

Boston University Eye Associates, Inc. Compensation Policy

Adopted: Approved November 29, 2017

Revised: March 11, 2020

Objectives

To provide a system of compensation for clinical, administrative, research, and educational activities provided by the faculty of Boston University Eye Associates, Inc. (the “Corporation” or the “Department”) that

1. supports the clinical and academic missions of the Department, Boston Medical Center (“BMC”), and Boston University School of Medicine (“BUSM”)
2. provides equity among faculty by matching compensation to effort
3. establishes a link between provider clinical productivity and compensation
4. recognizes academic productivity and mission-critical activities, including departmental citizenship
5. enables financial sustainability

Limitations

This Policy is intended to have general applicability. It is, however, within the discretion of the President of the Corporation to depart from this policy as he or she deems appropriate; provided, however, that any deviation from this policy will be set forth in the salary letter provided to each Provider.

This policy does not constitute an employment contract between the Provider and the Department. The Department reserves the right to amend this policy at any time, on a prospective basis, as it deems necessary.

All compensation paid directly or indirectly to Providers will be in compliance with the policies and procedures of the Department, the Faculty Practice Foundation, Inc., d/b/a Boston University Medical Group (the parent corporation for all faculty Department plans at BMC known as “BUMG”) and BUSM, and in accordance with the Physician Practice Agreement signed by each Provider.

Additionally, the Compensation Policy is intended to comply with all applicable laws and regulations governing physician compensation arrangements. In no instance shall a Provider’s compensation vary with or take into account the value or volume of referrals for designated health services made by, or other business generated by, a Provider or otherwise be inconsistent with applicable law.

In the event of a change in law or regulation, or any change in interpretation of a law or regulation, that might raise questions regarding whether the policy complies with applicable law, the President will take appropriate action to remedy the situation immediately. This action may include modifying individual physician compensation amounts retroactively or prospectively.

Boston University Eye Associates, Inc. Compensation Policy

Affected Faculty

This policy applies to all physician and optometric faculty with clinical responsibilities.

Compensation shall be composed of a base component and an incentive component.

In the event of termination of employment, the provider shall be entitled to base compensation only with respect to services rendered through the effective date of termination. The provider shall not have any claim whatsoever to any receivables that are outstanding or collected on or after the date of termination.

A provider shall be entitled to incentive compensation only if they are employed by the Corporation on the date of distribution.

Base Component

Base salary is the starting salary upon employment and will be 95% of the most recent AUPO median at the same rank and subspecialty. The President has the discretion to adjust this base salary to account for the critical needs of the Department, experience of the candidate, regional salary benchmarks, market conditions and affordability with regards to the financial performance of the Department. These adjustments will be documented by the President and retained by the Department.

In the first two years of employment, the starting base salary is guaranteed.

After the initial two years, the base salary may be adjusted prospectively every twelve months to reflect:

1. Academic performance
2. Service to the Department
3. Changes in institutional and other support to the Department
4. Any unusual circumstances that may have arisen including, but not necessarily limited to extended leave, notice of termination, planned retirement, changes in number of days working per week, or material changes in the status of the Provider
5. For any such other reason as deemed appropriate by the President so long as such reason(s) is (are) consistent with applicable laws, is (are) not based on the value or volume of referrals for designated health services, and is (are) not an inducement for services in a way adverse to law.

At the end of each fiscal year (period ending June 30), the base salary will also be adjusted to reflect a Provider's profit or loss:

1. At the end of each fiscal year (period ending June 30), if a provider has a profit for the 12 month period, and has met both the median wRVU productivity target and has worked 45 weeks during the fiscal year, base salary shall be increased effective July 1 of the next fiscal year. Any increase

Boston University Eye Associates, Inc. Compensation Policy

will be based upon Department financial performance, resultant base salary relative to local and national benchmarks and the provider's profitability and productivity.

Total compensation (base plus incentive) shall not exceed the 90th percentile of the most recent report for the Northeast region by the Association of University Professors of Ophthalmology ("AUPO") at the same rank.

See Appendix B for an example of revenue greater than expense.

2. At the end of each fiscal year (period ending June 30), if a provider has a loss for the 12-month period (expenses are greater than revenue), base salary will be reduced equal to the loss effective July 1 of the next fiscal year. There are two limitations applied to any calculated reduction:
 - The reduction to base salary will not exceed 10%.
 - Base salary will not be reduced below the most recent AAMC Northeast 25th percentile, unless productivity is below the most recent cFTE adjusted UHC 25th percentile wRVU.

