Department of Medicine

FY 2016 FACULTY COMPENSATION PLAN

June 19, 2015

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INTRODUCTION

The Department of Medicine's (DoM) faculty compensation plan goals are to maintain the fiscal health of the DoM while simultaneously attracting and retaining faculty dedicated to excellence in teaching, research and clinical care. With those goals in mind, our faculty's activities in education, research and clinical care will be measured and compensated based on performance and quality.

The DoM will continue to monitor the impact of this compensation plan on the Department's fiscal heath, clinical performance, research grant success, teaching activities, and quality, and make improvements as necessary. The DoM's Compensation Committee (CC) understands that while no compensation plan will be able to completely capture all faculty activities, they believe the plan below allows for a fair, transparent, and consistent measurement of clinical, research and teaching efforts and quality.

In the event that this document does not address a specific situation or topic, the principles of the College's faculty compensation plan will apply.

EXPECTATIONS

Each faculty member will have a default assignment of 100% (or 1.00) clinical Full Time Equivalent (FTE). As faculty are given other assignments, such as medical student teaching, a medical directorship, or principal investigator on a research grant award, their clinical assignment will be reduced proportionately. For example, if a 1.0 FTE faculty member was assigned 0.10 research FTE, with no other assignments besides clinical duties, the faculty member's default clinical FTE would be 0.90.

FTE Categories and Definitions

Division Chiefs set faculty assignments by the authority delegated by the Department Chair. For purposes of the plan, the four major categories of assignments are: 1) clinical; 2) course teaching; 3) research; 4) administrative. The plan further defines the research and administrative assignments into sub-categories, as shown below:

1. Clinical FTE (CFTE)
2. Course Teaching FTE (TFTE)
3. Research FTE (RFTE)
    - Externally Funded Research
    - Internally Funded Research
4. Administration FTE (AFTE)
    - Administrative Leadership
    - Professional Duties

These FTE assignment categories and definitions are for the sole purpose of this compensation plan; academic mission assignments for promotion and tenure may be different.

Clinical FTE (CFTE)

In general, the CFTE is defined by the remaining portion of a faculty's FTE not formally assigned to other assignment categories. The types of activity usually assigned in this category are direct patient care, outpatient sessions, inpatient service, procedures, clinical activities with fellows/residents/students, and patient billing paperwork (e.g. notes, attestations, transcriptions, documentation, etc.; all activities required for the billing of services).

Course Teaching FTE (TFTE)

In general, the TFTE is based on official course teaching hours, as defined and captured by the College of Medicine and Department of Medicine. These hours will be converted into an FTE using a 60 hour work

week for 46 weeks. The type of activity usually assigned in this category includes medical student course teaching. Clinical teaching, such as outpatient sessions, inpatient wards, etc., will be captured in the clinical FTE assignment.

It is important to note that Faculty with VA appointments have time and effort provided by the VA to participate in educational activities. The Department will try to ensure these activities are not double counted.

Research FTE (RFTE)
The RFTE is split into two categories: 1) externally funded and 2) internally funded. For a faculty's research effort to translate into an RFTE assignment the funding must also have expectations associated with it, otherwise, it will not translate into a recognized assignment. Another way to determine the inclusion in the RFTE, is by asking the following question, "Will the faculty's clinical expectation need to be reduced by supporting the faculty's FTE with this funding?" If the answer is affirmative, then the research assignment should generate an RFTE assignment. Salary support from an overhead, foundation, or miscellaneous donors account will not necessarily alter the clinical FTE assignment.

Externally Funded Research
In general, the externally funded research FTE is defined by the level of salary support from external sources (e.g. NIH, state, private, industry grants or restricted endowment, etc.). The type of activity usually assigned in this category includes all research activities which are externally funded.

Internally Funded Research
In general, the internally funded research FTE is defined by the level of salary support from approved internal sources (e.g. Gatorade, FCPA, etc.). Examples of activity usually assigned in this effort category are funded Gatorade projects, approved cost share, protected start-up research salary support, and internal support for clinical trials. Per DoM standards, all internally supported faculty research must be time limited and goal oriented, with measureable outcomes, and a written signed agreement by the relevant Division Chief and Department Chair.

Administrative FTE (AFTE)
The administrative FTE is split into two categories: 1) administrative leadership and, 2) other professional duties.

