

# Compensation Models for AHC Faculty

A Presentation to the  
Board of Regents  
12 February 2004

# 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?
- Should multiple clinical practice entities move into a single inter-professional group practice (IPGP); should the IPGP remain outside the University?
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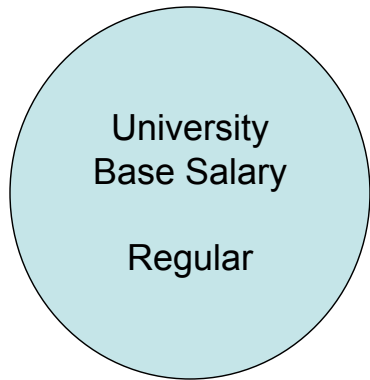
# Overview of Presentation

- 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

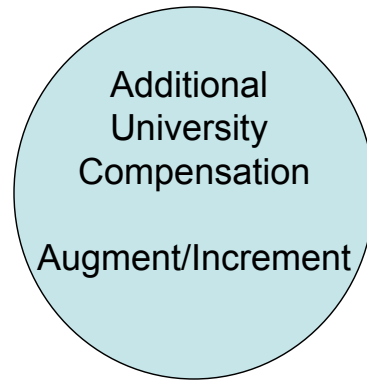
- Compensation programs must increase University's ability to attract and retain qualified faculty
- AHC must retain ability to leverage the market place and pay salaries competitive with market
- Compensation programs must provide flexibility for establishing compensation amounts for the education,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

# AHC Faculty Compensation Paradigm



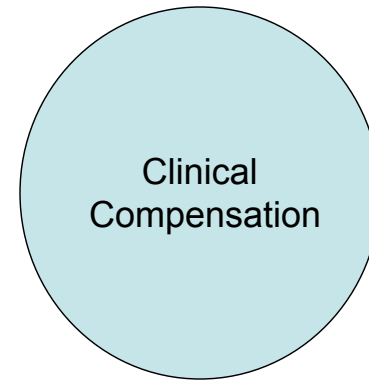
*Annual U Comp*  
*Tenure Guaranteed*  
*Academic Services*  
*(Teaching, Research)*

**“X”**



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

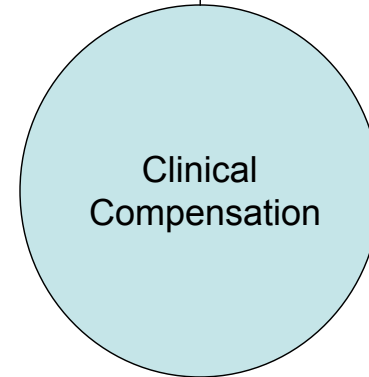
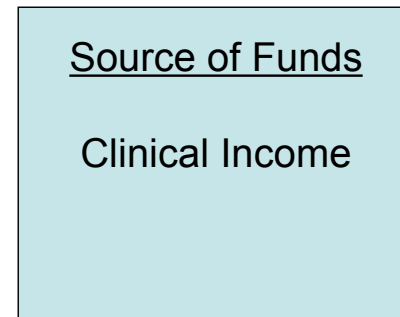
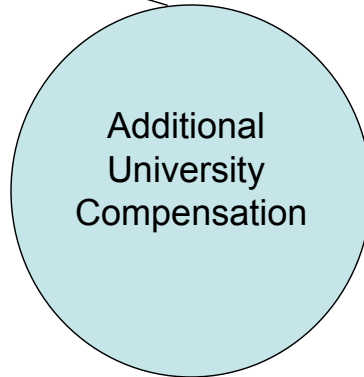
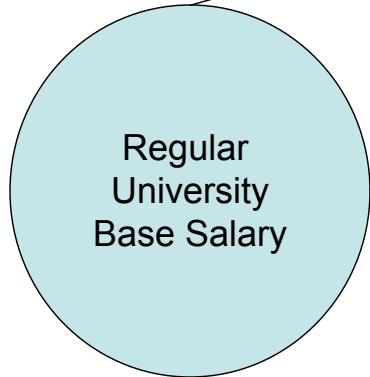
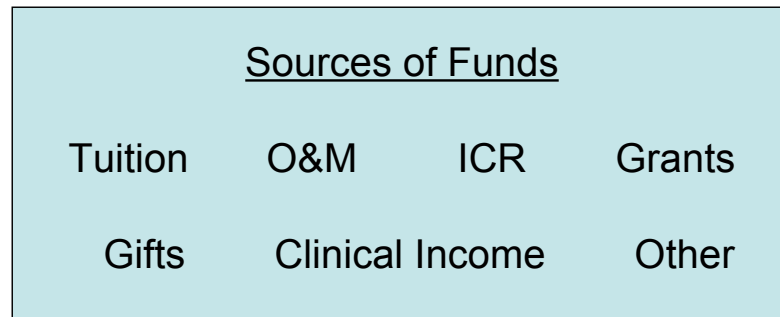
**“Y”**



