Incentive Compensation in an Academic Environment:

The CAMC Academic Incentive Model

Doug Knutson, MD
President and CAO, CAMC Institute for Academic Medicine
David Perry, MBA
Corporate Director for Operations, CAMC Institute for Academic Medicine

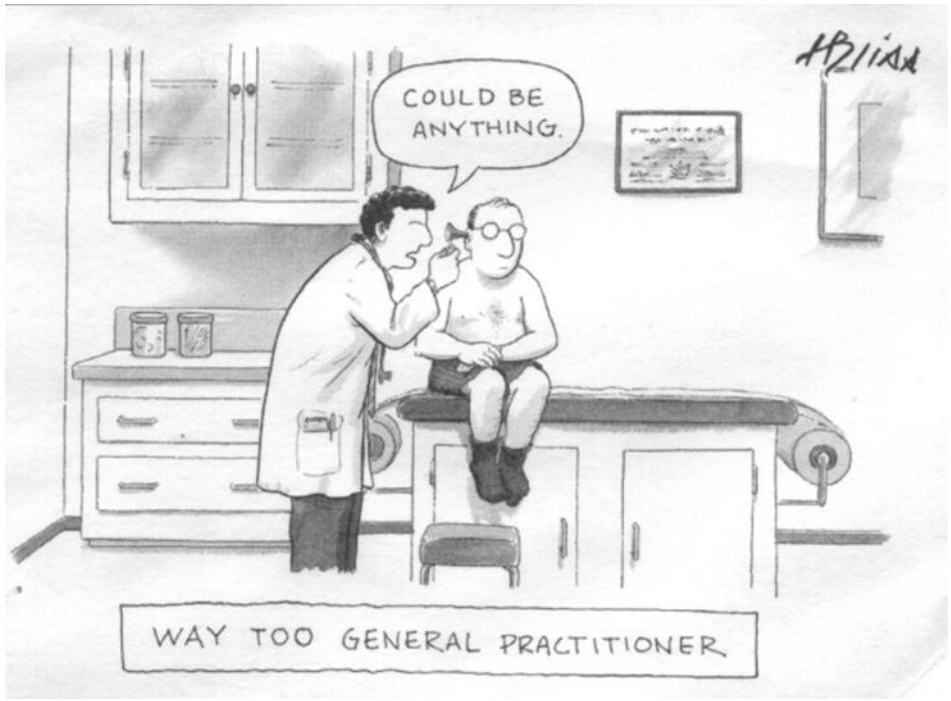
Institute for Academic Medicine
Vandalia Health

Objectives

Upon completion of this session, participants will be able to:

- Discuss the pros/cons of faculty salary compensation models currently in use in Academic Medicine
- Review elements of the “ideal” compensation model
- Describe the CAMC incentive compensation model and its implementation
- Review outcomes, both positive and negative, since implementation of the CAMC model
- Develop an action plan to implement a similar model in your institution

Introductions



Doug Knutson, MD

David Perry, MBA

Institute for Academic Medicine

Vandalia Health

Common Compensation Models

- Productivity only (wRVU based compensation)
- Salary only
- Salary plus “carve out” for academic activity
- Productivity plus “carve out” for academic activity
- Salary plus incentive for [quality]

In your group…

- List pros and cons of the type of compensation model you were assigned

The “Ideal” Model

Institute for Academic Medicine

Vandalia Health

Charleston Area Medical Center

- 4-hospital system (now 14 hospitals)
- Affiliations with WVU, WVSOM
  - Oldest branch campus of a medical school
  - WVU Practice plan
- Unusual faculty affiliation
  - Faculty employed by WVU
  - Residents employed by CAMC (CAMC is Sponsoring Institution)
  - Physician leasing arrangement
- Discrepant physician salaries between WVU/CAMC

Development of the CAMC model

- AIAMC Listserve question response
- Literature Review highlights
  - Incentive compensation structures are common in academic medicine
  - Despite growth of other focus areas, most incentive plans are productivity-based
  - Incentives for productivity can diminish satisfaction in academic environments and obscure the meaning people derive from clinical work
  - Lack of transparency regarding incentive structures and measures are common frustrations
  - Incentives for non-productivity measures are correlated with higher satisfaction, retention, and motivation
  - Incentives for academic activity can positively impact academic culture
  - Often, you get what you incentivize

Goals for the CAMC model

- Should be attractive to candidates/incumbents
- Should incentivize behaviors that align with CAMC goals
- Should be fair to providers and appropriately vetted
- Should be approved by legal and compliance
- Should be consistent for all academic departments to the extent possible

Basics of the Model

- Departments/Divisions are considered as a group
- Each physician in the group starts with a base salary at an agreed upon or historical percentile within our salary survey data (SSD)
- Productivity expectations for the department are agreed upon
- A balanced scorecard is developed for the group by the chair/chief in collaboration with operations and IAM leadership
  - Goals are cascaded to individual physicians as appropriate
- If the group exceeds productivity expectations, it opens the gates for an incentive compensation bonus based on balanced scorecard goals
- Incentive compensation is allocated to individual physicians by chairs

How we got it approved

- Calculated data using 2022 salaries and productivity information
- Estimated maximum bonus payout information for 2023
- Reviewed individually with administrative leaders to answer questions/get buy-in
- Reviewed with compensation consultant, legal, compliance
- Presented the program at Compensation Committee and Board
  - Presented as a retention tool that improves consistency and avoids frequent requests for salary increases

