

Compensation Models for AHC Faculty

A Presentation to the
Board of Regents
November 2007

Policy Considerations for Future

- Should the Regental Policy on Outside Consulting be used as a basis for guiding any clinical practice entity?
- Should clinical practice entities be formed outside the University?
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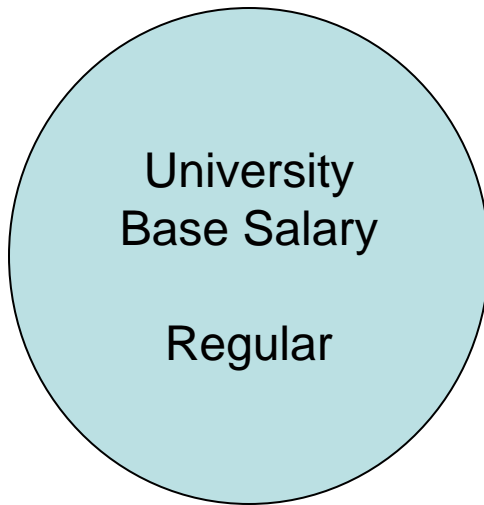
Overview of Presentation

- Compensation Principles
- Components of AHC Faculty Compensation and Funding Sources
- Role of Clinical Practice in the AHC
- Regents' Policies that Govern Clinical Practice
- Current AHC Compensation Models
- Case Studies
- Future Considerations

Principles Underlying AHC Compensation Programs

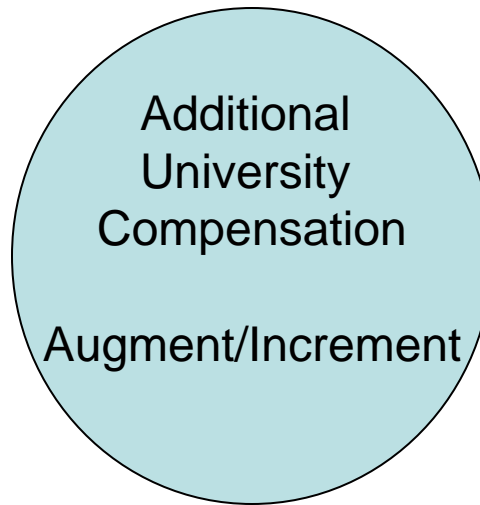
- Compensation programs must increase University's ability to attract and retain qualified faculty
- AHC must retain ability to leverage the market place and pay salaries competitive with market
- Compensation programs must provide flexibility for establishing compensation amounts for the education, research and clinical/outreach work
- Productivity and performance must be part of the determination of compensation amounts

AHC Faculty Compensation Paradigm



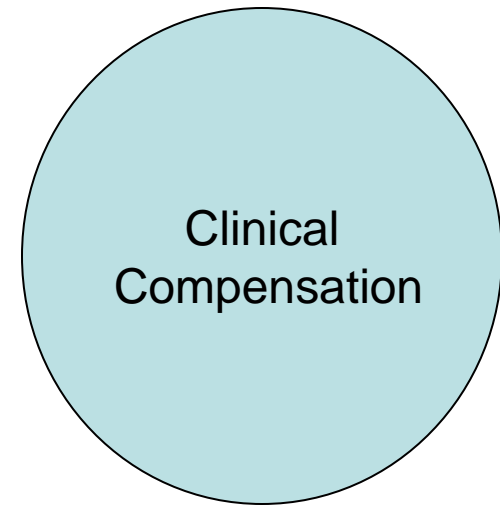
Annual U Comp
Tenure Guaranteed
Academic Services
(Teaching, Research)

“X”



Additional U Comp
Not Guaranteed
Additional Duties
(Academic, Administrative)

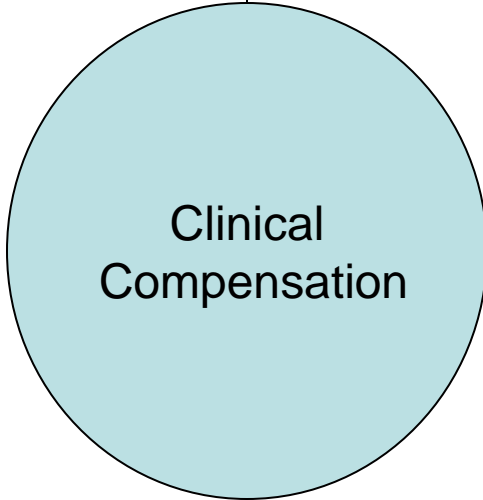
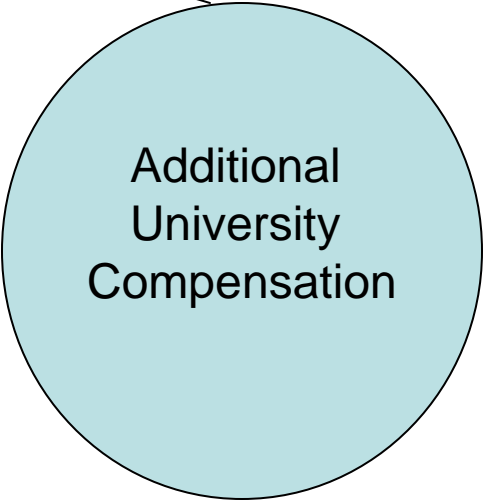
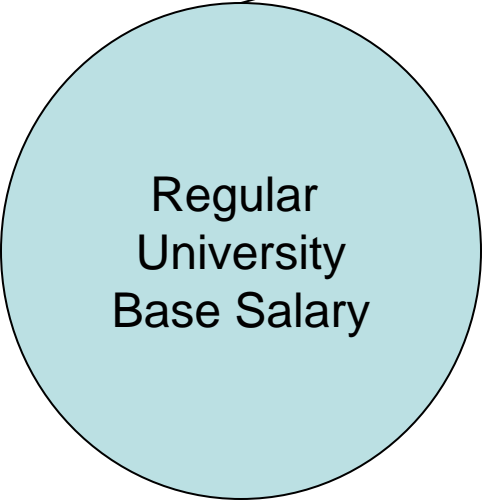
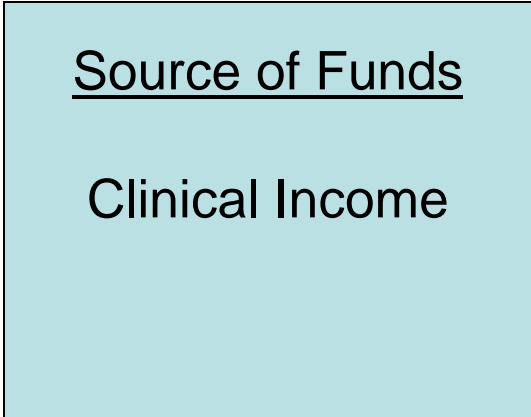
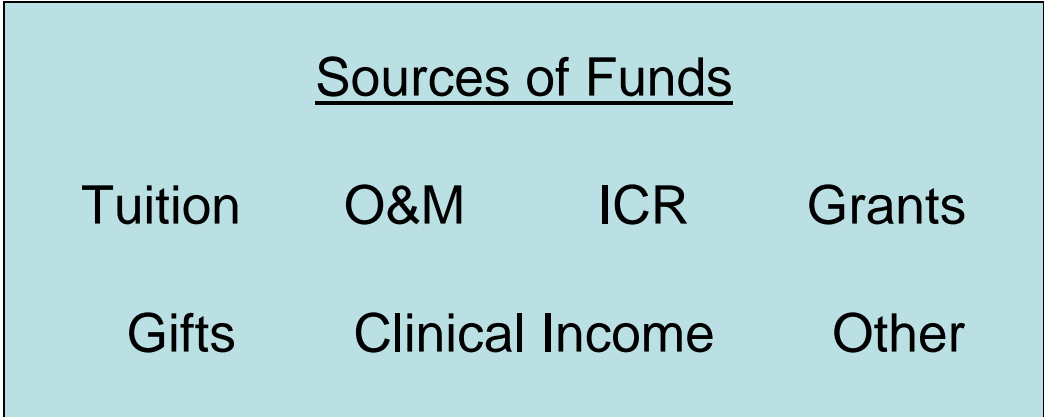
“Y”