*Clinical Comp*  
*Productivity Based*  
*Patient Services*

**“Z”**

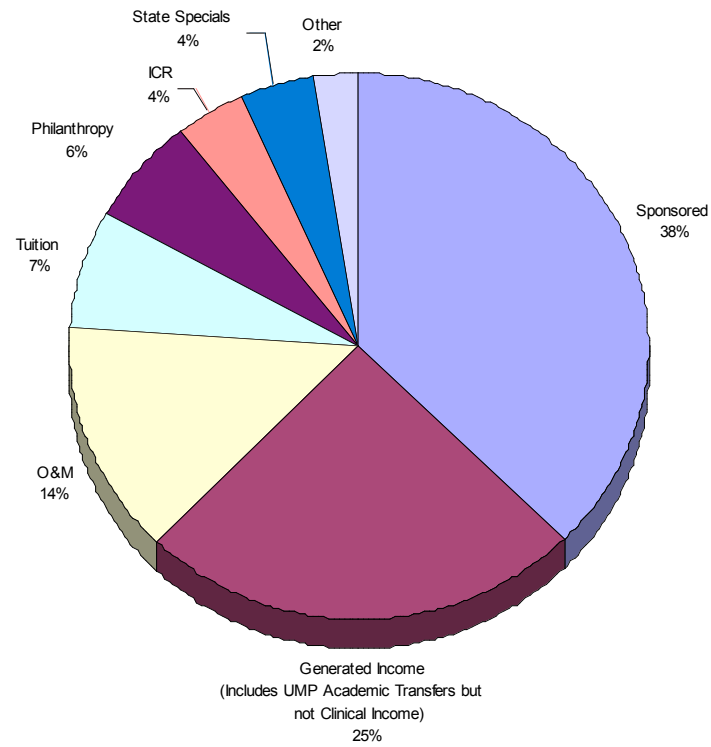
# How Compensation is Funded



# 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 Revenue (FY03) \$692 Million





# 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

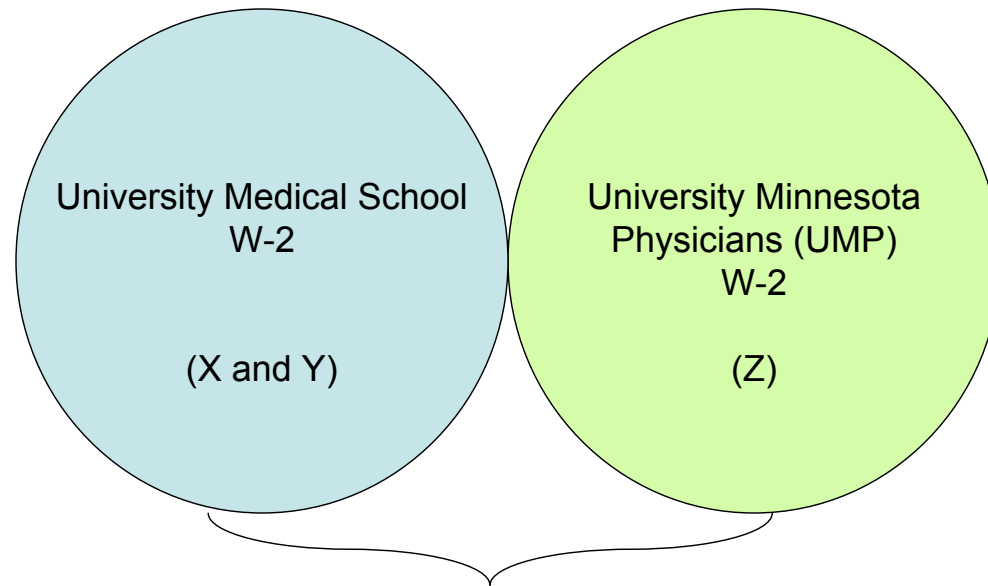
# Two Models for Clinical Practice Activity