Administrative Leadership
The administrative leadership FTE is defined by the level of salary support from external and internal sources related to the specific administrative duties. This includes all paid internal and external positions across all missions (clinical, education, and research) and general positions (e.g. Division Chief).

The DoM has defined the roles which will be recognized and funded within the Department as Chair, Vice Chairs, Division Chiefs, Section Chiefs, Medical Directors, Residency Director, Residency Assistant/Associate Directors, and Fellowship Directors. Requests for department or division funded and recognized administrative roles require the completion of the *Divisional Administrative Role Request Form*.

Level of Department Recognized and Funded Administrative FTEs
- Chair: determined by the Dean
- Vice Chairs: max is 0.50 determined by the Chair
- Division Chiefs: max is 0.40 determined by the Chair
- Section Chiefs: max is 0.05 determined by the Chief and Chair; section chief assignments greater than 0.05 must be approved in writing by the Chair

- Medical Directorships: max is 0.10 determined by the Chief and Vice Chair of Clinical Affairs; medical directorship assignments greater than 0.10 must be approved in writing by the Chair
- Residency Assistant/Associate Directors: max is 0.40 determined by the Vice Chair of Education and the Chair
- Fellowship Directors: each director will be individually determined, assessed and assigned by the Chief; all fellowship director assignments greater than 0.25 must be approved in writing by the Chair
- Medical Student Administrative Roles: all medical student administrative roles must be approved in writing by the Chair
- Department and Institutional Committee Chairs/Members: all recognized committee participation must be approved in writing by the Chair; externally paid (outside of DoM) committee roles will be recognized at the level of FTE salary support

To help ensure fairness and productivity in administrative and internally funded research roles, Division Chiefs will conduct quarterly assessments for faculty which are assigned internally funded administrative leadership roles, as well as internally funded research assignments, to ensure they are meeting productivity expectations and executing assigned duties in their administrative and research roles. If a Chief determines through their quarterly assessment or at any other time a faculty is not achieving expectations or executing assigned duties, the FTE support can and should be removed prospectively and retrospectively to correlate with the level of FTE completed by the faculty, as defined by the Chief. As an example, if a faculty with an assigned medical directorship of 0.10 FTE was assessed by the Chief, four months after the start of the reporting year, as inadequately executing his/her duties, for the entire past four months, the 0.10 administrative FTE would revert back to clinical FTE.

Other Professional Duties

In general, the Other Professional Duties FTE is to recognize departmental administrative duties not defined in a formal paid title role when the assignment is above and beyond expectations of a general faculty member, such as non-RVU generating clinic activity, clinical quality management, unfunded divisional/departmental/institutional committee activity, local/regional/national meeting obligations, and non-RVU generating GME activities. The Other Professional Duties FTE is calculated as 10% of each division's total Clinical FTE (CFTE) for all DoM compensation plan eligible faculty with CFTE's greater than 0.20, and is calculated as a pool. The pool of administrative FTE can be assigned at the discretion of the chief to divisional faculty and must be based on real assignments. The administrative FTE pool does not have to be fully allocated.

As an example if a division's total CFTE was 5.60, then the Chief's discretionary administrative pool would be 0.56 FTE. The Chief can assign 0.15 FTE to one faculty for divisional clinical quality management and 0.05 to another faculty for clinical non-billable administrative work in the clinics, and so on. The Chief cannot assign more than 0.56, however they do not have to fully assign out the full 0.56 pool.

Conversion from FTE to RVU

Once a faculty's FTE assignments are defined, the assignments are converted into Relative Value Units (RVU). University Healthcare Consortium (UHC) is the Department's main clinical work RVU benchmarking source. The UHC work RVUs (wRVUs) are normalized by specialty and subspecialty to reflect the activity of a 1.00 clinical FTE. The DoM's RVU expectations are based on a percentage above the average of the most recent five years' UHC 50th percentile wRVU benchmarks by specialty and are set at time of budget for the reporting period. This percentage may be adjusted upwards to eliminate or reduce any actual or projected financial deficit the Department may face. Averaging the latest five years of UHC wRVU benchmarks helps to reduce the volatility of these national benchmarks. To the extent the change in UHC wRVU benchmarks year-over-year are extreme and not consistent with local practice

trends, the Chair will define which five years of the UHC wRVU benchmarks will be used for the reporting year.

