Project Title: Revised Salary Structure for the Department of Ob/Gyn

Name and Institution: Donna D. Johnson, M.D., Medical University of South Carolina College of Medicine

Collaborators: Etta D. Pisano, M.D., Vice President for Medical Affairs and Dean, College of Medicine Alice J. Edwards, Senior Director, Business Initiatives and Operations Support

Background, Challenge or Opportunity: As funding mechanisms in academic medical centers change, the faculty compensation plan must be re-evaluated. In our current climate, faculty compensation models should include benchmarks used by third party payers to determine payment, such as quality data, patient safety, and clinical outcomes. The plan must be flexible to incorporate changes in the local healthcare market and must cover all operating expenses for the department. In addition, the plan should be transparent and based on metrics that are clearly predefined. Faculty members must be incentivized to increase revenue and the faculty member should have a direct connection between productivity and their salary.

Purpose/Objectives: The purpose of this project is to define a new faculty compensation plan for the Department of Obstetrics and Gynecology at the Medical University of South Carolina that incorporates clinical productivity, overall quality of care, research, and education. The plan must be flexible to allow the department to cover all operating expenses and must be consistent with the institution’s clinical compensation plan.

Methods/Approach: Research was conducted to find available information on compensation models in academic medical centers. All university policies regarding faculty compensation plans were reviewed. Other department chairs within our institution were interviewed to determine compensation models used in their specialties. Other Ob/Gyn department chairs were queried to determine how each department rewards faculty members and preserves the three missions of academic medical centers: patient care, education and research. Preliminary recommendations from an outside consulting firm were assessed.

Outcomes and Evaluation: Benchmarks were identified so faculty salaries and productivity can be compared to similar institutions. Prior to comparing productivity to benchmarks, a clinical FTE was defined based on the academic track of each faculty member. The majority of the faculty is clinician-educators and an FTE was defined as 9 half day sessions per week. Members who had grants, clinical directorships, or medical education leadership positions were pro-rated according to their percent effort on each of these activities.

The physicians’ base salary will be based on historical clinical and academic performance. A conservative base salary will be chosen to ensure salaries can be paid from the operating budget. At the end of each quarter, individuals will receive incentive pay from the available operating budget.

The outcome expected is for faculty members to be more productive when they are able to clearly link their compensation plan to clinical and academic productivity. The measures of success will be increased departmental revenue and income in excess of operating expenses.
Background, Challenge or Opportunity: As funding mechanisms in academic medical centers change, the faculty compensation plan must be re-evaluated. In our current climate, faculty compensation models should include benchmarks used by third party payers to determine payment, such as quality data, patient safety, and clinical outcomes. The plan must be flexible to incorporate changes in the local healthcare market and must cover all operating expenses for the department. In addition, the plan should be transparent and based on metrics that are clearly predefined. Faculty members must be incentivized to increase revenue and the faculty member should have a direct connection between productivity and their salary.

Purpose/Objectives: The purpose of this project is to define a new faculty compensation plan for the Department of Obstetrics and Gynecology at the Medical University of South Carolina that incorporates clinical productivity, overall quality of care, research, and education. The plan must be flexible to allow the department to cover all operating expenses and must be consistent with the institution’s clinical compensation plan.

Methods/Approach: Research was conducted to find available information on compensation models in academic medical centers. All university policies regarding faculty compensation plans were reviewed. Other department chairs within our institution were interviewed to determine compensation models used in their specialties. Other Ob/Gyn department chairs were queried to determine how each department rewards faculty members and preserves the three missions of academic medical centers: patient care, education and research. Preliminary recommendations from an outside consulting firm were assessed.

The physicians’ base salary will be based on historical clinical and academic performance. A conservative base salary will be chosen to ensure salaries can be paid from the operating budget. At the end of each quarter, individuals will receive incentive pay from the available operating budget.

The outcome expected is for faculty members to be more productive when they are able to clearly link their compensation plan to clinical and academic productivity. The measures of success will be increased departmental revenue and income in excess of operating expenses.