- ***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

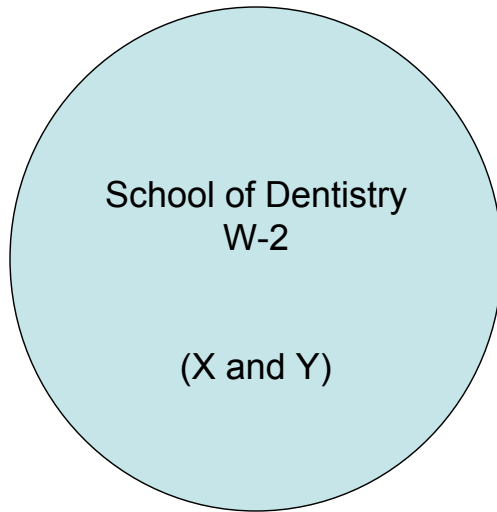
- ***Consulting Policy***
  - Dentistry
  - Veterinary Medicine
  - Pharmacy
- ***Practice Plan Policy***
  - Medicine (Twin Cities)
  - Medicine (Duluth)
  - Nursing

# Medicine

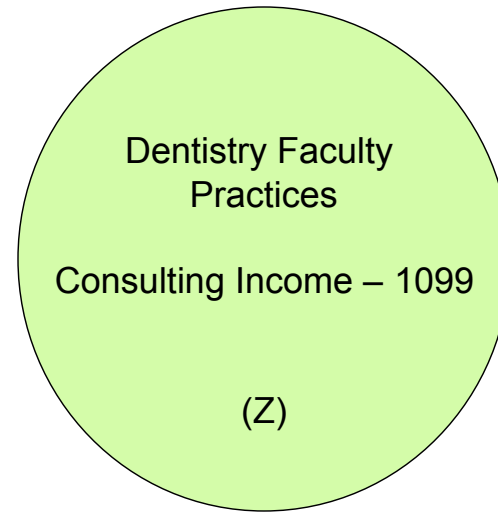


(Two independent legal entities; two discrete employers;  
dual benefits; governed by single practice plan policy)