In order to convert the FTE assignments into RVU expectations, simply apply the proportion of FTE to the 1.00 RVU expectations for the faculty's subspecialty. For example, a general internal medicine faculty's RVU expectation of 4,700 may look like this:

Example Assignments	FTE Assignment	Calculation	RVU Expectation
CFTE	0.80	4,700 * 0.80	3,760
TFTE	0.10	4,700 * 0.10	470
RFTE (External)	0.05	4,700 * 0.05	235
RFTE (Internal)	0.00	4,700 * 0.00	-
AFTE (Leadership)	0.00	4,700 * 0.00	-
AFTE (Prof Duties)	0.05	4,700 * 0.05	235
Total	1.00		4,700

Expectation Adjustments / Exceptions

There are several pre-defined scenarios in which a faculty's RVU expectations may change depending on the assignment or situation. Below includes, but is not limited to, a list of current expectation adjustments.

Adjustment for Compensation Compared to Benchmark

Consistent with using the most recent five years of UHC benchmarks as the default benchmark for RVUs, the most recent five years' of the Association of American Medical Colleges (AAMC) 50th percentile by subspecialty and by rank will be used as the compensation benchmark. RVU expectations will be adjusted up or down relative to the faculty member's compensation compared to their salary benchmark. Two faculty within the same division with the same assignment but with different levels of compensation would have different 1.00 FTE RVU expectations. Note: Faculty who have been assistant professors for more than 10 years, or the equivalent of work experience, may be evaluated by the Chair, at the request of the chief, to determine if their salary benchmark rank should move from assistant professor level to associate professor level. This determination will be completed annually before the measuring period.

Compensation is Higher than Benchmark

If a faculty's current salary (including administrative supplements but in most cases excluding additional one-time compensation or incentives) is above benchmark, the RVU expectation also increases by the same percent. As an example, if a faculty's compensation is 123% of the AAMC benchmark, then their RVU expectation increases by 23%.

Compensation is Lower than Benchmark

If a faculty's salary is lower than benchmark, the RVU expectation would decrease by the same percent. As an example, if a faculty's compensation is 92% of the AAMC benchmark, then their RVU expectation decreases by 8%.

It is recognized, for faculty which have VA 8ths, the proportion of salary supported by UF and VA do not always align with the proportion and type of work performed within each entity. To neutralize this issue, the faculty's current UF paid salary and associated FTE (including administrative supplements but excluding additional one-time compensation or incentives) will be combined with the 50%ile of the AAMC benchmark for the faculty's rank and specialty to normalize the FTE to 1.0, thus dampening the impact of potential misalignment of salaries between the VA and UF. This combined measure will be

used to adjust RVU expectations. As an example, for an endocrinology associate professor with a 5/8ths VA appointment (UF FTE of 0.47) and a UF salary of $70,000, the total salary measure would be, $70,000 + (0.53*$171,000) = $160,630. This measure we would compare to the 50%ile AAMC benchmark of $171,000, lowering their RVU expectation by 6%.

Because of the recognized potential misalignment of salary supported between the VA and UF, and the amplification of this misalignment as the UF recognized FTE decreases, faculty which have VA appointments of 8/8ths will not have their RVU expectations modified for their salary as compared to benchmarks. As an example, for a gastroenterology associate professor with a 8/8ths VA appointment (UF FTE of 0.15), a departmental RVU target of 8,000 RVUs, a UF salary of $5,000, and a VA salary of $200,000 the total RVU expectation would be 1,200 RVUs; 8,000 * 0.15= 1,200.

Market Adjustments

Some subspecialists are in high demand and are difficult to recruit. On a case-by-case basis, and only when the institution has identified on-going funding, the Department can allow additional compensation without additional RVU expectations. An example might be, offering a gastroenterology faculty more than the AAMC 50th percentile as an enticement to get the faculty here or to stay here, without increasing their 1.00 FTE RVU expectations proportionally. If the earmarked funding support goes away, so does the exemption from the compensation RVU adjustment.

