

2. Briefing: School of Medicine Compensation.....Dean Bill Roper/Dean Paul Cunningham

Situation: As a follow-up to questions regarding faculty compensation for the Schools of Medicine, Deans Roper and Cunningham will be presenting on their compensation structure.

Background: This presentation will focus on clinical faculty compensation (excluding basic science faculty). Compensation structures for both the Brody School of Medicine at East Carolina University as well as UNC Chapel Hill School of Medicine will be discussed.

Assessment: Compensation is important for the recruitment and retention of the best and brightest faculty which allows both Schools to execute their mission.

Action: This item is for information only



Presentation to UNC Board of Governors *Personnel & Tenure Committee*

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Our discussion focuses on Clinical Faculty Compensation

Why is discussion of clinical compensation important?

- Recruiting and retaining the best and brightest faculty allows both Schools' to execute on their missions
- Both Schools compete for high quality faculty regionally, nationally and internationally
- Rational and equitable compensation important, especially when salary information is easily accessible online

How do we measure productivity and compare clinical faculty compensation?

- Work Relative Value Unit (wRVU)
 - National system for valuing the work of physicians
 - Allows comparison of work of physicians, across and within specialties
 - Allows for regular measurement of the productivity of a physician or teams of physicians as well as setting expectations for productivity
 - Most reimbursement from insurers for physicians' work is based on dollar quantification of wRVUs
- Several national organizations are used to benchmark clinical faculty with peer institutions and in the private market (AAMC and MGMA)

The parameters of this discussion exclude basic science faculty, although they are vitally important to both Schools