Clinical Comp
Productivity Based
Patient Services

“Z”

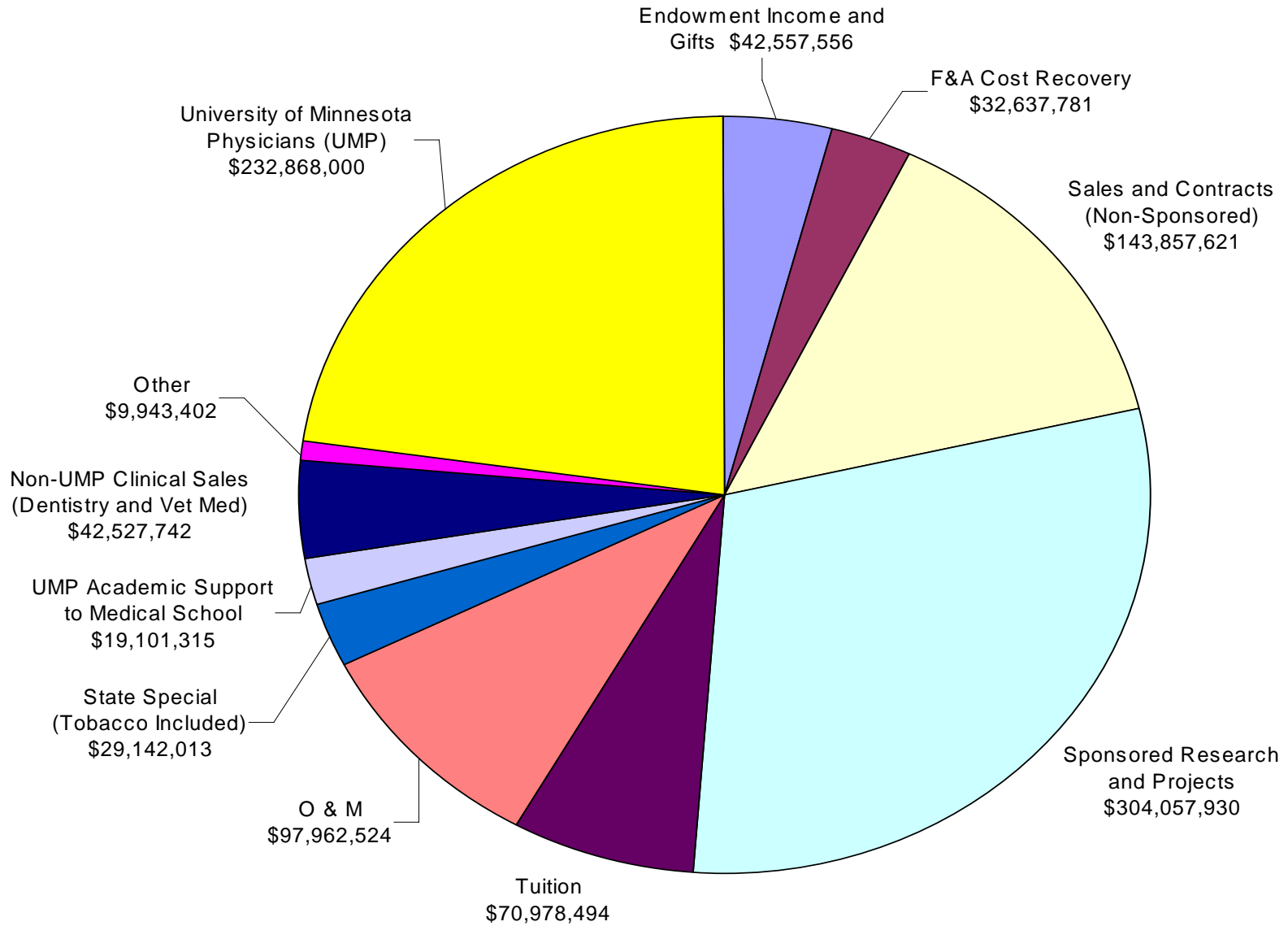
How Compensation is Funded



Why does the Compensation Paradigm Differ in the AHC?

