



Faculty Compensation: The Oregon Survey & Model

Academic Professors of Dermatology Annual Meeting
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September 13, 2014 Chicago, Ill.

Overview & Objectives

- The Charge: New Chair mandate- fix the plan
- Best Practices: Don't reinvent the wheel
- Survey Results: Identify common principles
- New Compensation Plan: Reinforcing a Culture



The Charge

April 2013 New Chair

Faculty Survey- comp
plan #1 issue

Dean's Charge-
create a new plan



Best Practices

Reviewed other Plans

Sent out APD survey
(24 questions)

Consulted Advisory Council

Survey Results

15 responses
Arrayed on Spreadsheet

Ramona Falls, Oregon

Survey Highlights

- Full-time clinician: 7.7 half-day clinics/week
- Components of Compensation:

	Clinical Comp	Non-clinical Comp
Guaranteed/Base	60%	20%
Incentive	15%	5%

- Non-clinical- teaching, research, directorships
- Plan's character determined by allocation

Survey Highlights

- Level of Guaranteed/Base- % of total physician comp that is fixed or guaranteed varied widely
 - 3 of 15 comp was 100% fixed
 - High Base pay plans stable & predictable but lack flexibility & control.
 - “Standardized salary reduces intradepartmental and interdepartmental conflict, but only works with internally motivated faculty”
 - “I think most people believe they are paid less than they would earn in private practice but enjoy the challenges of an academic job more”
 - High Incentive plans foster productivity but with less stability of income.
 - “It drives doctors to be in the clinics and see patients, but it inhibits them from performing non-revenue generating activities”

Survey Highlights

- Clinical Incentives
 - 8 of 12 use some variation of collections after expenses.
 - 2 of 12 guarantee straight % of collections
 - 2 of 12 incentivize for exceeding wRVU target
- Plans that do not account for revenue and expenses shift financial risk from faculty to the department.
 - “For reasons I do not understand, our institution prioritizes growing collections rather than containing costs. I actually tried to implement such a plan and was denied”

Survey Highlights

- Funding Non-clinical Compensation
 - Wide variety in funding sources
 - Grants
 - Endowments
 - Central Institutional Support
 - Clinical Revenue
 - 10 of 15 fund with clinical revenue
 - Another 2 of 15 subsidize “behind the scenes”
 - Generally 5-15% of clinical revenue used to fund non-clinical comp

Survey Highlights

- Allocating clinically funded non-clinical compensation
 - Varies greatly across the 12 departments
 - Chair subjective/discretionary approach
 - Reward specific goals and roles
 - Point system
- Medical Directorships, Residency Directorships and Research efforts most common

OHSU Dermatology

- New Compensation Plan
- Goal: To simplify, clarify and increase emphasis on non-clinical goals and encourage and reward clinical productivity



Compensation Plan Summary

- X Component- Academic Base Pay
 - Based on rank
 - Increased incentive for pursuing promotion
 - Instructor- \$0
 - Assistant Professor- \$20,000
 - Associate Professor- \$40,000
 - Professor- \$80,000

Compensation Plan Summary

- Y Component- Pay for specific non-clinical duties and roles
 - Historically funded from grants and foundation accounts
 - Annual fixed pool of clinical revenue
 - Clinically funded Y set by Chair
 - Calculated base on time commitment
 - \$25,000 per .1 FTE (208 hrs/yr)
 - Chair determined roles and duties
 - Examples- Residency Director .2 FTE- \$50,000, Budget Committee Chair .02 FTE- \$5,000, Individual Goals- \$1,000

Compensation Plan Summary

- Clinical Pay (Z) based on 38% of clinical collections
 - Z1 Component- Clinical Base Pay (recurring bi-weekly paycheck)
 - Up to 80% of clinical pay
 - Z2 Component- Clinical Incentive Pay (monthly)
 - Remainder of clinical pay
 - Distributed to an Individual Practice Account (IPA)
 - Faculty can pay themselves from their IPA
 - Must retain a minimum balance of 3 months of Z1 pay in IPA

Compensation Plan Summary


- Z3 Profit Sharing
- Participating Programs (ie Clinical Trials)
 - Paid if program revenue exceeds goal & department meets its net margin
 - Profit from program split: 1/3 to individual(s) responsible for the program; 1/3 to improve the program; 1/3 to department
- Year End Bonus
 - If department exceeds budgeted net margin, 1/2 put into a profit-sharing pool.
 - Department employees- 1/2 of pool paid base on hours worked.
 - Department faculty- 1/2 of pool paid based on FTE.

Summary & Conclusion

- New Plan in Place for FY 15
- A work in progress
- Important to regularly review and revise
- Communication and faculty input critical
- Every academic Derm department has unique issues and culture that influences their comp plan



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