

Compensation Principles

University of Michigan

Goals of Compensation Plan

Fair compensation for exceptional work

Recruitment and retention of national-caliber talent

Balanced promotion of all missions

Clinical care

Research

Teaching

Excellence in all phases
of professional life

Dollars come in six flavors:

patient care

research direct

research indirect

education

philanthropy

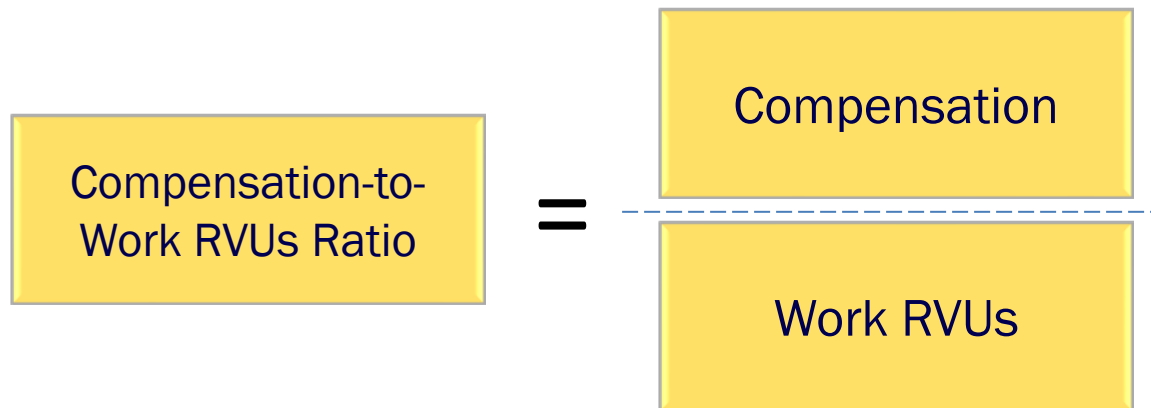
investment

Clinical funds are RVUized

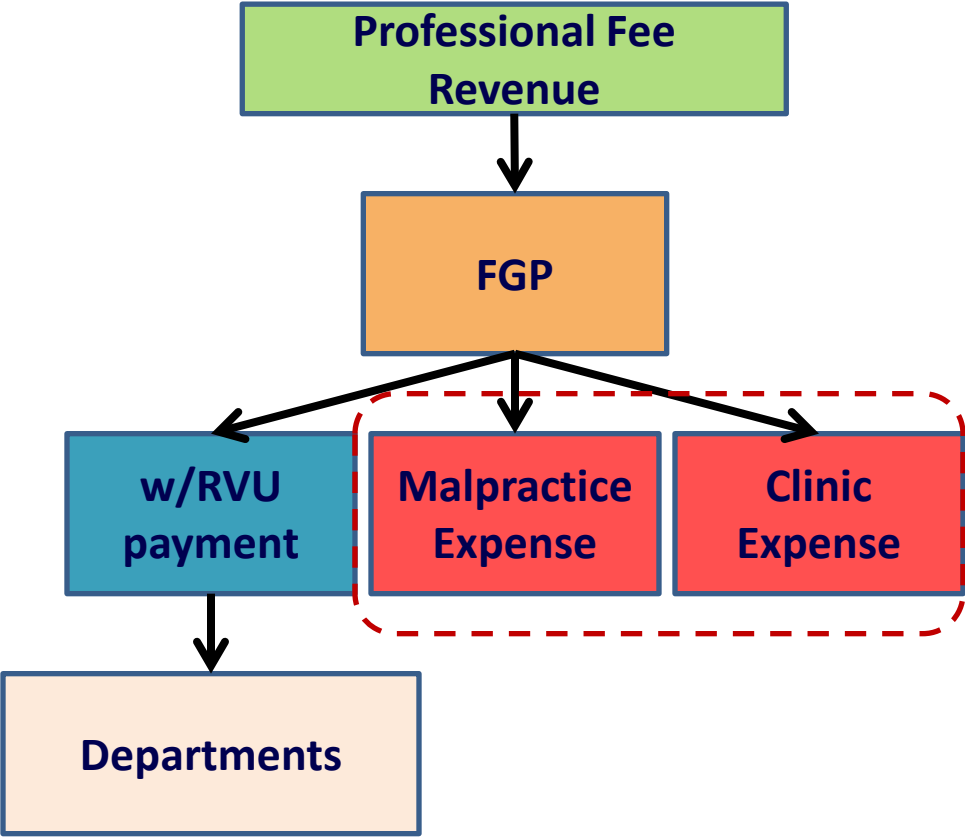
What is an RVU, and what is an RVU worth?