Assignment Adjustment

Many of the clinical providers hired require time to build their clinical practice and, at times, existing faculty are also asked to develop new product lines. To help adjust for this type of circumstance the Department allows for a period of time when the faculty would only be required to achieve a portion of their RVU expectation, as defined and agreed by the Division Chief and Department Chair. An example would be a newly hired rheumatology faculty who would need time to build their outpatient referral base. In that case, that faculty's division might assume that they would only achieve 80% of their target, and would reduce the faculty's 1.0 FTE RVU expectation by 20% for the first year. This would be determined by the Chief and approved in writing by the Chair. Given that new faculty are not eligible for salary reductions the first fiscal year of their employment, it is expected that only under very special circumstances would this target adjustment be utilized.

Start Date Adjustment

Clinical providers hired in the middle of the reporting year (i.e. fiscal year) will have their RVU target prorated for their start date. As an example, if an endocrinology faculty started on October 1, their RVU target would be prorated for only nine months, or 75% of their full annual 12 month target.

FMLA Adjustment

Faculty who are on approved FMLA with recorded (in PeopleSoft) FMLA hours more than 13 days or 104 hours, within the reporting year, their targets will be adjusted accordingly. For faculty who have multiple or on-going FMLA events, the target can and should be adjusted as often as needed. As an example, if a cardiology faculty was on leave the equivalent of 25 days or 200 hours, his/her RVU expectation would be adjusted down 200hrs / 2088 annual hrs = 9.6%. 2088 annual hours would be used as the denominator as vacation and sick day accruals appear in the current system as 8 hour days not 12 hours.

Although the default target adjustment formula will be defined by FMLA hours, it is recognized that in many instances additional accommodations must be taken into consideration; thus a division chief may prepare and present further modifications to a FMLA faculty's target to the DoM Faculty Compensation Committee for consideration and approval.

Extender and Other Support Adjustment

If a division would like to support an extender (NP, PA, RN, etc), other support staff or equipment beyond the established departmental and institutional thresholds, RVU expectations will be increased to support the additional cost. Through the annual departmental budgeting process and as new divisional staff are hired or equipment purchased, each division's unrestricted expense will be measured against established departmental and institutional thresholds. If the division's expense is above these thresholds, the expense total above these thresholds will be converted into additional RVU target expectations to be distributed to compensation plan eligible clinical faculty. The additional expenses are converted into RVUs by dividing the Department's collections per wRVU into the additional expense above the threshold. As an example, if a division's additional expense above the established departmental thresholds was $100,000, and the Department's net collections per wRVU was $50.00, then the additional RVU target to be allocated to compensation plan eligible clinical faculty would be 2,000 RVUs.

It is recognized that several divisions have negotiated appropriate contracts which affords them additional resources at no additional expense to their unrestricted budgets. It is also recognized that within some divisions there are resources, such as fellows, PA and other clinical, research and administrative support that are not available to all faculty. In these situations, the Chief or Chair can and should normalize the RVU expectation across the faculty which use these additional resources to execute their assigned duties. This can be done by allowing the Chief or Chair to add additional RVUs to faculty's targets as defined by a Chair approved analysis. This is best accomplished by defining these targets at the beginning of the reporting fiscal year; however, these adjustments can be made in real time. As an example, if a division has 10 faculty providing ambulatory clinic sessions once a week, however, the division only has enough extender FTE to staff 6 of the 10 faculty. The Chief can add additional RVUs to the 6 faculty which are allocated these resources. The calculation of the RVUs will be defined by the Chief or Chair. A faculty can appeal to the Chair if he/she feels his/her target has been calculated unfairly; the Chair's decision is final.

Group Re-distribution Adjustment

It is recognized that within a division there may be assignments which do not generate an equal complement of clinical work RVUs, such as an ambulatory clinic assignment compared to a procedural assignment. To account for this, divisions may choose to re-distribute the total divisional target expectation (the sum total of the individual targets of the group) across the individuals of the division, as long as the total target RVUs do not change in total. In order to do this, the Division Chief should present the re-distribution proposal to the participating divisional faculty members before the start of each reporting year and receive the Chair's written approval of the plan [note: this should only be considered when clinical assignments within the same division have large disparities in generation of wRVUs]. In the event one or more faculty within the division challenge the chief's re-distribution proposal to the Chair, the Chair will determine the final approval or rejection of the proposal.

As an example, if a division's activity included a procedural assignment, which enabled those who were assigned to cover that procedural assignment to generate more RVUs than all of the other assignments, then the division could unanimously agree to give those individuals assigned the procedural activity higher RVU targets, thus reducing all of the other individuals, so the sum target of the group would be the same.