Brody School of Medicine Faculty: Teachers, Clinicians, Researchers



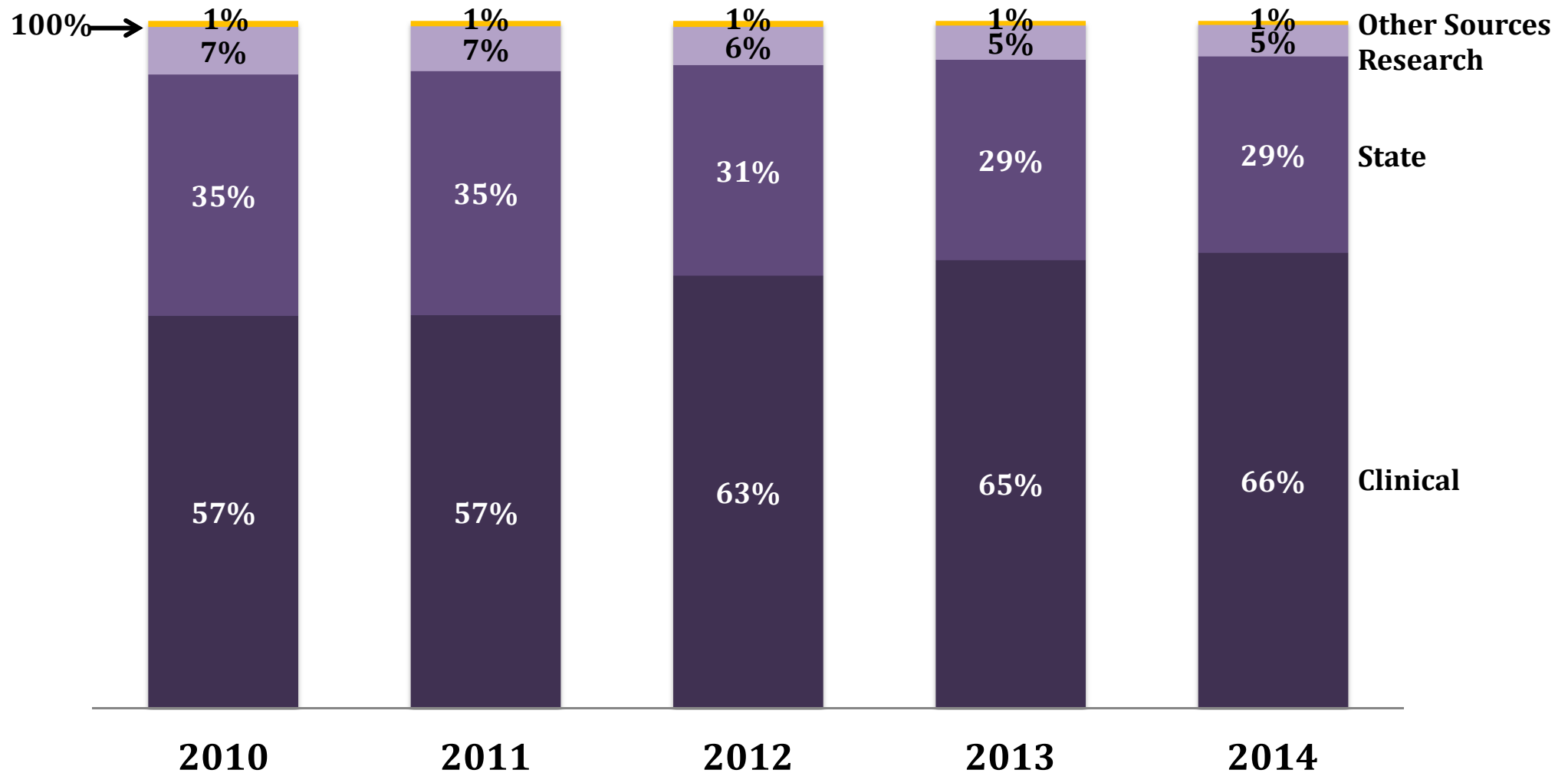
85 Basic Science Faculty

274 Clinical Faculty

359 Total Faculty

Clinical Revenues Now Required to Fund All Three Missions

Brody SOM Faculty
Salaries by Funding Sources



How Does Clinical Faculty Compensation Work?

Base Salary Rate

- Rate set based on academic rank, regardless of specialty

Supplemental component

- Difference to get to the median of the AAMC salary benchmark for the rank and specialty AND the availability of funds

Productivity Payment based on exceeding clinical targets

- Once or twice a year, faculty may be paid based on exceeding the defined productivity benchmarks AND the availability of ECU Physicians Practice Plan funds

Example: Assistant Professor of General Pediatrics

$$\begin{array}{ccccccc} \$60,000 & + & \$79,000 & + & \$3,261 & = & \$142,261 \\ \underbrace{\hspace{10em}} & & & & \underbrace{\hspace{5em}} & & \\ \text{Annualized, generally guaranteed} & & & & \text{Episodic, Productivity-based} & & \text{Total compensation for year} \end{array}$$

Clinical Faculty Base Salary Rates

*based on academic rank

- Assistant Professor • \$60,000
- Associate Professor • \$75,000
- Professor • \$90,000

*Source Document: ECU's Clinical Faculty Compensation Plan, approved by BOG April 2014.

Benchmarking Data Available from American Association of Medical Colleges

*Example for Family Medicine

AAMC Table 12

Summary Statistics on Medical School Faculty Compensation for Public Schools

M.D. or Equivalent Degree, Clinical Science Departments/Specialties

Total Compensation in Thousands of Dollars, 2013 - 2014

Family Medicine												
	Instructor		Assistant		Associate		Professor		Chief		Chair	
			Professor		Professor							
Count:		76		1,070		422		276		30		79
25th:		133		159		171		189		201		276
Median:		161		177		191		207		222		310
75th:		185		200		214		236		271		349
Mean:		156.9		183.9		195.4		218		242.6		312.2

ECU BSOM Family Medicine Comparison to AAMC National Benchmarks for Public Schools

	Assistant Professor	Associate Professor	Professor
ECU Family Medicine average:	\$159,000	\$169,000	\$180,000
AAMC Median:	\$177,000	\$191,000	\$207,000
Average Difference:	(\$ 18,000)	(\$22,000)	(\$27,000)

ECU BSOM Pediatrics Comparison to AAMC National Benchmarks for Public Schools

	Assistant Professor	Associate Professor	Professor
ECU Pediatrics average:	\$139,000	\$154,000	\$181,000
AAMC Median:	\$154,000	\$179,000	\$219,000
Average Difference:	(\$ 15,000)	(\$25,000)	(\$38,000)

ECU BSOM Microbiology Comparison to AAMC National Benchmarks for Public Schools

	Assistant Professor	Associate Professor	Professor
ECU Microbiology average:	\$72,000	\$88,000	\$116,000
AAMC Median:	\$88,000	\$111,000	\$164,000
Average Difference:	(\$ 16,000)	(\$23,000)	(\$48,000)