RVU Benchmarks

- RVU payment rates are based on American Medical Group Association (AMGA) median compensation-to-work RVU ratios plus a 22% add on for benefits.
- Compensation-to-work RVU:



UMHS Funds Flow: Professional Fee Revenue



- Professional collections are not enough \$ for Faculty Group Practice to meet these compensation levels.
- Two primary sources of funds are utilized to meet this target:
 - Professional collections ~85%
 - Ambulatory Care Services margin ~15%

Sub-specialty level

- RVU values are calculated at the sub-specialty level to the extent there is sufficient N value of respondents.
- DOS includes 11 separate sub-specialty rates.
- RVU values for Non Physician Providers are set at 20% of physician specialty rate.

Should we pay a specialty-specific
or averaged RVU rate?

Work group assigned to develop new model of funding that recognizes differences between specialties while also preserving our commitment to each other.

Hasan Alam

Section head

Justin Dimick

Associate chair

Ron Hirschl

Section head

John Magee

Center director

Dave Mohr

Departmental administrator

Principles from the Committee

1. We are a community: sections will offer each other creative help to be successful.
2. Sections must be able to maintain their commitment to our three core missions: research, teaching and patient care.
3. All sections will develop strategies to be financially successful.
4. No faculty members will be disadvantaged in terms of salary and resources.
5. Faculty compensation shall reflect specialty specific market values, and RVU methodology shall support this goal.
6. The Department administration will offer help, oversight and continuous stewardship to optimize finances and success of all sections.
7. Departmental support to non-optimized sections will be time-limited.

Decided by vote

Section heads and associate chairs

Chair abstention

Decided by vote

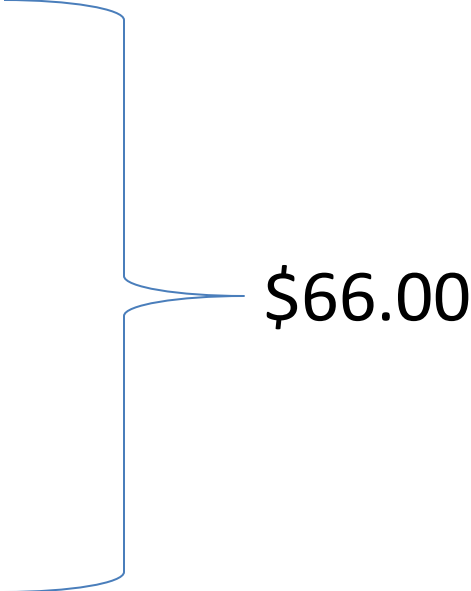
Section heads and associate chairs

Chair abstention

13-0 in favor of averaged rate

DOS Implementation

- RVU payments based on average rates.

Oral Surgery	\$74.48	
Pediatric Surgery	\$96.62	
General Surgery	\$62.98	
Plastic Surgery	\$69.63	
Thoracic Surgery	\$73.25	
Transplant	\$80.25	
Vascular	\$52.88	

2015

Unsatisfactory incentive plan

The task

- Revise/rewrite the faculty incentive program
- New plan should:
 - Balance all missions (clinical care, education, research)
 - Be transparent

Chris Sonnenday

Erika Newman

Steve Kasten

Karin Hardiman

Krishnan Raghavendran

Sandra Wong

Jon Eliason

Jose Diaz

Sean Edwards

Rishi Reddy

The purpose of the Faculty Bonus Program of the University of Michigan Department of Surgery is to reward faculty for exceptional individual performance.

All Department of Surgery faculty are eligible.

- Establishment of a new clinical program
- Substantial growth of an existing clinical program, or exceptional clinical productivity
- Completion of a significant QI initiative
- Award of an extramurally-funded grant as a PI or Co-PI
- Establishment of a novel multidisciplinary research program
- Creation of a new education initiative
- Election to a substantial leadership role in a national or international society

Up to 10% of salary

If...3% margin and 150 days cash in reserve