



Compensation Models: The Duke Approach

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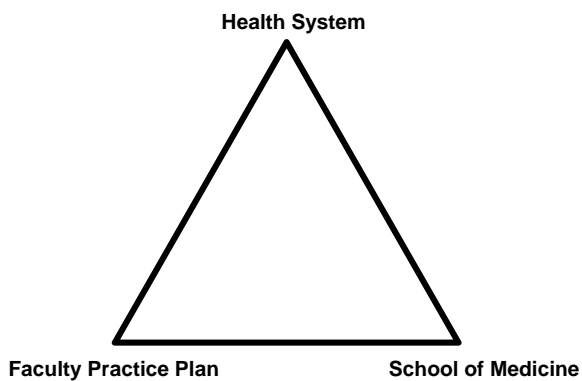
ORIGINS

- Financial loss
- Compensation not linked to productivity
- Change culture
- MGMA salary median



Image courtesy of Barnes Derrig
(blog.barnesderrig.com)

ORGANIZATIONAL STRUCTURE



COMP STRUCTURE

- **Clinical effort**
 - 10 hour time-based units, called clinical day equivalents (CDE)
- **Academic effort**
 - Base pay
 - Incentives, using a tiered point-based system to reward productivity
- **Gain sharing**
 - Clinical work based on charges, CDEs and call
 - Academic work

BASE COMPENSATION

- Progresses with rank (and tenure)
- Prorated between University and PDC effort
- “Citizenship” expected as part of base compensation



BASE COMPENSATION

- **Base Training Compensation**
 - Additional \$\$\$ for fellowship, PhD, double Boards
- **Personal Career Advancement (PCA)**
 - Based on projected and recent academic productivity
 - Distributions based on tiered point system
 - Education, Research, Admin, Mentoring
 - Projected yearly with monthly holdbacks

BASE COMPENSATION

Combined Base = Base + Base Training + PCA

DEFINITIONS

- **PDC**
 - Private Diagnostic Clinic (Faculty Practice Plan)
- **CDE**
 - Clinical Day Equivalent
 - 10 hour commitment to clinical activity
- **PCA**
 - Personal Career Advancement
 - Academic productivity

STRUCTURE

- **Clinical**
 - Escalating \$/CDE associated with years of service
 - In-house call = CDE + bonus value
 - Home call = 0.1 CDE
- **Research**
 - Defined for each fiscal year with expected salary recovery
- **Educational**
 - Directed educational time
- **Administrative**
 - Baseline time + incentives based on performance metrics

SALARY RECOVERY

- **Quarterly Clinical Recovery**
 - 10% of expected CDE dollars
 - Meet expected CDEs
 - Availability
 - $\geq 90\%$ billing compliance
- **Annual Academic Recovery**
 - 10% of projected PCA
- **Annual Research Salary Recovery**
 - 50% recovery threshold
 - 20-33% returned based on tiers



GAIN SHARING

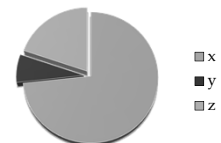
- 70% of PDC profit
- **Clinical**
 - Charges x CDEs – 24%
 - CDEs – 32%
 - Call Hours – 8%
 - Division chief discretion – 8%
 - Chair discretion – 8%
- **Academic**
 - PCA – 20%



Image courtesy of Mediation Solutions (mediation.ppcfl.com).

SUMMARY

- “x” type monthly pay
 - 74% of total comp
- “y” type hold-back and true-up
 - 7% of total comp
- “z” type bonuses for individual performance
 - 19% of total comp
 - 1-2% for group performance



EXTERNAL REVIEW

- **Does not sufficiently incentivize one more case at the end of the day**
- **Complicated**
- **Limited linkage to quality measures**
- **No linkage to patient satisfaction**

- **You get what you pay for!**