- Student education requires clinical practice by faculty
- Health research is a major component of the mission
- Innovation is a major component of the mission
- State dollars and tuition are insufficient in amount to fully support education and research
- AHC colleges must rely on multiple and varied revenue streams to support mission

**Academic Health Center
FY06 Revenues (Including UMP)**
\$1,025,634,378



Why We Need Clinical Practice

- Health professional students need to be taught by practicing professionals
- Experiential learning requires both academic and private practice approaches to care delivery
- A full range of generalists, specialists and clinical settings are required to deliver the breadth of training
- Both generalist and specialist faculty must practice to maintain their diagnostic, therapeutic and judgment skills
- Clinical revenue supports education and research
- Academic faculty and private practitioners compete for the same contracts in a competitive market

Two Models for Clinical Practice Activity

- ***Outside Consulting Policy***

- Regents' policy on Outside Consulting applies
- One day per week
- No limit on income realized by faculty
- University approval not required
- Faculty disclosure required
- When U provides related services (i.e. billing, space, equipment), management contract executed

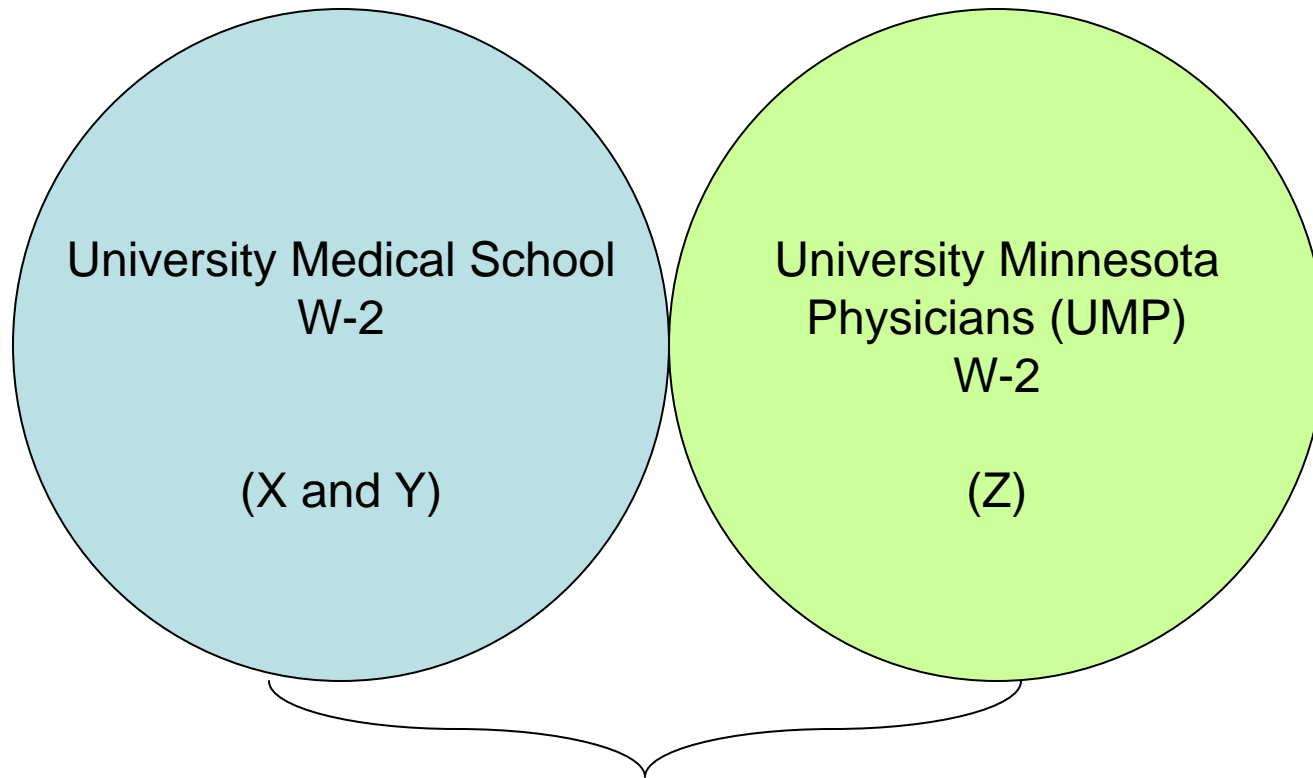
- ***Practice Plan Policy***

- Supercedes Outside Consulting policy
- Dean approves nature and level of practice activity
- Alignment with educational programs
- Income realized by University
- Dean oversight of clinical compensation to faculty

Current Position of AHC Colleges

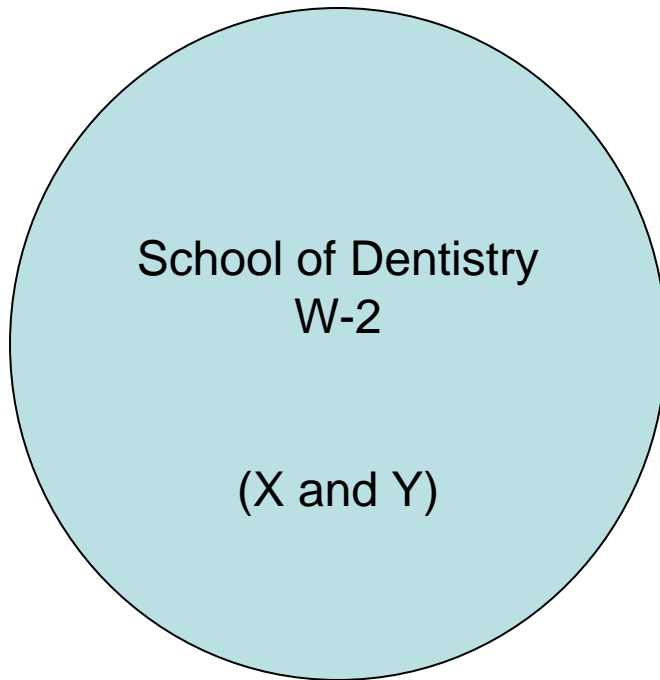
- ***Consulting Policy***
 - Dentistry
 - Veterinary Medicine
 - Pharmacy
- ***Practice Plan Policy***
 - Medicine (Twin Cities)
 - Medicine (Duluth)
 - Nursing