Example: Productive Department

Department 1: Productive			Comments
Date: 12/31/2021			
	Amount	Percentile	
Clinical FTEs	5.8		
Total Clinical Salary	$ 1,785,692.40		
Salary per FTE	$ 307,878.00	67th	
Adjusted Clinical FTEs	5.3		Dr. X started July 1
wRVUs per Clinical FTE	5093.83	67th	
Total wRVU expecation	26997	67th	
Actual wRVU production	31046		
Actual WRVU per Clinical FTE	5858	79th	
Excess wRVUs	4049		
50th Percentile for wRVU	$ 62.49		
Total Bonus Available to Dept.	**$ 253,003.33**		

Example: Bonus Calculation

2024 Surgery

RICHMOND SCORECARD

NAME:
DATE:
Approval Signature: Doug Knutson

Date: FY2024

2024 Goal	*Measure/Owner*	*Strategic Pillar*	*CAMC Goal*	*Current Performance*	*Weight*	*Score* 1 Did Not Meet (40%)	2 Target (75%)	3 Exceeds (90%)	4 Maximum (100%)
1	QUALITY GOAL (example…use of protocol to decrease surgical site infections)	Best Place to Receive Care	90%	60.0%	50%	<80%	80 - 89.9%	90 - 94.9%	95% or greater
2	Access Goal (example…first case on time starts)	Best Place to Receive Care	90%	52%	25%	<75%	75 - 79.9%	80 - 89.9%	90% or greater
3	Academic Goal (example…EPAs completed by the faculty with minimum for each faculty member)	Best Place to Learn	30 per person, 300 from department	5 per person	25%	<15 per person, <200 for department	16 - 25 per person; 225 for department	26 - 30 per person, 226 - 300 for department	>30 per person, >300 for department

QUALITY: 0.5 X 0.75 = 0.375

ACCESS: 0.25 X 1 = 0.25

ACADEMIC: 0.25 X 0.4 = 0.10

0.725

Maximum Bonus: $253,003.33

Achievement: X 0.725

Payout: **$183,427.18**

Institute for Academic Medicine

Vandalia Health

Example: Less Productive Department

Department 2 - Less productive			Comments
Date: 12/31/2021			
	Amount	Percentile	
Clinical FTEs	9.85		
Total Clinical Salary	$ 2,673,774.72		
Salary per FTE	$ 271,449.21	49th	
Adjusted Clinical FTEs	8.35		Dr. X left June 30, Dr. Y started December 1
wRVUs per Clinical FTE	4336.43	49th	
Total wRVU expecation	36209	49th	
Actual wRVU production	31891		
Actual WRVU per Clinical FTE	3819	35th	
Excess wRVUs	-4318		
50th Percentile for wRVU	$ 62.49		
Total Bonus Available to Dept.	**$ (269,843.72)**		

Institute for Academic Medicine

Vandalia Health

Results

- Bonus distributed every 6 months
  - Each time, 4 departments achieve bonuses (not the same 4 each time)
- Surgery Department:
  - wRVUs per clinical FTE increased 18%
  - Surgical site infections nearing goal; 100% first case on time starts!
  - EPA completion exemplary
  - Interpersonal discord
- Pulmonary Division:
  - wRVUs per clinical FTE increased 30%
  - Doubled use of standardized “best practice” order sets for COPD inpatients
- Psychiatry Department
  - Resident evaluation completion – no appreciable difference
- Pediatrics Department

Questions

This would NEVER work at home…

- STEP 1: Write all the reasons this will never work in your institution
- STEP 2: Write the opposite of what you wrote in Step 1
- STEP 3: Take out the drama…

- Now you have your “To Do” list to get this accomplished

Selected References

- Willis DR, Williams J, Gebke K, Bergus G. Satisfaction, Motivation, and Retention in Academic Faculty Incentive Compensation Systems: A CERA Survey. Fam Med. 2018;50(2): 113-122.
- Akl EA, Meerpohl JJ, Raad D. et. al. Effects of assessing the productivity of faculty in academic medical centres: a systematic review. CMAJ. 2012;184(11):E602-E612.
- August 2022 AAMC Data snapshot: Medical School Faculty Satisfaction with Compensation and Benefits. https://www.aamc.org/data-reports/report/medical-school-faculty-satisfaction-compensation-and-benefits. Accessed 11/2/2024.
- Darves, B. Physician Compensation Models: The Baisics, the Pros, and the Cons. https://resources.nejmcareercenter.org/article/physician-compensation-models-the-basics-the-pros-and-the-cons/. Accessed 11/2/2024.
- Coleman DK, Johnier KA. Physician Incentive Compensation Plans in Academic Medical Centers: The Imperative to Prioritize Value. Am J Med. 2021 Nov;134(11)1344-9.
- Martinez GF, Giblin CR, Willis BC. Physician-faculty perceptions towards teaching incentives: A case study at a children's hospital. Med Educ. 2020 Dec 6;55(5):604-13.
- Reid RO, Tom AK, Ross RM. Physician Compensation Arrangements and Financial Performance Incentives in US Health Systems. JAMA. 2022;3(1):e214634.
- Pugh A, Ford T, Madsen T, et. al. Impact of a financial incentive on the completion of educational metrics. Int J Emerg Med.13,60(2020). https://doi.org/10.1186/s12245-020-00323-8.