

Assessment of the Rush Compensation Plan: Goals, Perception and Initial Impact

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Category: Administration

Background: Rush University Medical Center implemented a new system-wide physician compensation plan on July 1, 2021 (fiscal year 2022), on the heels of the COVID pandemic. The intent was to align provider productivity more closely with base compensation specifically to: attract and retain the best faculty, increase productivity, and improve transparency. With senior leadership oversight, physician productivity relative value unit (RVU) targets were created utilizing a new blended academic benchmark, physician base salaries were adjusted to reflect rank and specialty, and a hard cap on productivity incentives was removed for faculty ≥ 0.6 cFTE. Additionally, continuing education reimbursement increased, patient-facing hours were increased from 32 to 36 hours/week, and scholarly activity was offset by a fixed 10% non-clinical time.

Purpose: The purpose of this project was to assess the initial impact of the new physician compensation plan on physicians within the Department of Internal Medicine (DOIM) by evaluating overall change in base salary, productivity, achievement of incentives, and physician retention. We also sought to determine opportunities for continuing improvement in communication and structuring the plan to non-teaching and community faculty.

Methods: The historical context, compensation plan structure, rationale and goals were determined through interviews with the chairs of the Rush Compensation Task Force, Dean of the Medical College, Chief Financial Officer, Manager of Finance and Compensation, and Past-Dean and Provost of Rush University. All iterations of the plan were reviewed. Focus group discussions were then conducted with hospital-based, primary care, and sub-specialty faculty to ascertain their perception of the quality of communication regarding the plan, perceived benefits and potential disadvantages, and the impact the plan has had to date on base pay, incentive opportunities and participation in non-clinical activities.

Results: In FY22, the new physician compensation plan resulted in a 1.15M increase in DOIM base compensation and 1.7M increase in incentive compensation relative to FY20. When comparing FY20 pre-COVID annualized base compensation to that of FY22, primary care experienced a base increase of 6.4%, while the medical subspecialty annual base compensation declined during this period, largely attributable to faculty attrition. In fact, clinical faculty turnover rose from 8.5% in FY19 to 10% in FY's 21 and 22. Compared with FY20, base compensation increased by 23% among hospital-based physicians in FY22, as newly blended benchmarks were applied to salaries. Narratives from the focus groups were largely positive, as physicians in traditionally underpaid fields experienced salary increases. However, some who engaged in informal teaching and education voiced concern over the loss of protected time for education, indicating less enthusiasm for taking on learners when faced with more clinic time.

Conclusions & Future Directions: Overall, the initial impact of the new compensation plan has been positive, resulting in more competitive base pay and greater incentive earning among DOIM physicians. Additionally, an increase in productivity has occurred among primary care and subspecialty physicians, but not hospital-based doctors. While there were concerns about the loss of protected educational time, they have not resulted in the loss of clinical opportunities for trainees. Continued transparency, regular market assessment and removal of operational barriers to increased productivity help to attract and retain top faculty. Applying lessons learned to the next implementation phase, intended to incorporate non-teaching and community physicians, will likely make roll-out smoother but no less challenging.