CALCULATION OF ACTUAL RVUs

Actual RVU calculation is very similar to the expected RVU calculation. Because the expected RVU calculation is primarily driven by funding and assignments, the only two FTE categories which would differ in the conversion from expected to actual is the Clinical FTE (CFTE) and Course Teaching FTE (TFTE) assignments.

- For the CFTE, actual wRVUs generated for the reporting year will be used in the calculation for actual RVUs. Any physician directed billing write-offs, as defined by the Chair, will be deducted from the faculty's total wRVUs.
- For the TFTE, actual hours as recorded by the DoM and CoM will be used for calculating the actual TFTE, based on 46 annual productive weeks and 60 hours per week, and converted to the actual RVUs.
- For the research FTE (external and internal funding), the level of FTE salary support will be converted to RVUs. Research FTE salary support recognized by this plan will not include retro salary re-distributions processed after the end of the reporting year.
- Administrative FTE we will be recognized by the agreed upon administrative FTE assignment for the internal roles and will be converted to RVUs. External administrative roles will have the level of FTE salary support converted to RVUs.

Below is an example of how the clinical and course teaching FTEs could be different from the expectation:

	FTE Assignment	Expected RVU Calculation	RVU Expectation	Actual RVU	
CFTE	0.80	4,700 * 0.80	3,760	**4256**	Substitute actual wRVUs generated through clinical billings
TFTE	0.10	4,700 * 0.10	470	**486**	Calculated using actual hours divided by 2,760
RFTE (external)	0.05	4,700 * 0.05	235	235	Same as expected, because driven from funding
RFTE (internal)	0.00	4,700 * 0.00	-	-	Same as expected, because driven from funding
AFTE (leadership)	0.00	4,700 * 0.00	-	-	Same as expected, because driven from assignment
AFTE (Prof Duties)	0.05	4,700 * 0.05	235	235	Same as expected, because driven from assignment
Total	1.00		4,700	5,212	

Within the clinical mission, many divisions have employed extenders (NP, PA) to support provider level functions. The DoM's deployment of extenders in general does not financially support the extender's incremental costs. In recognition of this reality, the Department has defined a minimum extender encounter target for a 1.0 extender FTE to be 30 patients a week or 1,440 encounters a year (30*48 weeks). This target will likely grow in future fiscal years to help transition the Department's deployment of these employees to a financially sustainable model. In the event an extender does not achieve their encounter target, the difference between actual encounters and the target, will be converted to negative RVUs by multiplying the number of negative encounters by the average extender wRVU per visit. The resulting negative RVU product will be spread across the compensation plan eligible clinical faculty as defined by the Division Chief or Chair. As an example, if a division had 2.0 extender FTE (the total annual minimum extender encounter target would be 2,880) and their actual annual encounters were only 2,700, then the encounter deficit would be -170. -170 encounters multiplied by the average extender RVU per encounter of 1.4 would be -238 RVU to be allocated to compensation plan eligible clinical faculty.

As mentioned above, in the *Group Re-distribution Assignment* section, some assignments do not generate an equal complement of clinical work RVUs, within a division. In addition, some divisions work as a group, rather than individually. In these scenarios, divisions may choose to re-distribute the actual RVUs across the individuals of the group, as long as the wRVUs do not change in total. In order to do this, the Division Chief should present the re-distribution proposal to the participating divisional faculty members before the start of each reporting year and receive the Chair's written approval of the plan [note: this should only be considered within a division when clinical assignments or assigned resources to faculty or operational practices result in large disparities in generation of wRVUs]. In the event one or

more faculty within the division challenge the chief's re-distribution proposal to the Chair, the Chair will determine the final approval or rejection of the proposal.

DoM is committed to treating our patients, the care team, and each other in the kindest, most courteous, most responsible manner possible. To this end, DoM has defined measurable standards of professional behavior. Because the highest level of professionalism is expected as the baseline, faculty not in compliance with departmental professionalism standards may be at risk of RVU penalties as defined by the DoM professionalism standards.

