

## **Department of Health Sciences FY2024 Clinical Compensation Plan**

### **I. Introduction:**

This Department of Health Science Compensation Plan (this “Department Plan”) is designed to meet the goals of maintaining the long-term financial solvency of the Department, while encouraging excellence in clinical service, teaching, research and administration. It intends to reward high performing faculty and standardize expectations so as to foster accountability among all faculty for meeting certain minimum standards. Further, this Department Plan is intended to better align total compensation with mission-based productivity and national benchmarks, as well as acknowledge present and anticipated national changes in healthcare reimbursement and availability of grant funding. Lastly, this Plan’s goals include providing performance-based compensation that rewards all Departmental missions.

This Department Plan is subject to, and must conform to, the overarching UNC-Chapel Hill School of Medicine Clinical Department Faculty Compensation Plan (the “SOM Plan”). The SOM-wide rules for clinical faculty compensation are set forth in the SOM Plan. This Department Plan focuses on those areas in which the Department has certain flexibility, under the governing principles of the SOM Plan, to define and implement discrete methodology most appropriate for its specialty and clinical practice. The Department will provide copies of this Department Plan and the SOM Plan, upon request, to any faculty members participating hereunder. The Chair of each Department shall be responsible for implementing their Department Plan and any associated Divisional compensation plans, including any community plans, and shall inform the Department’s faculty in writing of such plans not less often than annually.

### **II. Plan Summary:**

The Department, with the approval of the President of UNC Faculty Physicians (“UNCFP”) in consultation with the Executive Dean of the School of Medicine and Chief Clinical Officer of UNC Health, has elected to use a three (3) year rolling average of the Association of Schools Advancing Health Professions (“ASAHP”) national compensation survey as its general benchmark for establishing target Total Cash Compensation (“TCC”) for its faculty members. Together they have determined that this survey reflects market competitive compensation that is aligned with mission-based productivity.

Each Departmental faculty member’s TCC will be comprised of (a) Total Annual Salary (i.e. Annual Base Salary plus any Supplemental Pay); (b) Extra Duty Payments in consideration of excess duties (e.g. excess call coverage); and (c) Incentive Payment;

each of which are further defined in the SOM Plan. The sum total of which must conform with the UNC Board of Governors' salary policies<sup>1</sup>.

Any Extra Duty Payment activities should be approved in advance by the Chair and Division Director.

As a member of the Faculty Practice, employee of the School of Medicine and citizen of the University, faculty are expected to fulfill FP Work Standards ("FPWS"). Fulfillment of FPWS is a necessary condition for eligibility for discretionary compensation, including, but not limited to, Incentive.

In addition to FPWS, each faculty member in this Department is expected to meet their annual Base Work Expectations ("BWE") to satisfactorily perform their job obligations.

All compensation paid pursuant to the SOM Plan and this Department Plan will be (a) in accordance with methodologies that are defined and set in advance of the start of the fiscal year (i.e., July 1); (b) consistent with fair market value and commercial reasonableness standards, as defined under applicable federal healthcare laws and regulations; (c) not vary with, or take into account, the volume or value of referrals a faculty member makes within the Department or the SOM, or to UNC Hospitals, to any UNC Health Care System affiliate, or to any unaffiliated health care entity with which the Department has a contractual or other financial arrangement; and (d) not vary based solely upon receipt or termination of a federally sponsored research grant.

### **III. Eligibility for Participation:**

All faculty members appointed to this clinical department are eligible to participate.

Additional rules regarding eligibility under various circumstances are set forth in the SOM Plan and in all cases, where a faculty member's compensation is to be determined independent of the provisions of this Department Plan. Such alternate compensation must be (i) approved by the Chair and the Dean or Dean's designee; (ii) clearly documented; (iii) approved by the Office of University Counsel; (iv) clearly communicated to the faculty member; and (v) consistent with institutional policy and applicable law.

### **IV. Definitions:** The terms Base Salary, Supplements, Total Annual Salary, FTE, cFTE, Extra Duty Payments, Incentive Payment, and Total Cash Compensation or TCC as used in this Plan all have the meaning defined in the SOM Plan.

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<sup>1</sup> The UNC Board of Governors annually publishes approved salary ceilings for School of Medicine clinical faculty, by Department. Faculty salaries (inclusive of all components of salary compensation: annual base salary, supplemental pay, one-time payments and incentive) cannot exceed the stated ceilings without permission of the UNC System Office.