Medicine

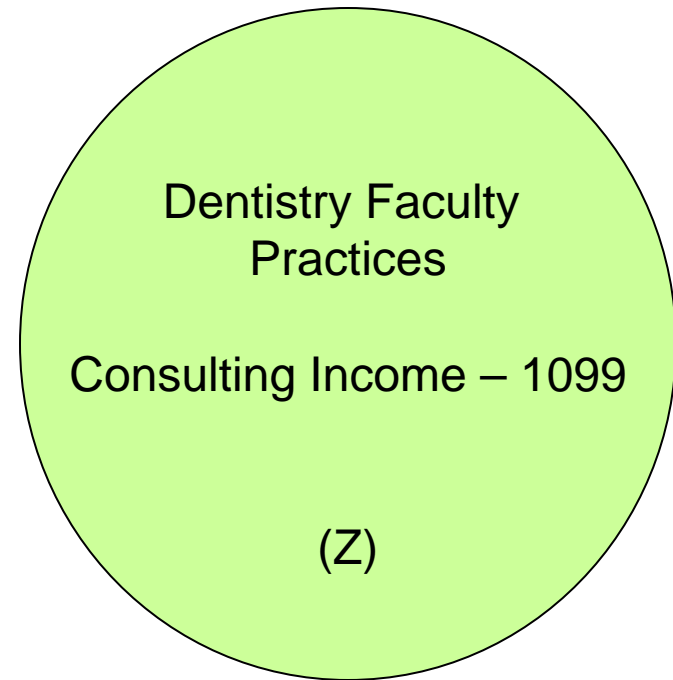


(Two independent legal entities; two discrete employers;
dual benefits; governed by single practice plan policy)