Total Salary With Productivity Payments

PRIMARY JOB TITLE	DEPARTMENT	POST DEGREE	ANNUAL SALARY	*PRODUCTIVITY PAYMENT	TOTAL SALARY + PRODUCTIVITY	Public 25th	Public Median	Public 75th	Median Comparison	%
Clinical Associate Professor	Family Medicine	MD	\$ 158,000	\$ 7,900	\$ 165,900	\$ 171,000	\$ 191,000	\$ 214,000	87%	-13%
Associate Professor	Pediatrics	MD	\$ 154,202	\$ 3,261	\$ 157,463	\$ 156,000	\$ 179,000	\$ 178,000	88%	-12%
Professor	Microbiology & Immunology	PHD	\$ 107,351	\$ 8,051	\$ 115,402	\$ 138,000	\$ 164,000	\$ 193,000	70%	-30%

UNC School of Medicine faculty execute three missions, Leading, Teaching & Caring; often at the same time



232 Basic Science

64 Allied Health

843 Clinical Faculty

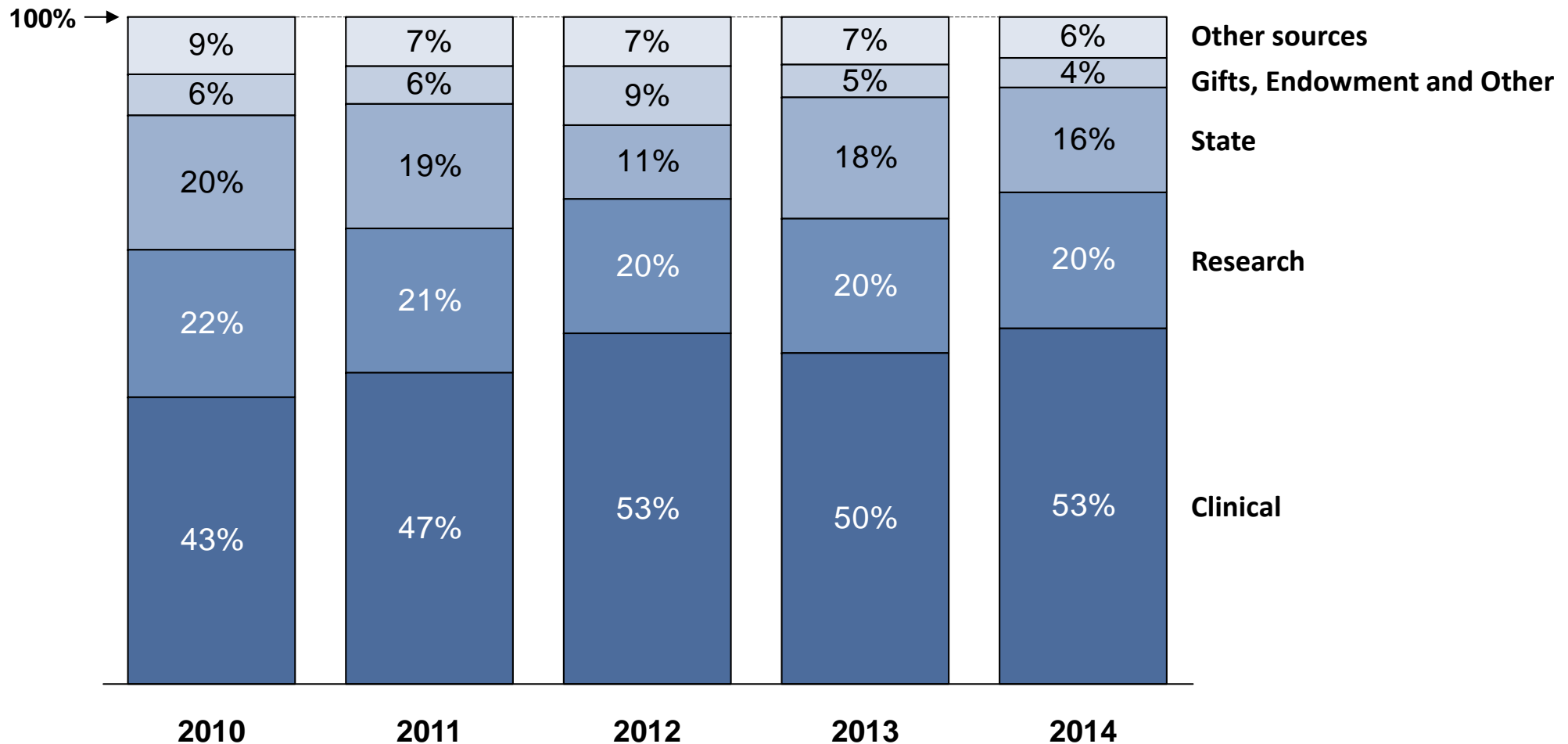
379 Other Clinical Faculty

1,518 Total Faculty



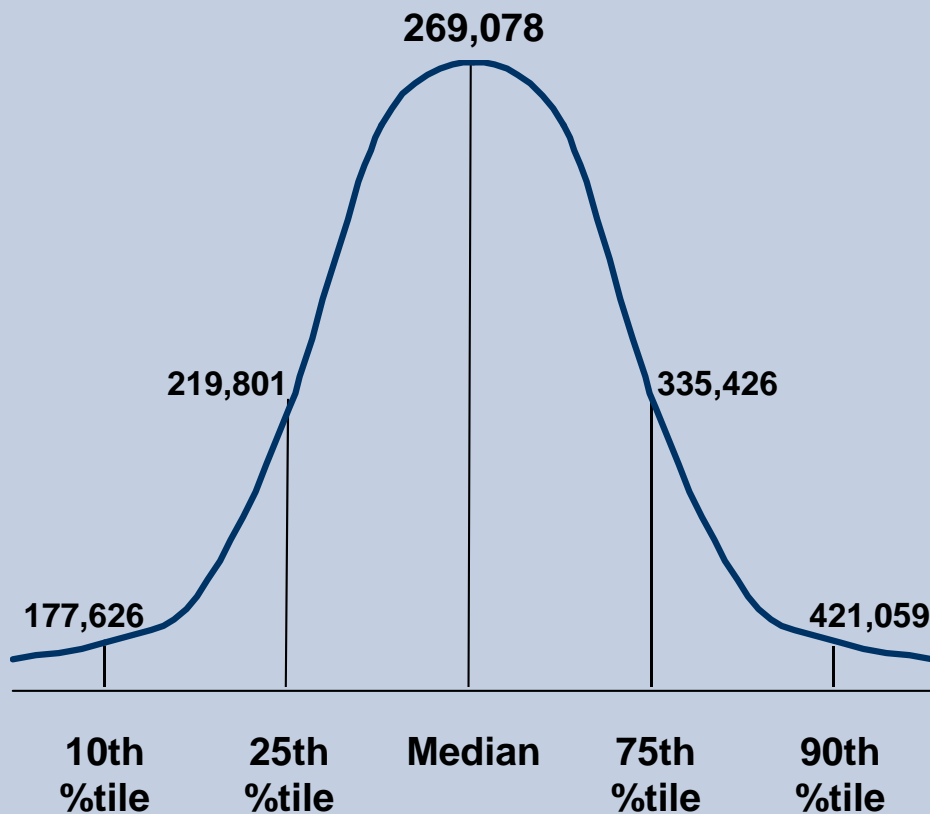
Declining State Support has necessitated greater reliance on clinical revenue to support all three missions