- V. FP Work Standards (“FPWS”) are metrics that a faculty member must meet as a member of the FP, employee of the SOM, and citizen of the UNC-Chapel Hill. Failure to meet FPWS shall subject a faculty member to remedial measures, including, but not limited to, (i) Incentive Payment must be reduced or withheld; and (ii) Annual Base Salary must be reviewed at the next annual cycle, and generally will be reduced unless a well-documented and permissible exception is granted by the Chair, in consultation with the President of UNCFP and the Office of University Counsel. The FPWS are outlined in the SOM Plan and listed below:
1. Maintains timely and appropriate credentialing and licensure.
  2. Speaks and acts towards patients, families and colleagues and staff in a respectful manner, and upholds our mission to improve the health and wellbeing of North Carolinians and others whom we serve through excellence in patient care, education and research by:
    - a. Promoting health and providing superb clinical care while maintaining our strong tradition of reaching underserved populations and reducing health disparities across North Carolina and beyond.
    - b. Preparing tomorrow’s health care professionals and biomedical researchers by facilitating learning within innovative and integrated curricula and team oriented interprofessional education. We will cultivate outstanding teaching and research faculty, and we will recruit outstanding students and trainees from highly diverse backgrounds to create a socially responsible, highly skilled workforce.
    - c. Developing and supporting a rich array of outstanding health sciences research programs, centers and resources. We will provide infrastructure and opportunities for collaboration amongst disciplines throughout and beyond UNC-CH to support outstanding research. We will foster programs in the areas of basic, translational, mechanistic and population research.
  3. Engages in professional behavior consistent with UNC-CH SOM & FP philosophy of teamwork as a basis of patient care.
  4. Serves on regularly scheduled committees, as requested by Chair/Division Chief/Director.
  5. Regularly attends unit meetings and departmental activities consistent with department policy.
  6. Meets finance and compliance standards, coding standards and complies with UNC Healthcare documentation standards.

7. Meets and adheres to compliance and financial standards for UNC-CH research and sponsors.
8. Meets and adheres to compliance and financial standards for all UNC-CH funds.
9. Performs teaching responsibilities consistent with UNC-CH SOM guidelines as set by and agreed upon with Chair/Division Chief/Director.
10. Attends scheduled patient care activities on time unless adequate advance notice is provided per departmental guidelines.
11. Close notes for patient encounters within a reasonable time consistent with applicable standards of medical practice.
12. Follow all applicable policies listed in Section V.D.iii of the SOM Plan.

**Base Work Expectations:** Base Work Expectations (“BWE”) for clinical, teaching, research, and administration (as applicable, depending on the faculty member’s activities) are metrics that a faculty member is expected to fulfill and maintain in consideration of the faculty member’s current year Base Salary; and must meet (i) to be eligible for earning an Incentive Payment in a particular category in the current fiscal year under metrics defined in this Departmental Plan; and (ii) to maintain their Annual Base Salary for the following year. BWE metrics must be clearly delineated and set by Departments prior to the beginning of the fiscal year and will be relative to each faculty member’s involvement in patient care, teaching, research and administration, recognizing that a faculty member’s effort and thus work assignment may not be spread equally across all areas. If the established BWE are not met during the course of the year, (i) Incentive Payment must be reduced or withheld in the category for which the BWE was not met for the applicable fiscal year; and (ii) Annual Base Salary must be reviewed at the next annual cycle, and shall be reduced unless a well-documented and permissible exception is granted by the Chair, in consultation with the President of UNCFP and the Office of University Counsel.<sup>2</sup> In the event a faculty member takes formal protected leave (i.e. FMLA leave, ADA accommodation, or leave approved under the UNC Chapel Hill Policy for Faculty Serious Illness, Major Disability and Parental Leave) or receives any other formal accommodations, BWEs will be adjusted accordingly such that a faculty member is not penalized solely on the basis of having taken protected leave or receipt of formal accommodation. BWEs are separate and distinct expectations than those activities assigned to faculty for which Supplemental Pay is awarded. Health Sciences base work expectations can be found in the Department of Health Sciences Guidelines for Establishing Faculty Responsibilities & Productivity Expectations in Teaching, Research/Scholarship, Clinical Practice, Professional Service, and Administration.