INCENTIVE AND SALARY REDUCTION THRESHOLDS

The difference between a faculty's RVU expectation and actual RVU generation can be measured as a percent. For example, if a faculty's RVU expectation was 4,700 and his/her actual RVU generation was 5,212 (as in the example above), then the faculty achieved 111% of expectation or 111% FTE output. This calculation of "FTE Output" as a percent allows the Department to compare faculty within and across specialties. The sum of individual RVU expectations within a division and the sum of actual RVU production within a division allows the Department to compare division to division.

In an effort to incentivize faculty beyond their target, the Department set the incentive threshold at 100% of FTE output. As an example, if a faculty's RVU expectation was 5,000 RVUs and they actually generated 5,800 RVUs, their FTE output would be 116% or 16% higher than the incentive threshold. This 16% or 800 RVUs above the faculty's RVU target would be eligible for incentive payments. If a faculty's FTE output is 100% or less no incentive would be given.

The threshold for salary reduction has been set at 90% of FTE output. As an example, if a faculty's RVU expectation was 5,000 RVUs and they actually generated 4,100 RVUs, their FTE output would be 82% or 8% lower than the salary reduction threshold. Any FTE output below the 90% threshold of expectation will qualify a faculty for salary reduction. This threshold recognizes the University's annual accrued sick leave of 13 days for a 1.00 FTE.

INCENTIVE CALCULATION

The Department of Medicine must have a positive fiscal-year-end unrestricted bottom-line for any lump sum incentives to be dispersed. If the Department's year-end bottom-line is negative, no lump sum incentives will be paid out. If the Department's year-end bottom-line is positive, faculty who achieve RVUs in excess of their incentive threshold (i.e. incentive eligible RVUs), will be eligible to share in the lump sum incentive pool. The lump sum incentive pool will be the Department's positive bottom-line up to 20% of the Department's actual average collection rate per wRVU multiplied by the sum of RVUs in excess of the incentive threshold. A faculty's proportion of the lump sum incentive pool will be equal to their proportion of incentive eligible RVUs to the Department's total incentive eligible RVUs. The lump sum incentive payment must have the approval of the Chief and Chair. The approval of the Chief and Chair allow them to manage faculty compensation equity and budget considerations for the division and Department.

As an example, if a faculty's RVU expectation was 5,000 and he/she actually generated 5,800 RVUs, his/her incentive eligible RVUs would total 800 RVUs. If the Department's total sum of incentive eligible RVUs were 100,000, the faculty's proportional share of the lump sum incentive pool would be 0.008. If the Department's lump sum incentive pool totaled $1.5 million the gross incentive payment would be $8,000.

SALARY INCREASE CALCULATION

After the departmental lump sum incentives have been accounted for, the Department of Medicine must have a positive fiscal-year-end unrestricted bottom-line and a neutral or positive next fiscal year budget (which includes compensation plan base salary increases) to process any compensation plan base salary increases. If the Department's year-end bottom-line is negative or if the next fiscal year budget is not neutral or positive, no compensation plan base salary increases can be processed. Faculty who achieve a lump sum incentive payment are eligible to participate in the base salary increase pool. The base salary increase pool will be the Department's positive bottom-line, after lump sum incentives have been fully accounted for, up to 50% of the lump sum incentive total. A faculty's proportion of the base salary increase pool will be equal to their proportion of their lump sum incentive to the Department's lump sum incentive total. The incremental salary adjustment is voluntary and may increase up to 50% of the actual paid incentive, depending on the base salary increase pool, in 25% increments, not to exceed the 50%ile average of the most recent five years of UHC benchmarks (updated for each budget year) for the faculty's specialty and rank, and must have the approval of the Chief and Chair. The approval of the Chief and Chair allow them to manage faculty compensation equity and budget considerations for the division and Department. This is a voluntary salary increase for the faculty, and thus the default salary adjustment will be zero unless otherwise elected by the faculty.

As an example, if the Department's bottom-line is sufficiently positive to support the maximum base salary increase pool, and if a faculty's base salary is $150,000 and they receive an incentive payment of $20,000 for work performed in the prior reporting year, they may choose to accept $0.00 (0% of the earned incentive), $5,000.00 (25% of the earned incentive), or $10,000.00 (50% of the earned incentive) of additional salary to their base salary, not to exceed the 50%ile average of the most recent five years' salary benchmarks for the faculty's specialty and rank, and must have the Chief's and Chair's approval.