# Dentistry

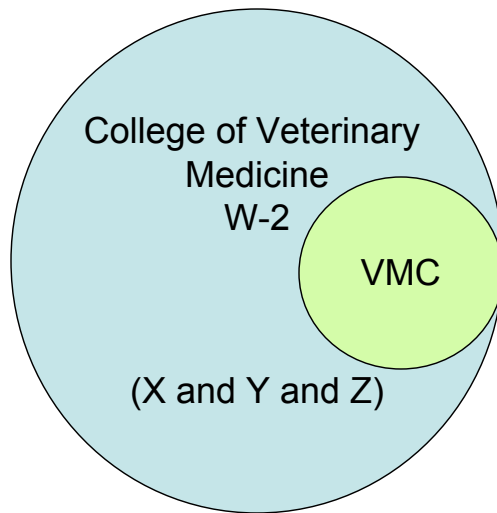


University Employment

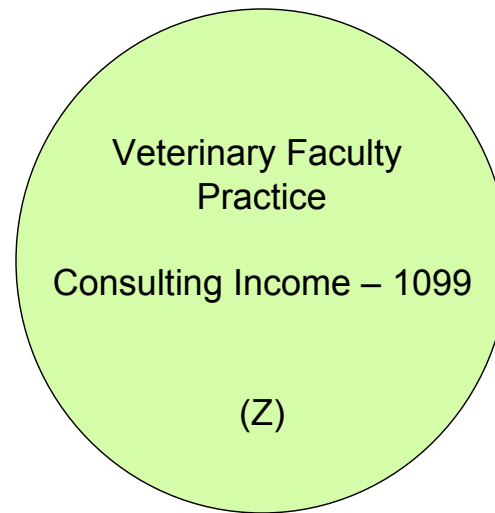


Outside Income Policy

# Veterinary Medicine



University Employment

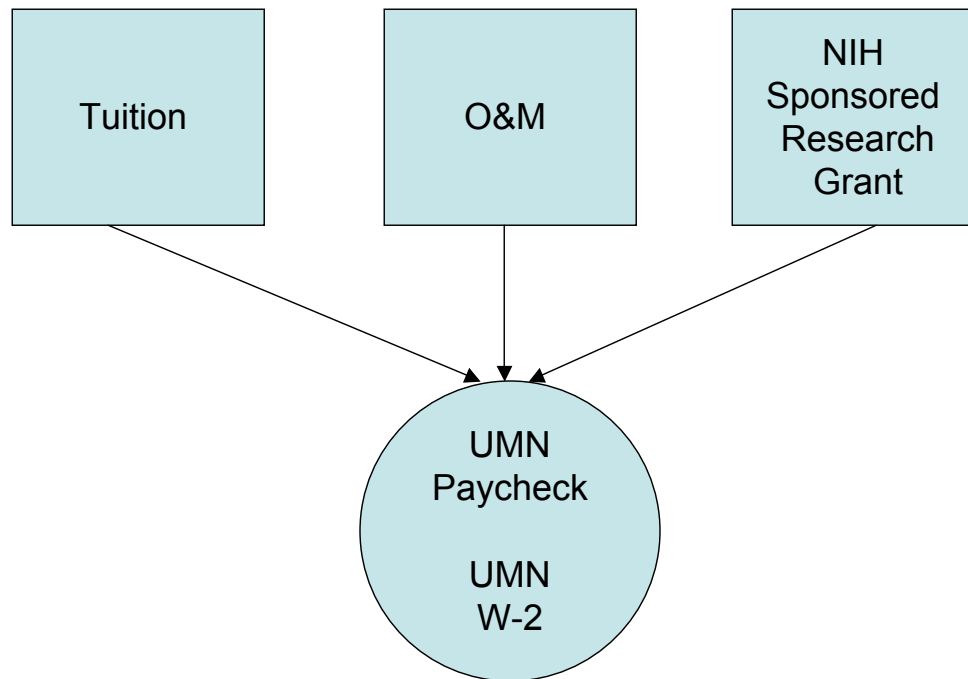