Dentistry

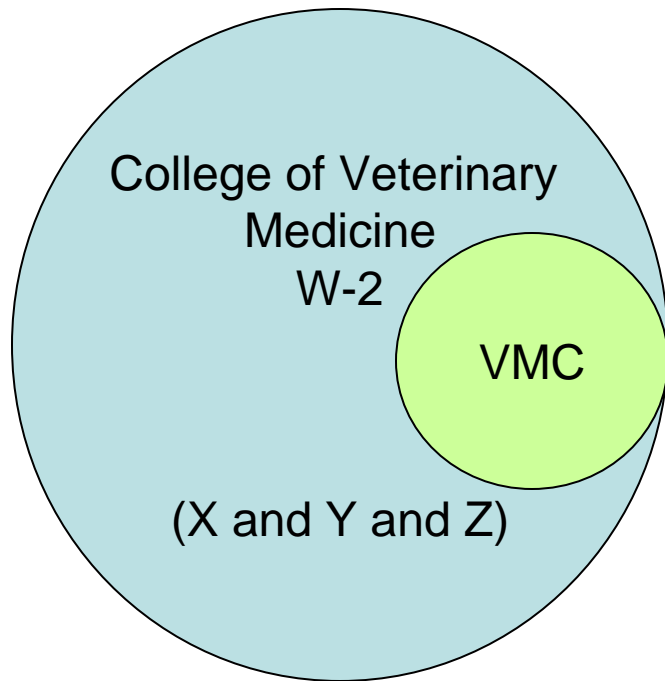


University Employment



Outside Income Policy

Veterinary Medicine



University Employment

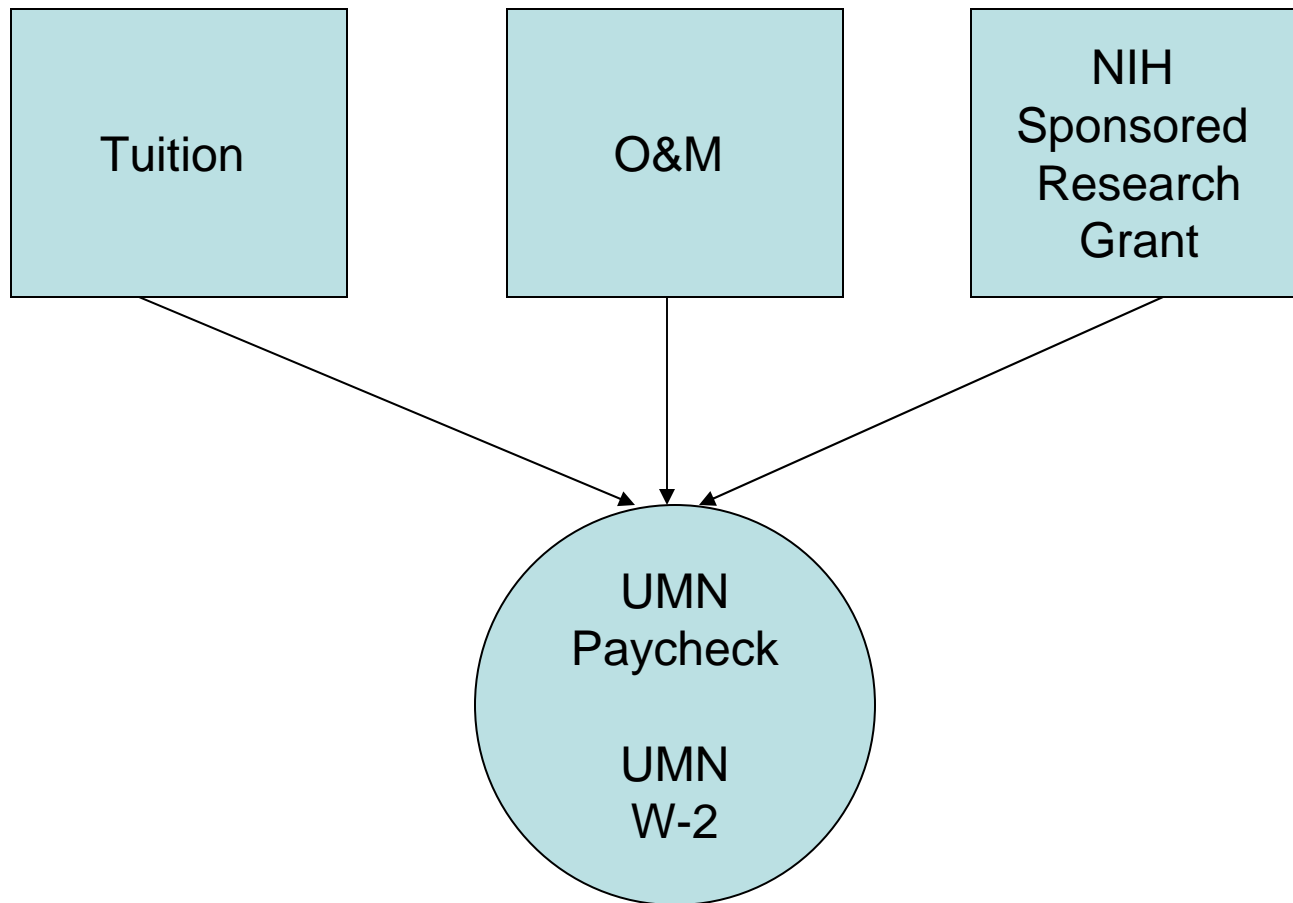


Outside Income Policy

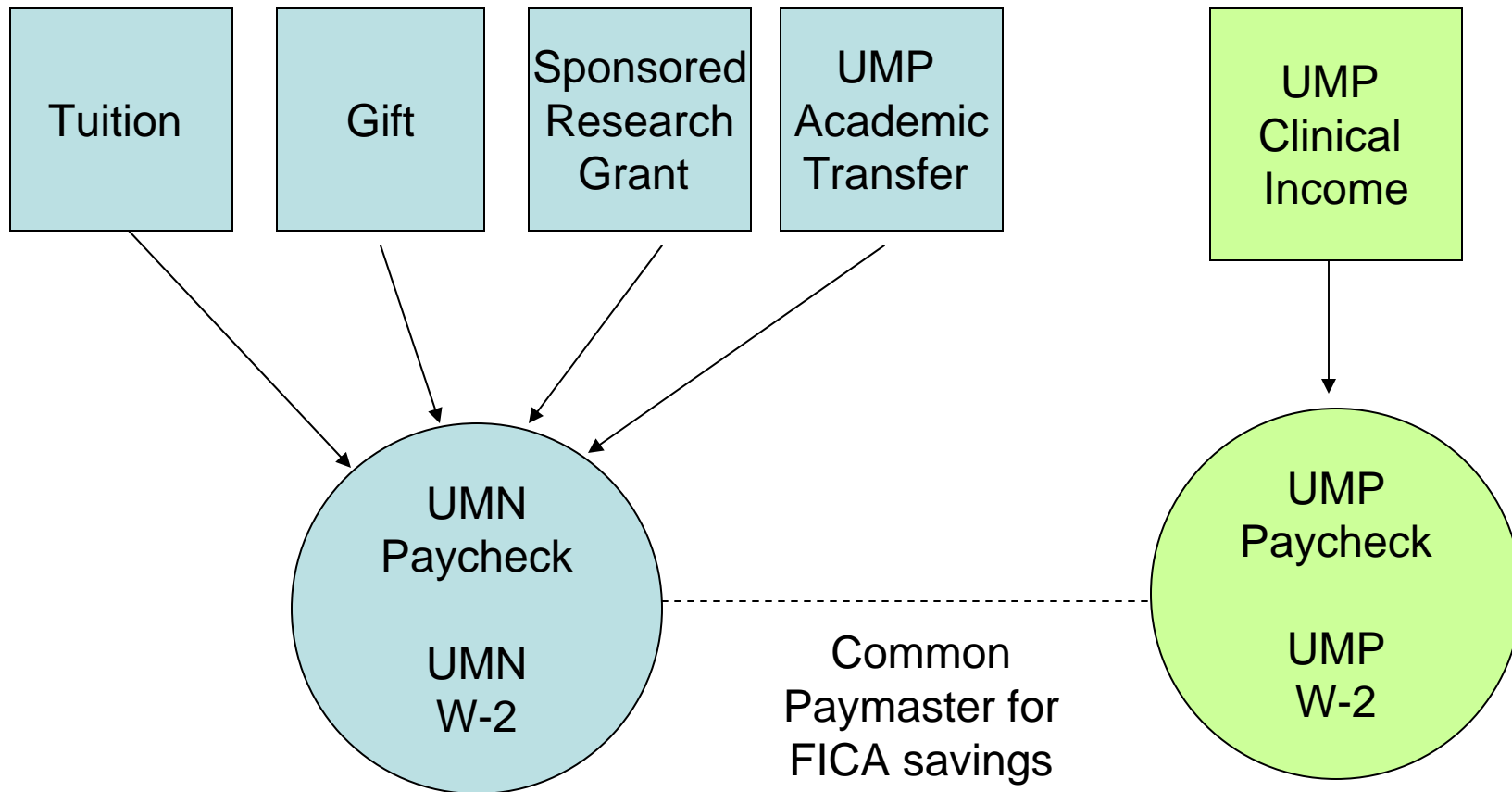
How Faculty are Paid: Case Studies

- Medical School - Basic Scientist
- Medical School - Clinical Scientist
- Dentistry Faculty
- Veterinary Medicine Faculty
- Pharmacy