- VI. Salary levels for faculty at each academic rank in the Department of Health Sciences will be set by the Chair, in consultation with the Department of Health Sciences (DHS) Division/Unit Directors. This annual base salary will reflect current, expected minimum salary levels for Health Sciences faculty at each rank who meet minimum performance expectations as established in their annual faculty plan and approved by their respective Division/Unit Directors. These expected annual base salary levels will be adjusted

periodically, but not more frequently than annually, and only in connection with the fiscal year cycle, based in part on changes in state EHRA salary dollars provided to the Department during that time. Recommended adjustments in the DHS Academic Minimum salaries will be forwarded to the Dean of the School of Medicine for approval. Salaries reflect a three (3) year rolling average of the ASAHP national compensation survey and are reviewed with Division Leadership on an annual basis.

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<sup>2</sup>With respect to a faculty member, Department Chairs may forego remedial measures if, due to factors outside a faculty member's control, a faculty member fails to fulfill all BWE at 100%, but achieves at least 95% completion of the clinical BWE category.

Additional rules and procedures with respect to the setting, increase, and decrease of salary are set forth in the SOM plan(s).

Each faculty member will have measurable goals for the year. In addition to assessing performance relative to expectations for the previous year, Annual Base Salary is also set relative to a faculty member's specific productivity goals for the coming year (as documented in his/her completed Annual Productivity Plan and Performance Review form), as well as the current and anticipated availability of salary support in the Division. Rates may vary among rank across disciplines. Division/Unit Directors will recommend salary adjustments to the Chair of DHS for faculty in their Divisions, based upon the documented results of this annual performance review and goals set for the upcoming year.

Evaluation of a faculty's performance in terms of goals identified in his/her productivity plan will be made by the Division Director. Based on this recommendation and availability funds an increase may be recommended.

**VII. Incentive Payment:** It is the Department's goal to encourage excellence and high performance across all missions, through metrics that are meaningful, measurable and manageable. While these incentive payments are in place, it is important to note that given the smaller clinical operations the Department typically does not have a large pool of funds to be used. Incentive Payments may be considered but not guaranteed for duties performed above the expectations set by FPWS or a faculty member's BWE. Each Departmental faculty member participating in this Plan will be evaluated according to the methodology set forth below; provided however, the payment of incentive is subject to the Limitations on Incentive Payment listed in the SOM Plan. Section V.E. of the SOM Plan sets forth certain limitations on Incentive Payments applicable to all SOM Departments. Such limitations include, but are not limited to, the overall financial condition of the Department, UNCFP, and the SOM (e.g., operating margin, performance trends, expected costs of strategic initiatives, and performance compared to budget), timing limitations on when Incentives may be paid, as well as adherence to applicable laws and policies. Incentive payments in this Departmental plan are subject to all limitations in the SOM Plan. In addition, faculty (including SOM employed APPs) whose contributions are significant to the Department may be eligible for incentive from the central departmental pool.

**Necessary Conditions:** To be eligible for any incentive payments, Faculty must:

- i. meet BWE and FPWS to be eligible for any incentive payment.
- ii. ensure that their Annual Performance Review is signed and returned to their Division Directors no later than June 30<sup>th</sup>.
- iii. meet the expectations of clinical performance including those that support high

quality reimbursable care

- iv. complete their work in a manner that supports organizational goals (Appendix A). This includes providing a high quality patient experience that results in patient and referral source satisfaction, writing quality patient documentation that supports timely payment of services, and engagement in the work environment in a manner that supports collaborative and interprofessional care.

Unless information is not available biannually (or an exception is granted by the President of UNCFP), the Incentive Payment is to be decided on a biannual basis. The Department will hold back 3% of Total Clinical Compensation to create a pool for Incentives Payments. Distribution of the incentive pool will be as follows:

- a. **10% Quality Measures (only Clinical Faculty working in the Department's Hearing and Communication Center (HCC) and University Physical Therapy (UPT)).**
  - Schedule Utilization average of 85% or greater for cFTE (1 point)
  - No show rate average of 8% or less (1 point)
  - Patient Satisfaction Survey (1 point for at least one returned for provider)
- b. **62% Patient Satisfaction Survey Quarterly Results (only Clinical Faculty who work in Health Sciences Faculty Practice Clinics, UPT, HCC and Durham locations will be eligible).** Criteria for payment will be shared by the Chair of the Department at the beginning for the fiscal year.
- c. **28% Research, Education, Service and Administration.** When faculty member has a combination of activities in the areas of Teaching, Service, and Administration that exceed the normal expectations, as determined by the Division/Unit Director or Chair, the faculty member can then be recommended for an incentive payment by their Division/Unit Director or Associate Chair for Research/Clinical and approved by the Chair.