See Appendix C for an example of revenue less than expense.

Base salary may be adjusted prospectively more frequently than once every twelve months in the event of a significant decrease in revenue during a twelve-month period.

Incentive Component

The incentive component is additional compensation reflective of the provider's profitability and mission-supporting performance.

Profitability Component

Profitability is the excess of the provider's revenue over expenses and is determined at six-month intervals (July to December and January to June). Distribution to the provider will be made in a lump sum in October and April. Providers are eligible for the profitability incentive after a minimum of 6 months employment.

Revenue includes the following sources directly attributable to the provider:

1. All payments for patient care services (posted cash collection)
2. Institutional support or other funding from BMC and BUSM
3. Contracts with other entities
4. Research grants
5. Other revenue

Expenses include the following items directly attributed to and indirectly allocated to the provider:

1. Base salary, fringe benefits, payroll processing and other administrative fees
2. Professional liability insurance
3. Professional development expenses for continuing medical education and other professional activities as allowed

Boston University Eye Associates, Inc. Compensation Policy

4. Indirect expenses (“overhead”) applied to all revenue sources; these vary by revenue source, are updated at least annually and published at the start of the fiscal year (see Appendix A).

If revenue is greater than expenses, the profit is allocated into the following three pools:

1. Department (50%)
2. Provider (42.5%)
3. Mission (7.5%)

Providers are not guaranteed 42.5% of the calculated profit. The distribution may be reduced dependent upon the overall financial performance of the Department.

Providers are eligible to receive their share of the profit, if their productivity (wRVUs) is at or above the cFTE adjusted UHC median and they have worked 45 weeks during the fiscal year, both prorated for each 6-month interval.

If the wRVU target is not met, then profit-based incentive compensation is reduced commensurate with the reduction in productivity. For example, if productivity is at 95% of the median, then only 95% of the calculated incentive will be paid. In the event that the provider does not fulfill the 45 work week requirement, the provider will not be eligible for the Profitability Component.

Mission Component

The total mission pool is equal to 7.5% of the sum of each provider’s calculated profit. Faculty that meet all the eligibility requirements will receive one equal share, which is not adjusted for FTE.

All providers must meet all of the following criteria:

1. Timely submission of teaching evaluations
2. Completion of annual required didactic sessions; 3 for ophthalmology and 1 for optometry
3. Attend at least one research faculty meeting annually
4. Attend 75% of faculty meetings when not away for vacation, professional development or academic meetings, 50% of which must be in person
5. Completion of one quality and safety activity annually
6. Complete five additional activities related to education, quality and safety, research, leadership and citizenship (see Appendix D).

At their annual review with the Department Chair, providers will identify one quality and safety goal and five additional activities to be completed. These will then be assessed at the next annual review process.

All ten goals or activities must be completed in full to be eligible for one equal share of the mission component pool. Partial completion and prorated shares will not be allowed.

Boston University Eye Associates, Inc. Compensation Policy

At the discretion of the Chair, the Compensation Committee may be assigned responsibility for reviewing faculty accomplishments toward their stated goals and make recommendations to the Chair for determination of mission incentive compensation.

The Mission Component will be distributed annually in September.

Boston University Eye Associates, Inc. Compensation Policy

Appendix A: Indirect Expense Allocation

Indirect expenses are calculated as a percentage of revenue based upon the site of service or source of revenue. These will be established at the start of each fiscal year and may be adjusted based upon financial performance of the Department.

The following table illustrates indirect rates for FY20:

South Shore offices	55%
South Shore patients surgery at BMC	43%
South Shore ambulatory surgery center	43%
BMC office and surgery, including HSN	25%
Grants	20%
Contracts	20%
Cosmetic self-pay	20%
Practice Support	0%
BMC and BUSM	0%