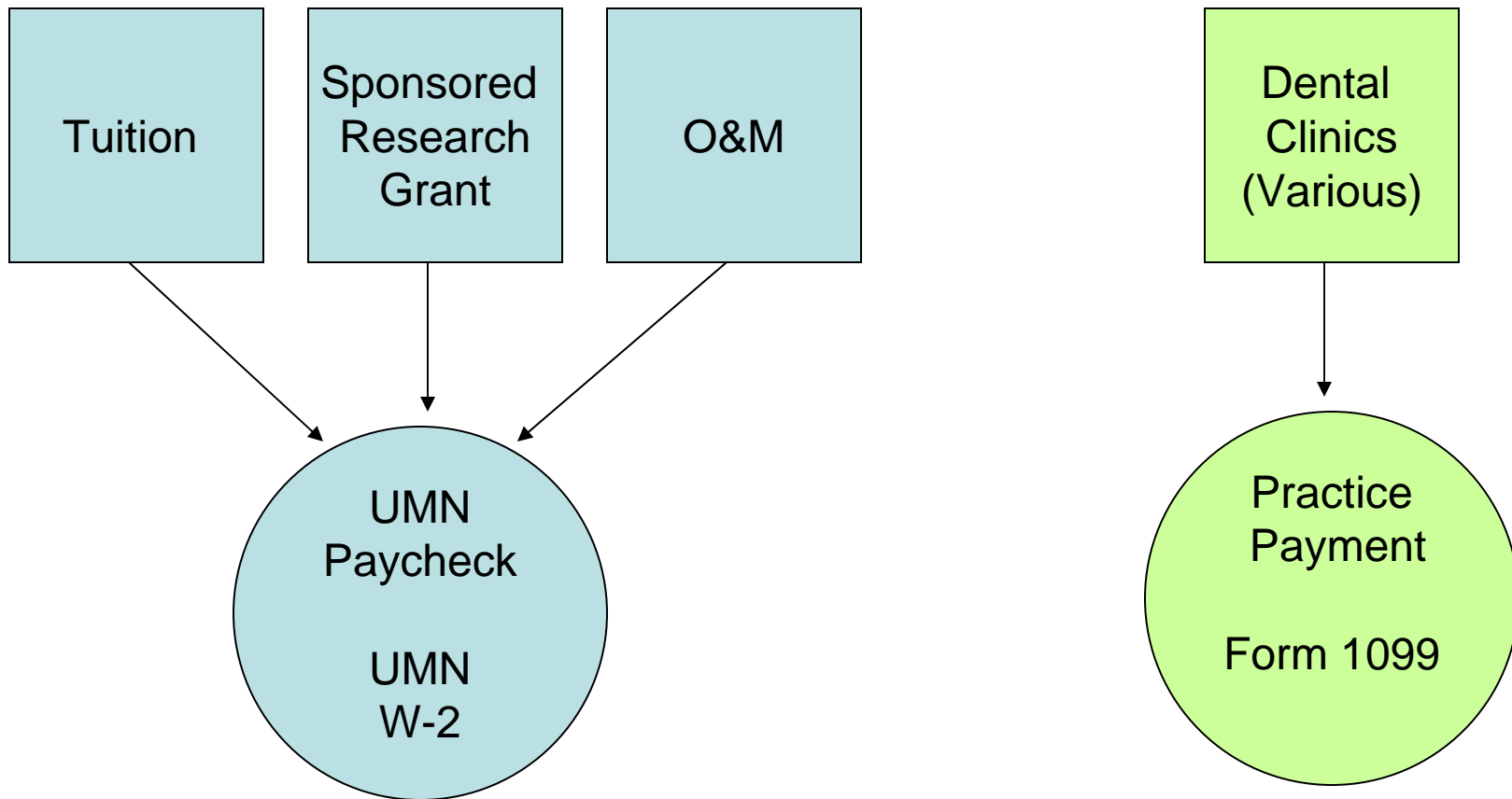
Medical School Basic Scientist



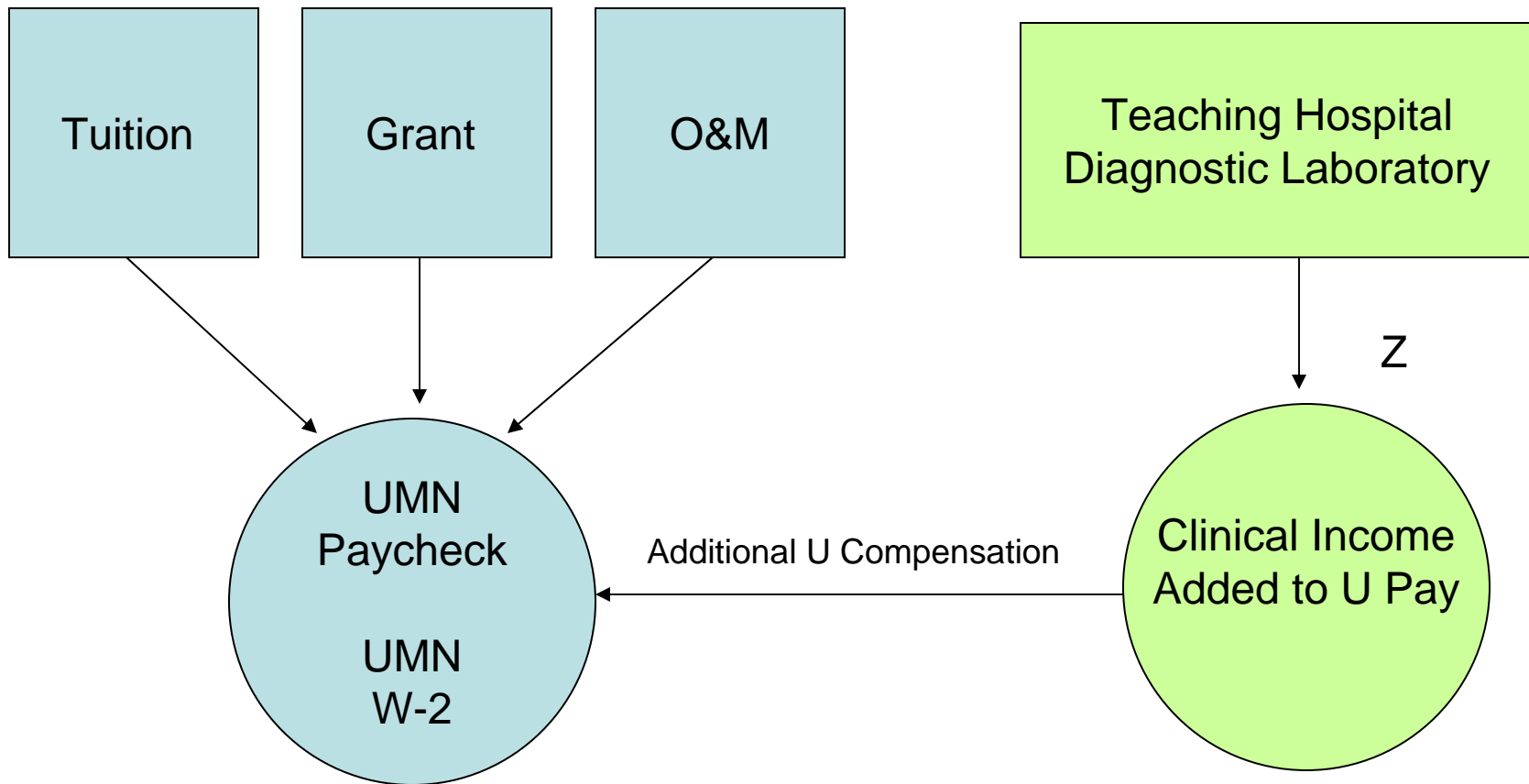
Medical School Clinical Scientist



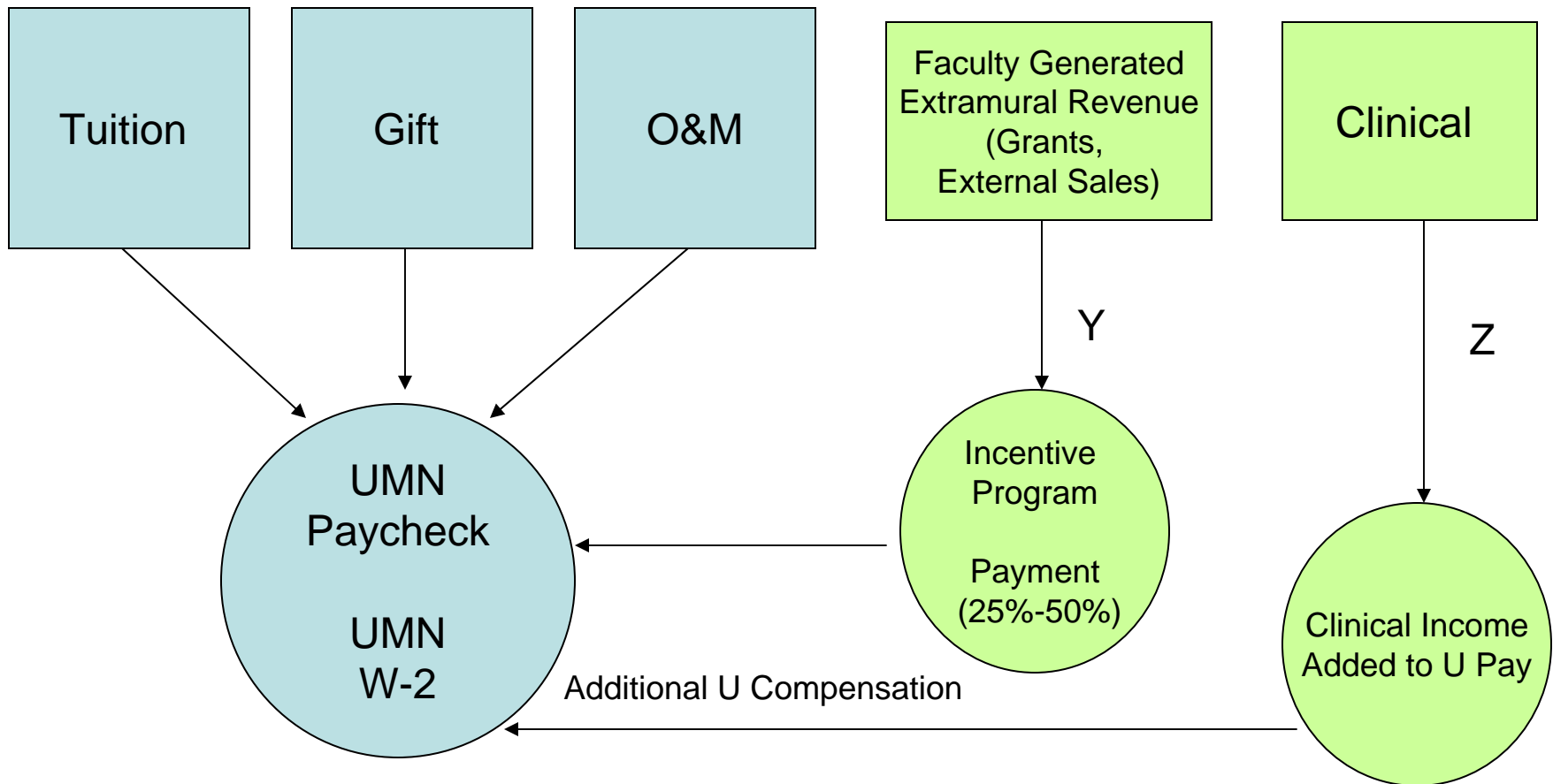
Dentistry Faculty