Outside Income Policy

## How Faculty are Paid: Case Studies

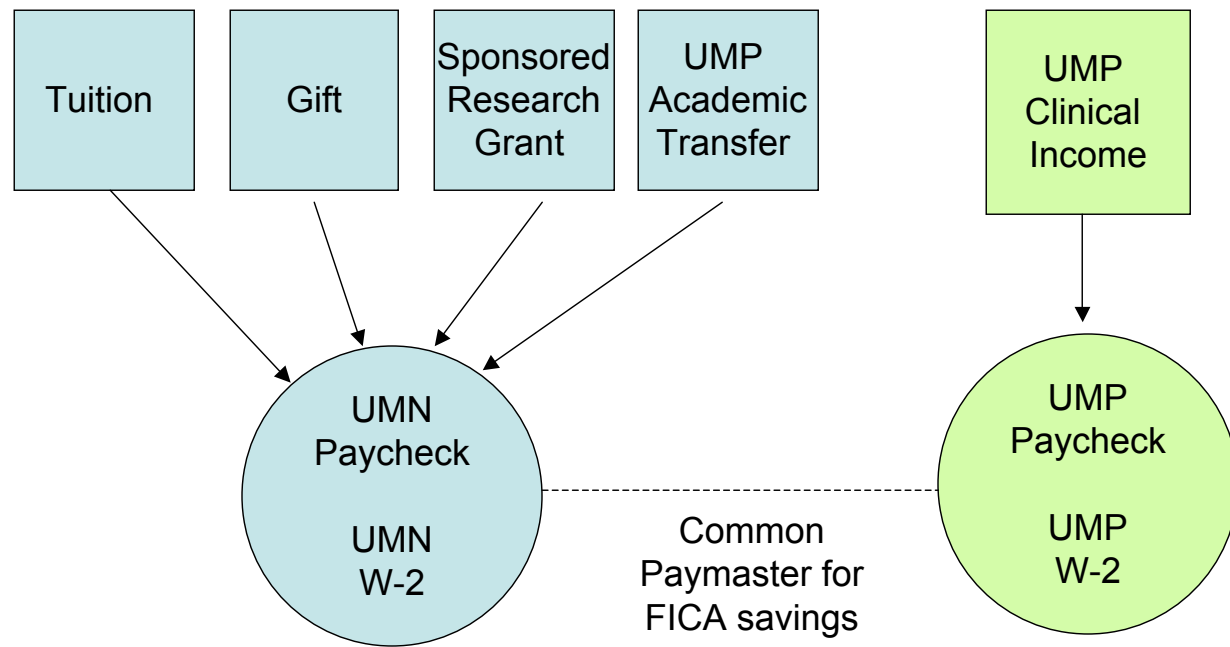
- Medical School - Basic Scientist
- Medical School - Clinical Scientist
- Dentistry Faculty
- Veterinary Medicine Faculty
- Pharmacy