As another example of prorating the compensation plan base salary increase based on funds avaiable, if the Department's bottom-line is only sufficiently positive to support 80% of the maximum base salary increase pool, and if a faculty's base salary is $150,000 and they receive an incentive payment of $20,000 for work performed in the prior reporting year, they may choose to accept $0.00 (0% of the earned incentive), $4,000.00 (25% of the earned incentive multiplied by 80%), or $8,000.00 (50% of the earned incentive multiplied by 80%) of additional salary to their base salary, not to exceed the 50%ile average of the most recent five years' salary benchmarks for the faculty's specialty and rank, and must have the Chief's and Chair's approval.

It is important to note that as salary increases are applied, the faculty's RVU expectation will be increased consistent with the expectation adjustment rules, thus aligning salary to more closely mirror actual performance.

SALARY REDUCTION CALCULATION

In the event that a faculty's actual RVU production is less than 90% of the RVU expectation, the faculty will receive a salary reduction. Salary reductions will be calculated based on the percent difference from 100% expectation when a faculty's FTE output is lower than the established 90% threshold. As an example, if a faculty's FTE output is 88% or 12% lower than the 100% expectation, the calculated salary reduction would be 12%. Reductions will be calculated annually, and will be applied on a prospective basis only. Total annual reductions will not exceed 20%.

It is important to note that as salary reductions are applied, the faculty's RVU expectation will be reduced consistent with the expectation adjustment rules, thus aligning salary to more closely mirror actual performance. Faculty who receive reductions can achieve incentives in future years as they exceed their new reduced expectation threshold. Such incentives would be more easily achieved as the

expectations would decrease with the salary reduction. Also faculty who receive reductions can receive increases to their base salary as they exceed their new reduced expectation threshold the following year.

For example, if after the first year a faculty's annualized RVU expectation was 5,000 RVUs and they actually generated 4,100 RVUs, their FTE output would be 82% or 18% lower than the 100% FTE output expectation. Because this output was 18% lower than expectation and below the salary reduction threshold of 90%, the salary reduction would be 18% of the UF annual salary. The following year, in harmony with the expectation adjustment rules, their new RVU expectation would be calculated based on their new 18% lower annual salary. If, with the new lower expectation, they are able to achieve an RVU FTE output greater than 100% they would be eligible for an incentive and base salary increase. This calculation will be applied after the completion of each fiscal year.

QUALITY

Maintaining and managing quality within every aspect of a faculty's assignment is crucial. Quality is expected as a baseline. Quality metrics are traditionally more difficult to define and measure; however we will apply a few quality incentives.

Quality Incentives

The Department of Medicine must have a positive fiscal-year-end unrestricted bottom-line for any quality lump sum incentives to be dispersed. Quality incentives will be calculated in the following manner:

- Clinical: Thresholds for clinical quality are managed by adherence to institutional, departmental and divisional policies and standards.
- Research:
    - NIH grants are the gold standard for research funding success. As a proxy for measuring NIH grants we will use indirect cost generation, as UF's federal indirect cost recovery rate is one of the highest. Faculty Principal Investigators (PI) who generate indirect costs of $10,000 or more within the reporting fiscal year, will receive as an incentive payment equal to 5% of the indirect costs generated. Payment of this incentive will not be paid from the indirect cost generated.
    - Generally faculty do not have protected time as part of their assignment to write and submit grants (with the exception of a chief using his/her Chief's Administrative Discretionary Assignment or institutional start-up funds), thus when a PI is awarded new research funding, the department would like to reward this success. To accomplish this, when a PI receives a new award, which carries the full University of Florida indirect cost rate (currently 50%), which also supports a portion of his/her salary, the PI will receive and incentive of 2% of his/her salary which was actually supported by the new grant during the course of the reporting year. Payment of this incentive will not be on the grant. As an example, if a PI is awarded a new NIH R01 grant which supports $40,000 of the PI's salary, they would be eligible for an incentive of $800.
- Teaching: The Department will participate in the College of Medicine's "Exemplary Teacher" program and recognized faculty will continue to receive incentives from the College.
- Administrative: The Chair will define administrative incentive criteria and incentive amounts (recruitment of faculty, retention, positive financial performance, etc) for Division Chiefs and other faculty leadership. These quality incentive criteria must be defined clearly before the start of the reporting fiscal year.