UNC SOM Faculty Salaries by Fund Sources

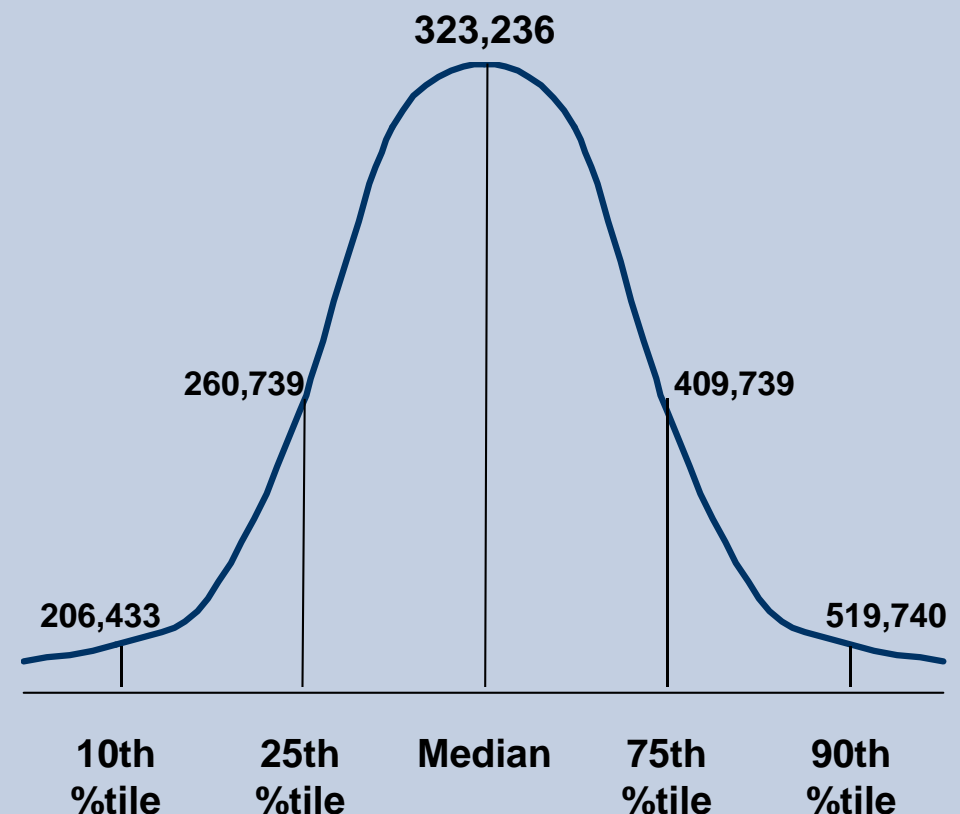


Private Practice physicians typically earn more than faculty physicians

**MGMA – Total Compensation
All Faculty (n=18,405)**



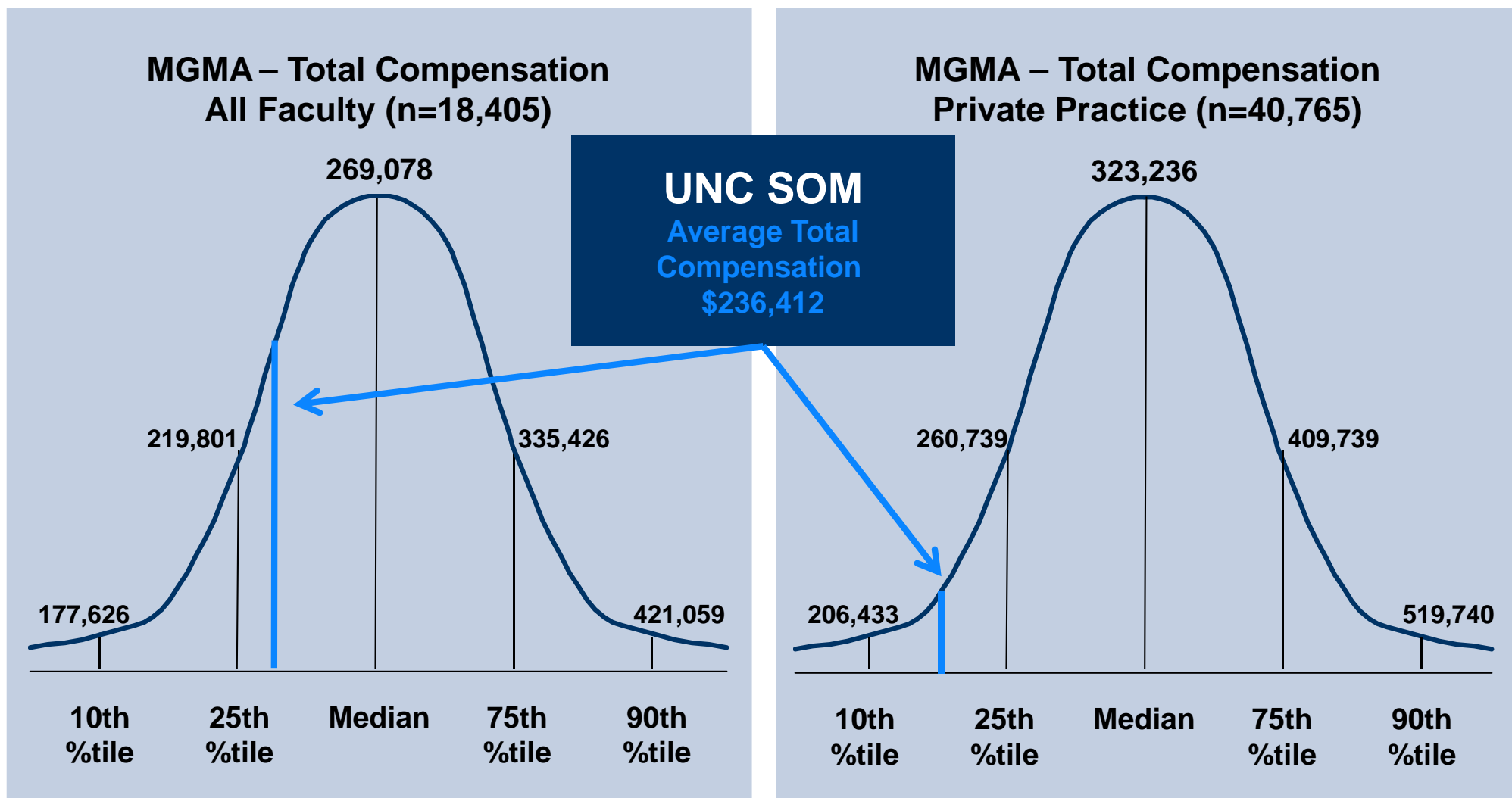
**MGMA – Total Compensation
Private Practice (n=40,765)**