Recommendations for incentive payments will be made to the Chair by Department and Division Leadership (Associate Chair for Clinical, Associate Chair for Administration and Program Division Director). The Chair's decision to provide Incentive payments, as calculated pursuant to the above criteria, must take into consideration the current, overall financial condition of the Department. Distribution of any Incentive will take place on a biannual basis, in March for first 6 months, and September of the following fiscal year for last 6 months. UNCHCS Transfer may be used to supplement the Incentive Component based on criteria specified in this compensation plan (and not in any way that takes into account the volume or value of referrals or other business generated by Department faculty members for UNCH or any UNCHCS affiliate). Clinical incentives will be prorated based on cFTE. Given that the pool of funds for UNCHCS Transfers for the department is limited, Divisions may decide to provide incentive payments from discretionary funds based on the overall financial condition of the Division.

**VIII. Miscellaneous:**

- A. Faculty members who perform clinical services pursuant to a professional services agreement (“PSA”) that the Department has with a third party, and whose cFTE is reduced by the amount of effort assigned to that PSA, may be eligible to receive additional or alternative incentive compensation under formulae defined in the PSA, provided that compensation (i) is fair market value, and when included in TCC does not cause TCC to exceed fair market value; and (ii) does not take into account the volume or value of referrals made by the faculty member to the contractual third party. Targets must be vetted and approved by Division Directors in consultation with Associate Chairs (as appropriate) and the Chair of the Department.
- B. Rank-Based Promotional Increases. In accordance with the SOM Plan, a faculty member may receive an increase of Annual Base Salary during a plan year in response to a promotion. The table below specifies the range of mid-year promotion related base salary increases for the Department of Health Sciences.

Promotion To Rank	Increase in Annual Base Salary over prior rank
- Assistant Professor	- \$1,000 -\$5,000
- Associate Professor	- \$1,000 -\$5,000
- Professor	- \$1,000 -\$5,000

- C. Salary Offers to New Faculty. New salary offers are based on consideration of multiple factors: recent ASAHP Median benchmark data, individual qualifications, including educational preparation, years and type of experience, and cumulative record of productivity and accomplishment in the areas of teaching, research and service relative to rank, appointment type and/or position; and market factors which include scarcity of needed specialty, and prevailing salary scales. Based on the above factors and rank at initial appointment, the Department Chair and the Division Director identify the salary offer.

The Department will make a reasonable effort to minimize the phenomenon of salary compression. Salary compression occurs when new faculty are hired at higher salaries than current faculty, given equivalent qualifications and records of accomplishment. There are, however, instances when it is necessary to bring in new faculty at salary levels higher than those of current faculty. Whenever this occurs, market salary increases (as described below) are given high priority in the following years in order to reduce the disparity in salaries between newly hired and longer-term faculty with equivalent qualifications and records of accomplishment.

To the extent the terms and conditions of this Plan conflict with the terms and conditions of the SOM Plan, the terms and conditions of the SOM Plan shall control.



APPENDIX A

Clinical	Quality	Finance	Research & Education	Culture & Well-Being
Ambulatory Composite Score	% of faculty participating in LEAN training or involved in quality improvement project	Faculty compensation to benchmark	Maintain/increase total research funding (expenditures)	85% participation in well-being index
Reduce LOS Index	Cost per discharge	Faculty productivity gap to compensation	Maintain/increase # of trainees that publish	Develop action plan related to the SOM mission (in conjunction with Dean's Office liaisons) at department level and present findings
Increase value-based covered lives				
Optimize turn-around times for procedures and studies	Risk coding and documentation improvement for specialty departments	% of compensation for non-clinical activities	Clinical trial enrollment registry (using OnCore)	Measure/track/develop action plan to address time after hours doing Epic documentation
Maximize investigation and closure of SAFE reports	360 evaluation for faculty		Decrease # of citations (ACGME)	Reduce % of emails sent after hours or on weekends