ELIGIBILITY

- Faculty must have their primary faculty appointment with the Department of Medicine and their total FTE must be equal to or greater than 0.15 FTE to be eligible for this compensation plan.
- Faculty whose home department and/or the majority of UF salary responsibility are not housed in the Department of Medicine may not be eligible for this plan, as defined by the Chair.
- Faculty whose salary is governed by the Dean's Office or a department or unit other than the Department of Medicine may not be eligible for this plan, as defined by the Chair.
- Faculty which are supported and/or have duties specific to revenue contracts, such as service contracts with other institutions, departments, or units may not be eligible for this plan, as defined by the Chair.
- Adjunct and OPS faculty, clinical or research post-doctoral fellows, physician extenders (NP, PA, etc), and other clinical and non-clinical staff are not eligible to participate in this plan.

Events which will eliminate a faculty member's eligibility to receive incentives or merit salary increases include, but are not limited to:

- Faculty with total compensation equal to or less than $250.00 a year, independent of FTE.
- Faculty on non-family-medical leave without pay greater than 4 weeks or 160 hours within the reporting year.
- Faculty no longer employed within the Department as a faculty member: if a faculty member is not employed by the Department as a faculty member at the time of the incentive distributions (usually September/October time frame), the faculty will be ineligible for this payment.

Events which will partially or completely eliminate a faculty member's eligibility to receive incentives or merit salary increases include, but are not limited to:

- Faculty who have not adequately performed their assigned duties as defined by the Chief and Chair. Possible example may be when a faculty has a commitment of protected internally funded research FTE to publish or write papers; however the faculty did not achieve that objective.
- Faculty not in compliance with departmental standards (within the reporting year).
- Faculty not achieving minimum departmental quality measurements, to be determined by the Chair.
- Faculty not achieving minimum divisional quality measurements, to be determined by the Chief.

Events which will protect faculty from salary reductions include:

- Faculty with total compensation equal to or less than $250.00 a year, independent of FTE.
- Faculty who begin their employment within the reporting year or within the last quarter of the prior reporting year.
- Under extenuating circumstances, the faculty can ask the Chief to submit a request on behalf of the faculty to the Chair for exemption. Either the Chief or Chair can deny the request.

Events which will eliminate a faculty member's eligibility to receive merit salary increases and protect faculty from compensation plan calculated salary reductions include:

- Faculty with 8/8ths VA appointments.

PHDs AND NON CLINICAL FACULTY

Faculty with non-clinical assignments will not have the opportunity to achieve RVUs greater than their targets, because the max available salary support is at most only 100%. Thus expectations for faculty with non-clinical duties have been adjusted to account for this situation.

Faculty with non-clinical assignments will have a starting RVU target arbitrarily defined at 2,000, which will be increased or decreased according to the expectation adjustment rules. However, these faculty will have an incentive threshold of 70%, instead of 100%. For example, a non-clinical faculty's RVU target would be 2,000, assuming that their base salary was equal to the AAMC 50th percentile for specialty and rank, and the incentive threshold would be 1,400 (70% of 2,000). If the faculty achieved 100% externally funded salary support, they would have generated 600 RVUs over the 1,400 incentive threshold, thus achieving a $12,000 incentive payment, based on the example average net revenue per wRVU in the table above of $60.00 (Each year the net revenue per RVU will be recalculated).

In the event that a faculty's recognized external and internal research FTE is less than 70% of the RVU expectation, the faculty will receive a salary reduction. Salary reductions will be calculated based on the percent difference from 70% expectation when a faculty's FTE output is lower than the established 70% threshold. As an example, if a faculty's recognized external and internal research FTE salary support is 61% or 9% lower than the 70% expectation, the calculated salary reduction would be 9%. Reductions will be calculated annually, and will be applied on a prospective basis only. Total annual reductions will not exceed 20%.

To be eligible for this reduced incentive threshold faculty must meet the following criteria:

- The faculty's primary assignment must be research and cannot include any wRVU-generating clinical assignments (recognized or unrecognized), but they can have course teaching assignments
- The faculty cannot be supported by more than 30% from internal sources and commitments
- Salary support equal to or greater than 0.20 FTE as a PI or Co-PI, within the reporting fiscal year

Faculty with higher salaries (relative to benchmark) achieving over the incentive threshold can receive higher potential incentives.