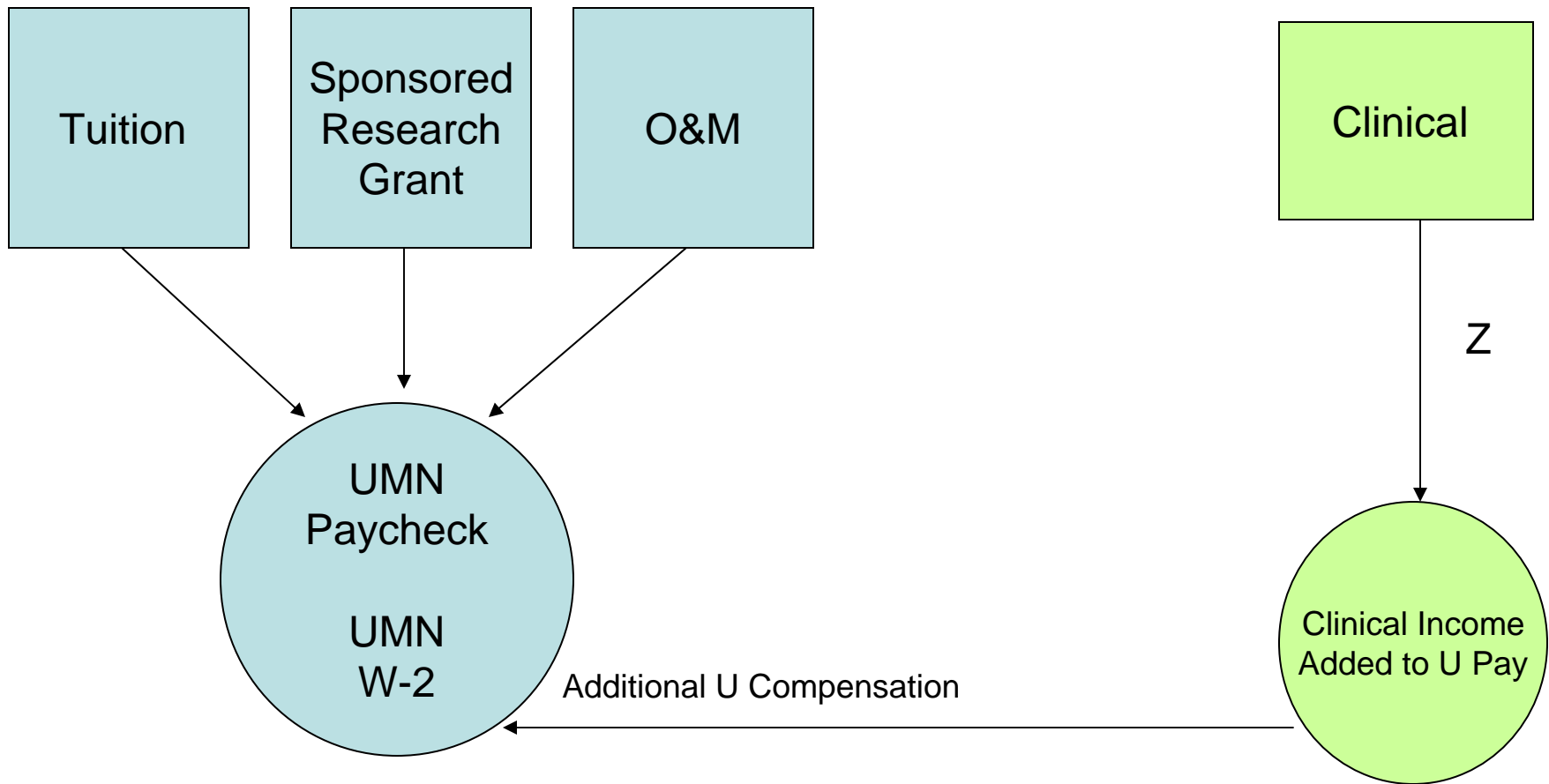
Veterinary Medicine Faculty



Pharmacy Faculty



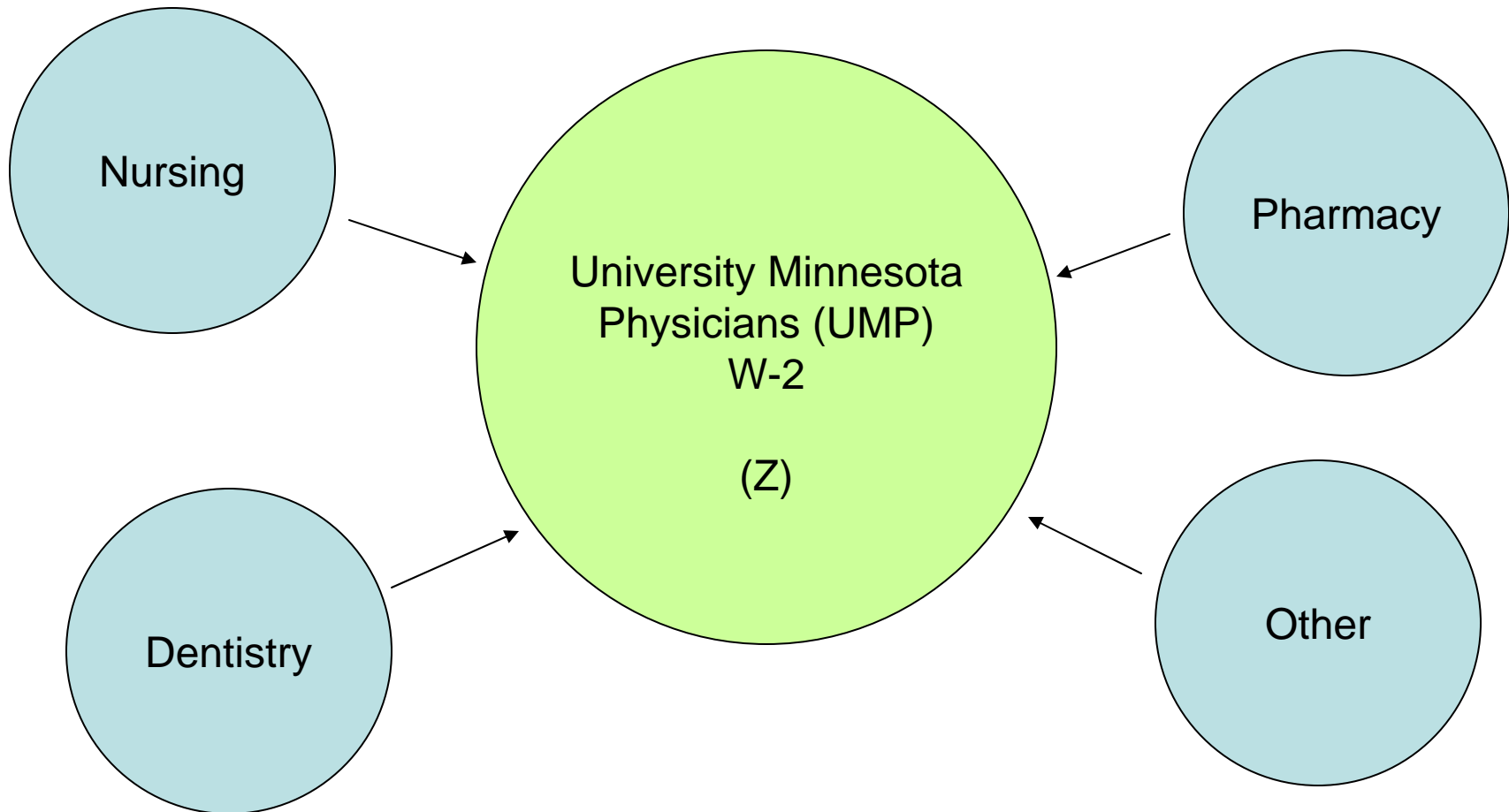
Nursing Faculty



Where are we going?

- “Medical” type practice plans and compensation
- Consolidation of health professionals into one IPGP
- Leverage single IPGP in the marketplace
- Full-service provider; multiple services in one contract

Future Positioning of Clinical Practitioners?



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