# Medical School Basic Scientist

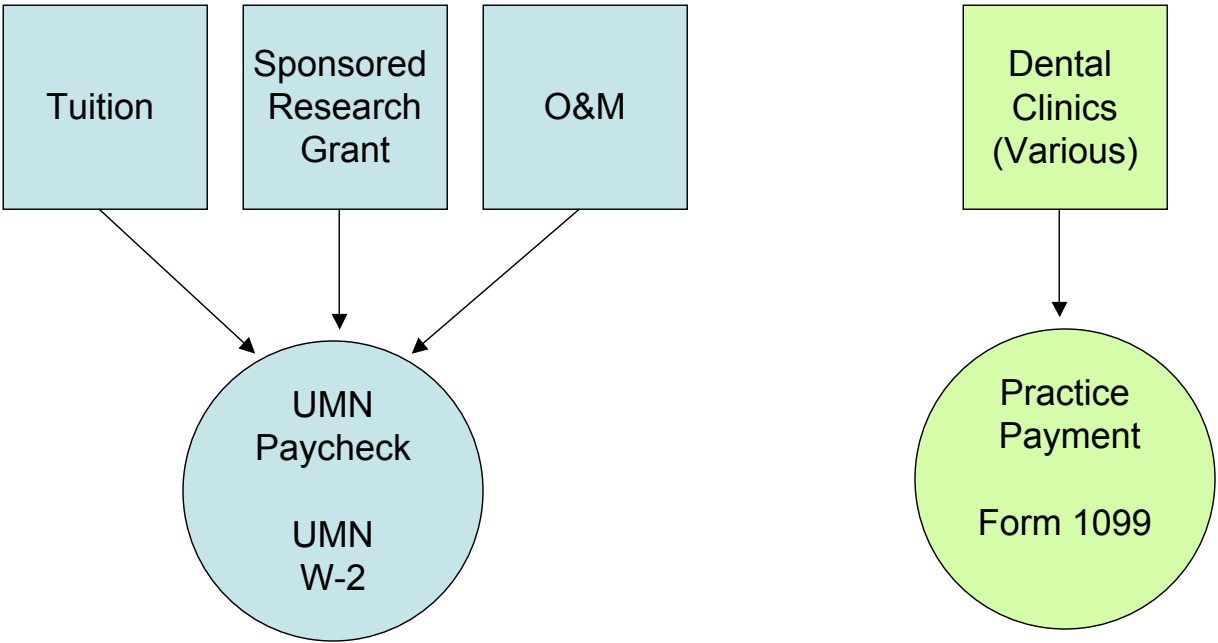




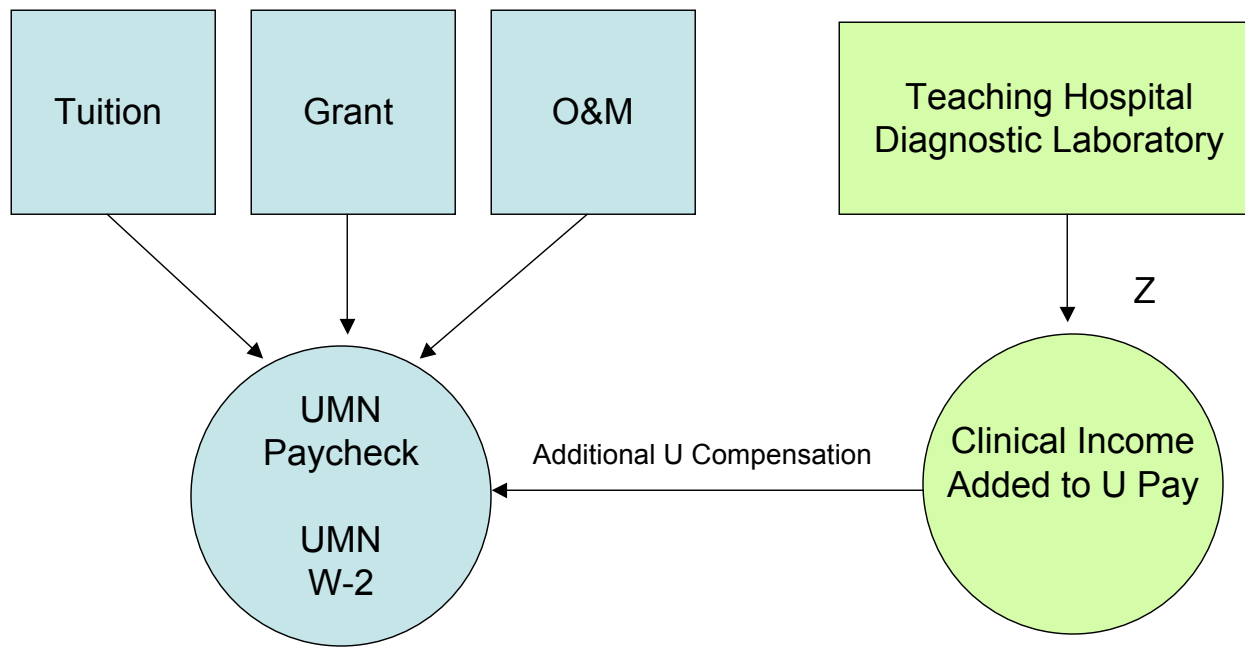
# Medical School Clinical Scientist



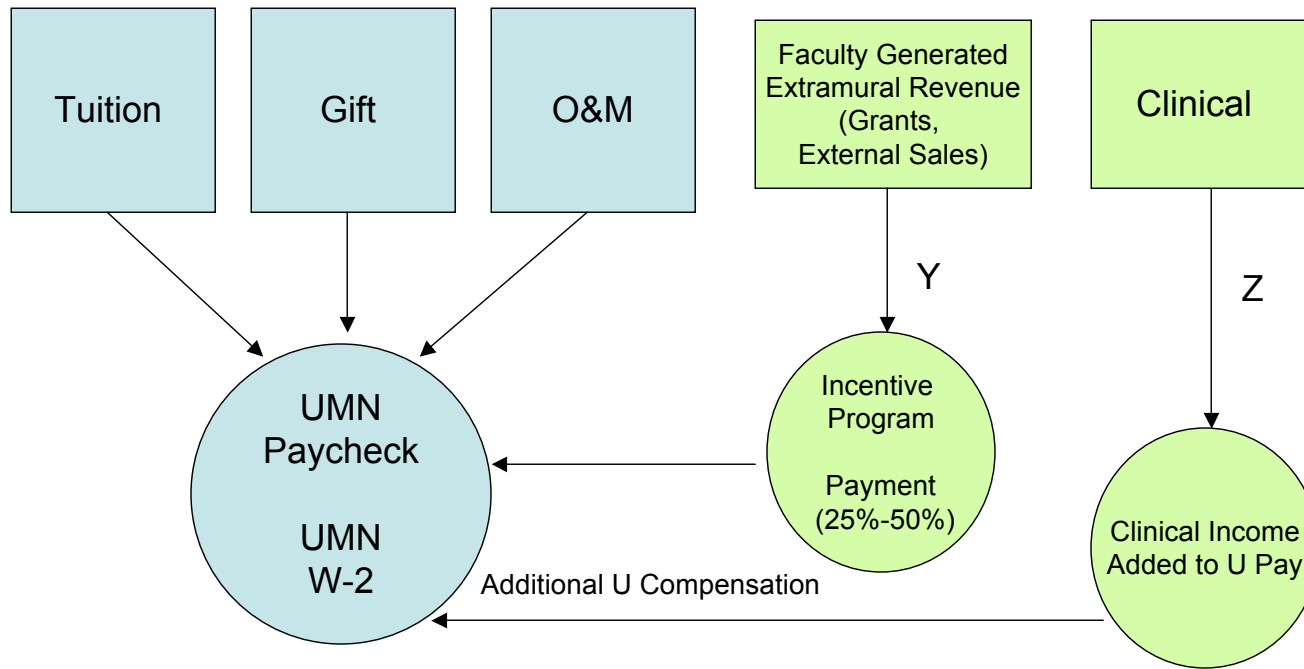
