

**The University of Toledo**  
**College of Medicine & Life Sciences**  
**Faculty Compensation Plan**  
**Frequently Asked Questions**

**General Questions**

**Q:** Who does the new compensation plan affect?

**A:** Faculty in the University of Toledo College of Medicine & Life Sciences.

**Q:** Will the compensation plan apply to department chairs?

**A:** A Separate but similar plan is being developed for Department Chairs.

**Q:** When you state that the compensation plan will be in effect on July 1, 2017, what does that mean? Will my salary be reduced on July 1, 2017?

**A:** No. Data gathering and modeling of the plan will begin July 1, 2017. The data will be used to determine compensation beginning July 1, 2018.

**Q:** How does the plan address “service” that entails a lot of time but no direct financial benefit to the college, e.g., serving on Boards or committees as member/officer/trustee?

**A:** This effort would fall under the Service component. Service Excess credit will be given to faculty who serve on internal committees such as IRB, IACUC, Curriculum, Admissions and APT. Service on external committees, e.g., professional societies and research grant review committees, are also considered service and are expected to support the advancement of the College’s mission. However, effort for service should be less than 5% in the CARTS assignments (see page 1 of compensation plan) and approved by the department Chair as funding for this portion of compensation comes from the college funds.

**Q:** Is salary related to serving as a clerkship or program director included in the plan?

**A:** Yes. This effort would fall under the Administrative Portion (see Page 8 of the compensation plan for additional information).

**Q:** Is there any money available to close the gap between current faculty compensation and “market rate” compensation?

**A:** The selection of what is a relevant market is always a challenge. We worked with our consultants at ECG to develop a plan that uses current UT payments to define a micro market. A compensation plan, per se, does not add more money to the “pool”. However, we know that our ability to compensate faculty

is tied to organizational performance, e.g., research funding of salaries and receipt of indirects, and MIPS for Medicare reimbursement. UTP is exploring new payment models with payers to keep abreast of changing reimbursement methodologies.

**Q:** Will this plan correct disparities between various departments?

**A:** No. Market compensation generally varies by faculty rank, academic performance and specialty and often within specialties. Our plan is tied to market compensation. The world is changing and so will UT compensation. Some specialties are seeing increases and others are seeing declines in their compensation nationally and regionally. Our plan will adjust to those changes.

**Q:** How often will the faculty receive compensation reports?

**A:** We are currently working on the specifics regarding the faculty report. Our goal is to provide quarterly reports.

## **Clinical**

**Q:** How is the target clinical salary set?

**A:** The target clinical salary is set based on each individual's work from the prior year. There is not an automatic increase nor is some external standard used. Moreover, if the targeted wRVU's and guarantees are exceeded, an end of the year payout occurs to reflect the increased production.

**Q:** What is the intent of the clinical variable pay component? How often will the clinical variable component be paid out?

**A:** Having a portion of compensation at risk and paid out based on quality measures is common in many medical schools and is increasingly common for physicians. The College of Medicines' approach has been to select a target percentage (25%) and make achieving full payout doable and make the performance standards consistent with quality goals.

Concern with withholding pay until year's end was not desired. Therefore, this year's clinical performance will determine the payout for the next year. It will be paid out with the base salary every pay period.

The quality measures and targeted performances will change over time to conform to the College's quality goals. As "pay for performance" increases in Medicare and commercial insurance, these measures will probably reflect market demands for performance.

As an example, clinical revenue is increasingly linked to quality measures. We have done well in the total joint demonstration project. We were very close to achieving a bonus based on some quality measures but would be ineligible because our patient satisfaction scores were too low.

**Q:** What about the 8.25 percent portion that is being held?

**A:** The target clinical salary (and target wRVU) is set by a provider's prior year's work. The clinical variable payout tied to this (8.25%) is not an incentive to "work harder" it is just a reflection that the target from last year needs to be achieved. If the target is achieved, all of this withhold is paid out. Meeting this expectation is determined every 6 months based on the previous 6 month period (achieving 1/2 of the annual target).

**Q:** What will the variable clinical excess (not paid out) be used for?

**A:** If clinical variable compensation reserves are unspent, UTP will allocate the dollars:

- a. Up to \$5,000 per physician to the top 10% of individual performers (as measured by the percent of variable salary returned to the individual).
- b. Any remainder will be distributed equally to the clinical faculty who are subject to the variable component.

**Q:** How do we deal with variable clinical comp for those on guarantees (especially those beyond two years)?

**A:** Newly hired faculty will be placed on a clinical salary that is guaranteed for two years unless mutually and otherwise agreed; a side letter clarifying any deviation shall be agreed upon and will be placed with the faculty member's contract. Variable clinical compensation is not a part of the compensation structure in the first two years. However, newly hired faculty are eligible for Production Excess incentive pay.

Clinical guaranteed contracts beyond the first two years will be terminated. Any needed support will be added to the relevant compensation pool. A side letter to the faculty member's contract will be developed that describes the support, the duration of the support, and the amount of the support. The side letter must be signed by the senior executive of the funding entity, the faculty member, and the Department Chair and reported to the Dean and the COO of UTP. These extended guarantees are subject to variable / at risk pay treatment.

