

## **ABSTRACT: 2014 ELAM Institutional Action Project Poster Symposium**

**Project Title:** Comparison of Faculty Compensation Plans

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**Background, Challenge or Opportunity:** Physician Compensation plans are a central component of the Academic Health Center's (AHC) administrative foundation. These plans can serve as drivers for both chair and physician behavior as well as help set departmental priorities. A well-designed plan can assist the AHC achieve mission alignment, physician engagement, quality benchmarks, enhanced productivity, and competitiveness in the marketplace. The challenge for institutions is to design plans that meet all of these objectives.

**Purpose/Objectives:** The purpose of this project is to review both institutional and departmental physician compensation plans from a variety of peer institutions. Compensation plan review focused on identification of best practices, which will be used to inform the development of a more aligned compensation plan for the IU School of Medicine.

**Methods/Approach:** A literature review was performed to identify published information on compensation models in academic medical centers. IUSM Compensation and faculty effort policies were reviewed. A convenience sample of peer institutions was assembled; leaders identified, and semi-structured interviews were performed. Each interview sought to determine the key components of institutional faculty compensation plans and the essential elements of funds flow. Base salary structure, clinical compensation metrics, academic alignment methods and benchmarks were identified for each school. Departmental plans were reviewed for best practices in creating alignment of the major missions of academic medical centers: patient care, education, service, and research. Leadership gradients and autonomy of decision making was also investigated.

**Outcomes and Evaluation Strategy:** Eight peer institutions participated. Two institutions are in the process of changing compensation models; two other institutions are contemplating a change. The majority, 6 of 8 institutions have both base and clinical productivity components of salary. Only one institution had no clinical incentive compensation component. Three of the 4 public universities set base salaries according to academic rank and title. Academic alignment methods varied but most used incentive compensation metrics derived from tallies of education, research, and service performance. The AAMC Faculty Salary Survey was the most commonly used benchmark, however, no institution used a universal benchmark for all departments. For all institutions the chair and their delegates were responsible for the formulation of the departmental compensation plan. The Dean, Chief of Practice Plan, and their designees via a compensation committee provided institutional oversight for plan structure and implementation.