# Dentistry Faculty



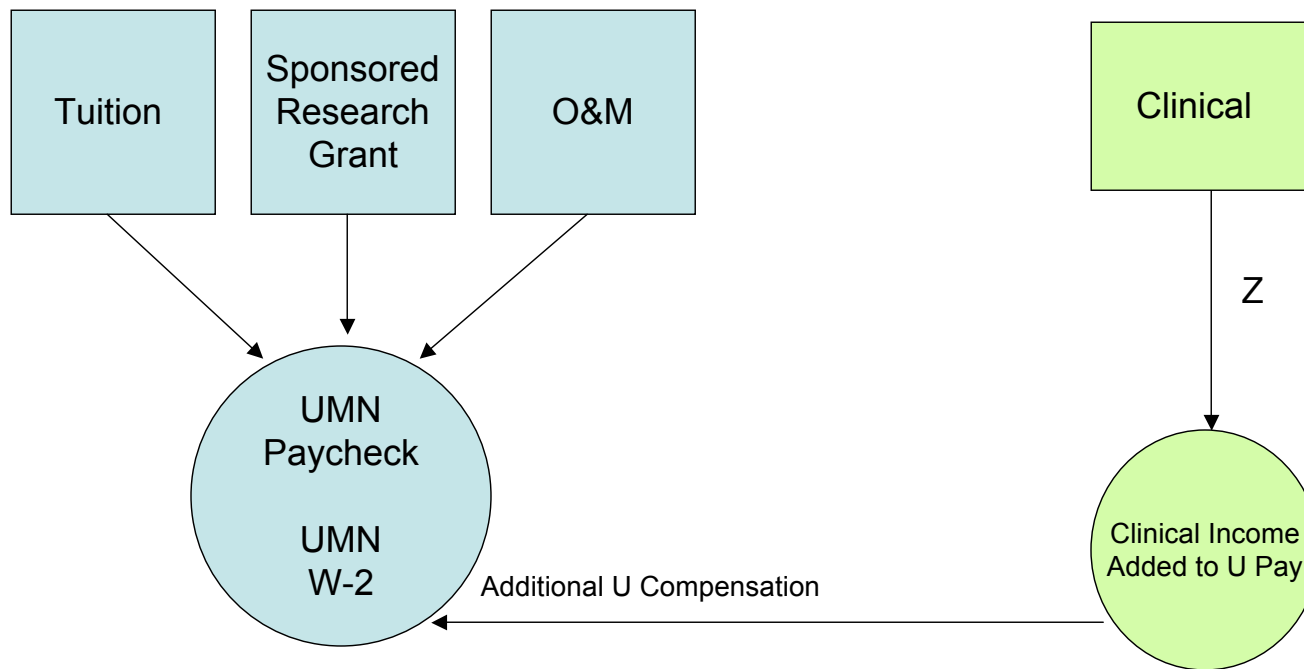
# Veterinary Medicine Faculty



# Pharmacy Faculty



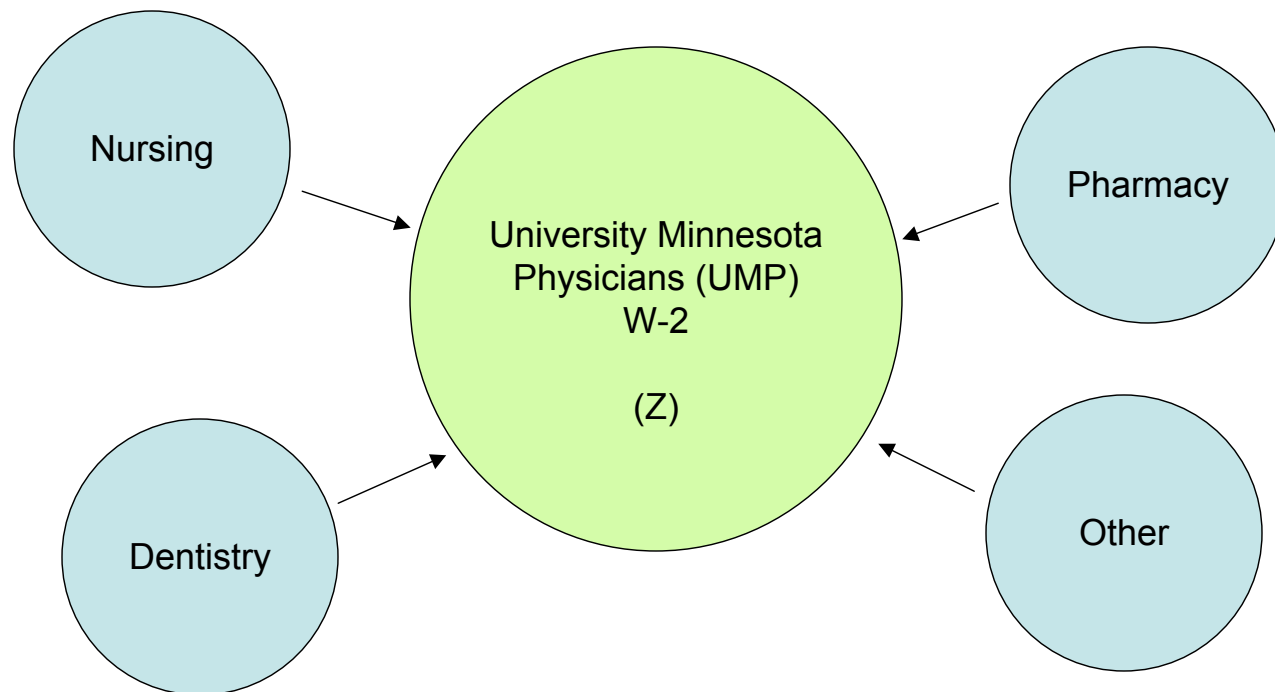
# Nursing Faculty



# 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?



# Policy Considerations for Future

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