Note:

Medical Group Management Association (MGMA)
Association of American Medical Colleges (AAMC)

At UNC, clinical faculty are paid at roughly the 34th percentile as compared to other academic physicians



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When you consider individual specialties, total compensation can be significantly below benchmarks

Child & Adolescent Psychiatry:

MGMA Median	\$184,710
AAMC Median	\$177,160
AAMC 25 th Percentile	\$156,840
Average Total Comp (UNC)	\$143,570

Radiation Oncology:

MGMA Median	\$371,100
AAMC Median	\$393,710
AAMC 25 th Percentile	\$338,290
Average Total Comp (UNC)	\$281,650

Emergency Medicine:

MGMA Median	\$260,392
AAMC Median	\$269,050
AAMC 25 th Percentile	\$241,000
Average Total Comp (UNC)	\$218,900

Medical Oncology (Pediatrics):

MGMA Median	\$174,310
AAMC Median	\$204,890
AAMC 25 th Percentile	\$184,110
Average Total Comp (UNC)	\$169,570

Note:

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Other specific specialties where average compensation falls below AAMC 25th Percentile

Anesthesiology (General):

MGMA Median	\$334,901
AAMC Median	\$355,510
AAMC 25 th Percentile	\$310,590
Average Total Comp (UNC)	\$305,550

Anesthesiology (Pain Management):

MGMA Median	\$333,732
AAMC Median	\$311,000
AAMC 25 th Percentile	\$282,000
Average Total Comp (UNC)	\$244,100

Diagnostic Radiology (Non-interventional):

MGMA Median	\$340,000
AAMC Median	\$349,210
AAMC 25 th Percentile	\$311,040
Average Total Comp (UNC)	\$293,370

Emergency Medicine (Pediatrics):

MGMA Median	\$220,000
AAMC Median	\$198,000
AAMC 25 th Percentile	\$175,000
Average Total Comp (UNC)	\$159,380

Note:

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Other specific specialties where average compensation falls below AAMC 25th Percentile

OB/GYN (General):

MGMA Median	\$240,327
AAMC Median	\$259,360
AAMC 25 th Percentile	\$219,640
Average Total Comp (UNC)	\$216,820

Gastroenterology - Med:

MGMA Median	\$281,317
AAMC Median	\$276,450
AAMC 25 th Percentile	\$226,420
Average Total Comp (UNC)	\$215,510

Neurology (Pediatrics):

MGMA Median	\$187,264
AAMC Median	\$209,670
AAMC 25 th Percentile	\$186,000
Average Total Comp (UNC)	\$139,130

Note:

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Challenges to Providing Competitive Salaries

- 1. Real threat of leading researchers & clinicians being lured to other Systems**
- 2. Relatively small amount of State Funds used for compensation**
 - State funding used for teaching and research
 - Both Schools rely on partner hospitals to offset declining State Support
- 3. Unlike typical Faculty Salaries, large component of compensation is Pay-for-Performance**
- 4. Population Health will fundamentally change the economics of Academic Medicine**
 - We expect much tighter clinical margins in the near future, eliminating the ability to rely on Clinical Performance to cross-subsidize other missions
 - Including reduced contract revenue for services (*Graduate Medical Education*)
- 5. Constant threats of Declining Revenue**
 - Medicare/Medicaid budget cuts
 - Reductions in Medicaid Supplemental Payment (*UPL funds*)
 - Tighter range of payments from Managed Care providers