC/ADMINISTRATIVE INCENTIVE
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Academic Incentive (AI)

- Basis: Individual (AI) Score for:
- Administration 12
- Team work 5
- Education 5
- Research/scholarship 8
- Patient Satisfaction/Quality 5
- Bonus: Attendance: GR/Faculty Meeting/JC 2
- Total Potential Individual (AI) Score: 37

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CLINICAL INCENTIVE

Determination of Academic Incentive per faculty

$\frac{\text{Total AI Score (JSmith)}}{\text{AISjs} + \text{AISbm} + \text{AISdc} + \text{etc}} \times 50\% \text{ of Total Incentive Pool } \$ = \text{J.S. Academic Incentive } \$$

Dr John Smith total incentive =

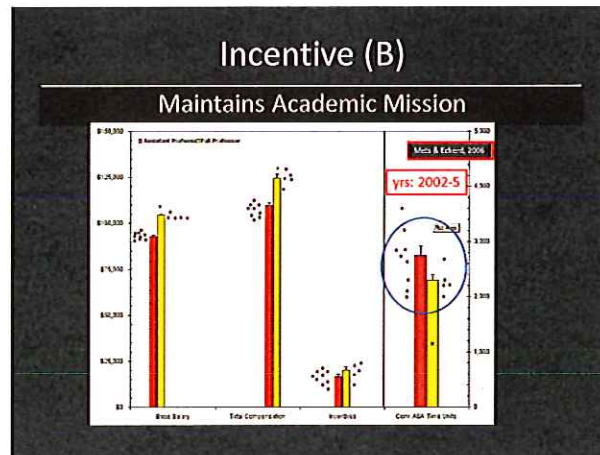
Dr J.S. Clinical Factor proportion X 50% Incentive Pool \$

Dr J.S. Academic Incentive proportion x 50% Incentive Pool \$

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Incentive System: Outcome Analysis

	2003	2004	2005
Before implementation	n=20		
Year 1	n=28 (out of 28)		
Year 2	n=26 (out of 31)		

~ Orkin, Kratz & Mets, 2006

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Incentive System: Outcome Analysis

	0 year	1 year	2 year	P
Understanding of incentive Determination	20%	44%	58%	0.0162
Belief that incentive correlated with goal achievement	30%	50%	81%	0.0005
Belief: motivation to provide more care	5%	18%	44%	0.0022

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- ### *Incentive System: Outcome Analysis*
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- #### Univariate Predictors of Being "Highly Satisfied!"
- Satisfied with method of evaluation progress (OR 19.2, P=0.01)
 - Understanding how incentive was determined (OR 14.9, P=0.007)
 - Believing that plan motivated:
 - Educational activities (OR 13.4, P=0.02)
 - Research work (OR 9.1, P=0.037)
 - Greater productivity (OR 8.0, P=0.04)
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