Boston University Eye Associates, Inc. Compensation Policy

Appendix B: Example of Provider with Revenue Greater than Expense

Revenues						
Location	Gross Revenues	Overhead	Net Revenues	Overhead %		
BMC	\$ 250,000	\$ (62,500)	\$ 187,500	25%		
HSN	60,000	(15,000)	45,000	25%		
Suburbs	260,000	(143,000)	117,000	55%		
BMC SS Surgeries	8,500	(3,655)	4,845	43%		
ASC & Other Suburbs	50,000	(21,500)	28,500	43%		
Grant Revenue	-	-	-	20%		
Contract Revenue	-	-	-	20%		
Comestic/Cash	-	-	-	20%		
Insitutional Support	-	-	-			
	\$ 628,500	\$ (245,655)	\$ 382,845			
Expenses						
	Physician Costs:	Base Salary	\$ 200,000			
		Fringe	57,600			
		Payroll Fee	1,000			
		Malpractice	5,124			
		Prof. Development	7,000			
			<u>\$ 270,724</u>			
		Gain/(Loss)				
		Net Revenue	\$ 382,845			
		Direct Costs	<u>\$ 270,724</u>			
		Net Gain/(Loss)	\$ 112,121			
		Retained by Department (50%)	\$ 56,061			
		Provider Profitability (85% of 50%)	\$ 47,651			
		Mission-Supporting Effort (15% of 50%)	\$ 8,409			

Revise tables to reflect new names for sites of service or source of revenue

Pools 50%, 42.5% and 7.5%

Pool names = Department, Profitability and Mission

Boston University Eye Associates, Inc. Compensation Policy

Appendix C: Example of Provider with Revenue Greater than Expense

Revenues				
Location	Gross Revenues	Overhead	Net Revenues	Overhead %
BMC	\$ 50,000	\$ (12,500)	\$ 37,500	25%
HSN	15,000	(3,750)	11,250	25%
Suburbs	250,000	(137,500)	112,500	55%
BMC SS Surgeries	-	-	-	43%
ASC & Other Suburbs	155,000	(66,650)	88,350	43%
Grant Revenue	-	-	-	20%
Contract Revenue	-	-	-	20%
Comestic/Cash	-	-	-	20%
Insitutional Support	-	-	-	
	\$ 470,000	\$ (220,400)	\$ 249,600	
Expenses				
Physician Costs:	Base Salary		\$ 200,000	
	Fringe		57,600	
	Payroll Fee		1,000	
	Malpractice		5,124	
	Prof. Development		3,500	
			<u>\$ 267,224</u>	
	Gain/(Loss)			
	Net Revenue		\$ 249,600	
	Direct Costs		\$ 267,224	
	Net Gain/(Loss)		<u>\$ (17,624)</u>	
	Retained by Department (50%)		\$ -	
	Provider Profitability (85% of 50%)		\$ -	
	Mission-Supporting Effort (15% of 50%)		\$ 4,000	

Revise tables to reflect new names for sites of service or source of revenue

Pools 50%, 42.5% and 7.5%

Pool names = Department, Profitability and Mission

Source of \$4,000 mission not clear

Boston University Eye Associates, Inc. Compensation Policy

Appendix D: Mission Incentive Component Examples

Education	<ol style="list-style-type: none"> 1. Attend at least 50% of Grand Rounds 2. Organize and lead at least one educational event per year (e.g. refraction or retinoscopy workshop, technician training, wet lab, proctor simulator at VA, mock Boards) 3. Review resident applications 4. Participate in resident applicant interviews 5. Primary mentor research project for Resident Research Day 6. Participate on at least one other educational event per year
Quality and Safety	<ol style="list-style-type: none"> 1. Sit on one Department peer review committee on quality or safety 2. One quality or safety abstract or presentation at a BMC, regional or national meeting 3. Participate in one root cause analysis 4. Faculty lead on one quality improvement or safety project
Research	<ol style="list-style-type: none"> 1. Participate as co-investigator in a funded prospective clinical trial 2. Publish a peer reviewed case report/series, review article or research article 3. Act as primary mentor of a resident or student research project 4. Publish peer reviewed research article as first or last author (not case report/series or review article) 5. Present a poster at a national meeting as first author or PI 6. Submit Grant application to research funding agency 7. Act as first or second reader on a master's or doctoral thesis 8. Act as principal PI on clinical trial (could be local for multi-center study)
Leadership	<ol style="list-style-type: none"> 1. Serve on at least 1 standing Department practice committee per year 2. Serve on a professional society national or regional committee 3. Serve on one BUSM, BUMG or BMC committee 4. Give one NEOS lecture 5. Service chief or fellowship director