**Q:** Why did we shift from net collections to wRVU as a measure of work for clinical faculty?

**A:** While net collections and wRVUs are both measures of work that are part of production based pay, net collections are influenced by things that are largely beyond a providers control – payer mix, billing and collection performance, practice location, etc. As a group, UTP needs to be attendant to all of these measures, wRVUs diminish the impact of these on an individual.

**Q:** What if clinicians work at non-UTMC sites that pay us on a shift work perspective?

**A:** The plan allows for contract work in a way that will not cause a penalty for those providers (see the plan and appendix E).

In general, the physician earns wRVUs the same as in any UTMC/UTP site and UTP is paid a net amount (revenues minus billing expense and rent), or UTP is paid for shifts that the physician work. These rates are negotiated. The goal of the negotiation is for the rate to be equal to physician reimbursement plus applicable College and UTP expenses. Looking forward to setting a target salary for the next year, both work and collections are used to predict next year's target.

**Q:** It seems that most of the academic activities in a department is done by a few physicians – most of us do not participate and yet our quality indicators that determine our variable clinical compensation apply to us all. Is that fair?

**A:** Yes, for three reasons: In general all of our physicians are academic physicians and are expected to be a part of the academic mission. Even if one never saw a resident, efforts in medical school teaching could convince a talented student into becoming a resident in that department. Providing coverage to a partner who is teaching is a part of allowing that partner to be fully engaged in the educational effort.

**Q:** Why are we doing this now, with the uncertainty of the affiliation with ProMedica looming?

**A:** Several reasons. The plan will go into effect over the next two years. Health care and medical education is changing throughout the nation. We cannot out wait uncertainty. Colleges of Medicine have or are moving to pay for performance and we are behind the curve. We need to stay in step with market dynamics whenever possible. For example, we are operating under a MACRA/MIPS timeframe that calls for Medicare reimbursement to vary by up to 20% based on quality. We will be paid in 2 years based on data from this year.

**Q:** How will clinical researchers be recognized for their academic time?

**A:** The CARTS approach ties time allocation in the categories to separate funding streams. If you spend 20% of your time on research, you will receive compensation for that based on being a 20% researcher. Your clinical compensation will be based on wRVUs, shifts or FTE status, depending upon how work is defined in your group. Academic time will be compensated separately based on time allocated and academic performance.

**Q:** Is there a Cap on wRVU's?

**A:** Not at this time. Currently, there is a requirement in the plan that work at a very high level (greater than the 90<sup>th</sup> %tile) will be compensated for if patient satisfaction scores are greater than the 50<sup>th</sup> %tile.

## **Teaching and Research**

**Q:** Are academic salaries going to be adjusted to a competitive level for this to be perceived as a true incentive base plan?

**A:** Our goal is for academic base salaries to be adjusted to within 10% of rank specific of the AAMC mean.

**Q:** What will the variable academic excess (not paid out) be used for?

**A:** The assumption is that anyone meeting academic expectations will receive their entire variable academic compensation. For variable compensation unspent in the academic portion of compensation, the funds will be held in a restricted fund and the Dean will allocate the use of the funds to support faculty in the research and/or education activities.

**Q:** What is the lowest percentage a basic science track faculty should declare in the research CARTS category?

**A:** See CARTS effort assignments on Page 1 of the compensation plan.

**Q:** Do I get credit for teaching residents?

**A:** Only resident lectures are considered direct teaching hours. No teaching credit is given with residents in clinical service.

**Q:** Does the required hours of teaching include prep time?

**A:** Yes. For direct teaching hours, 25% of the time will be direct learner instruction with the remaining 75% for preparation, assessment, advising etc.

**Q:** Do I get credit for teaching graduate students?

**A:** Yes. Faculty will receive credit for teaching graduate students involved in bench or basic science research within the College of Medicine & Life Sciences.

**Q:** Is there a cap on maximum research incentive I can receive?

**A:** Total salary with incentive may not exceed 110% of the 75th percentile as reported by the AAMC Faculty Salary Report.

**Q:** What is the plan to support new research faculty that are protected for 2 years and have no grants and have not had time to accumulate bridge funding?

**A:** Eligibility for bridge funding is based on July 1, 2018 and will be considered up to five years prior, on an ongoing basis.

**Q:** If I only cover 10-15% of my salary with grants, will there be proportional reduction in salary?

**A:** Yes. For example, if you are covering 10% of your salary with grants, your salary will be reduced by 15% (25% variable – 10% covering grant = 15% reduction). However, in the implementation we recognize that this is a big change and we will make sure that no one's salary goes down more than 4% per year in the first five years. For example, 4% year one, 8% year two, 12% year three, and so on.

**Q:** If I receive a grant in the middle of the fiscal year, will my academic salary change?

**A:** Yes. We would adjust quarterly based on funding.

**Q:** Would the academic salary reduction apply even if I am a tenured faculty member?

**A:** Yes

**Who should I contact if I have further questions regarding the compensation plan?**

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