

# Boston University Mallory Pathology Associates, Inc. Compensation Policy

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Adopted: Approved March 21, 2018

To provide a system of compensation for clinical, administrative, research, and educational activities provided by the clinical employees of Boston University Mallory Pathology 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 clinical employees by matching compensation to effort
3. recognizes academic productivity and mission-critical activities, including departmental citizenship
4. enables financial sustainability

## Limitations

This Policy is intended to have general applicability. It is, however, within the discretion of the President (“President”) of the Corporation (the “Chair”) 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 clinical employee.

Compensation increases are granted based on successful financial performance of the department as a whole and satisfactory progress by individual clinical employees to academic rank promotion and assignment to senior administrative or educational positions within the department.

This policy does not constitute an employment contract between the clinical employee and the Department. The Department reserves the right to amend this policy at any time as it deems necessary.

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

Additionally, the Compensation Policy is intended to comply with all applicable laws and regulations governing clinical employee compensation arrangements. In no instance shall a clinical employee’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 clinical employee or otherwise be inconsistent with applicable law.

## Boston University Mallory Pathology Associates, Inc. Compensation Policy

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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 Faculty Member's compensation amounts retroactively or prospectively.

### **Affected Faculty**

This policy applies to all clinical employees employed by the Department with clinical responsibilities. In the event of termination of employment, the clinical employee shall be entitled to compensation only with respect to services rendered through the effective date of termination. The clinical employee shall not have any claim whatsoever to any receivables that are outstanding or collected on or after the date of termination.

### **Compensation Program**

Compensation shall be composed of two components: (1) a base component for clinical, administrative, research and educational activities, and (2) an incentive component. Parts of the compensation program rely on salary benchmarks for the Northeast Region from the Association of American Medical Colleges ("AAMC"). Total compensation for purposes of AAMC salary benchmarks comprises both the base and incentive components.

### Base Compensation

Base compensation is the clinical employee's starting salary upon employment. The base compensation is negotiated between the clinical employee and the President. In determining the base compensation, the President will take into consideration the following factors: experience of the candidate, national benchmarks, and affordability with regards to the financial performance of the Department. Newly recruited clinical employees will be compensated at no less than the 25th percentile for their faculty rank as contained in the most recent published salary data for the Northeast Region from the AAMC.

Following initial employment, base compensation may be adjusted prospectively based on the following considerations:

- 1) Promotion. Clinical employees with academic promotions will be compensated at the most current 25th AAMC percentile of their new faculty rank or receive an increase in base salary of 10%, whichever is greater. The new compensation increase will begin the first full month at that rank.
- 2) Progression to AAMC median. Each clinical employee will receive equal progressive increases each year sufficient, when combined with any incentive compensation the clinical employee may receive, to be paid at the AAMC median total compensation of her/his faculty rank within 7 years of her/his recruitment or promotion. In determining the progressive increases, the President will

## Boston University Mallory Pathology Associates, Inc. Compensation Policy

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take into consideration the affordability with regard to the financial performance of the Department.

- 3) If a clinical employee remains at her/his current academic rank after 7 years, her/his total compensation (base component plus incentive component) will be no less than the current AAMC median and the clinical employee will receive an adjustment annually to stay at least at the median compensation at that rank. If the AAMC median decreases the base compensation will remain unchanged.
- 4) For clinical employees with the academic rank of Full Professor, once they meet the AAMC median, raises will be sufficient, when combined with any incentive compensation the clinical employee may receive, to reach the 75th percentile within 7 years. Base compensation will not be awarded above the most recent 75th AAMC percentile (but employees will still be eligible to receive incentive compensation).
- 5) Moonlighting – With the permission of the Chair, clinical employees may provide moonlighting services to other pathology departments under contract. Compensation for moonlighting will be paid as overbase pay.

### Incentive Component

The incentive pool will be equal to the profit, if any, of the overall Corporation after accounting for all expenses and an amount of retained earnings for the Corporation. The retained earnings shall be determined by the President and BUMG Senior Leadership, prior to the fiscal year in which it will be applied, based on the needs of the Corporation to fund its charitable purposes, ability to meet BUMG's reserve policy of 30 days cash on hand and the maintenance of reasonable reserves in relation to strategic objectives and general market conditions. At the end of a fiscal year, the President and BUMG Senior Leadership may determine, based on those same considerations and the Department's actual financial performance, that it is not prudent to use the reserved incentive pool. The President and BUMG Senior Leadership may also determine, at the end of a fiscal year, that the Department has additional profit available for the Department's use. The President, based on the needs of the Corporation to fund its charitable purposes and outstanding obligations, the overall level of clinical employee salaries compared to median benchmarks, and the need for additional reserves, may decide to use the additional profit to supplement the Department's incentive pool.

The incentive component is included in the department's annual operating budget. If the department achieves budget, 100% of the incentive budgeted will be distributed. All or a portion of the clinical employee's incentive component may be at risk in years where the department does not meet its financial projections or maintain financial stability metrics in accordance with FPF's reserve policy. This could result in clinical employees who may have already reached the median (or 75th percentile) compensation not reaching the median (or 75th percentile) in a given year.

## Boston University Mallory Pathology Associates, Inc. Compensation Policy

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A clinical employee shall be entitled to incentive compensation only if the clinical employee is actively employed by the Corporation on the date that the Corporation distributes the incentive bonus.

The incentive component will be distributed with respect to the following elements:

- 1) The available incentive component pool will be divided into shares of equal value. Shares will only be distributed to clinical employees who were active and employed during the reserved salary period and are also active and employed at the time of distribution as follows:
  - Instructors                      1 Share
  - Assistant Professor            2 Shares
  - Associate Professor            3 Shares
  - Professor                         4 Shares
  
- 2) All shares are pro-rated for the number of months that a clinical employee is an active member of the Department. In the event that a promotion occurs during the year, all shares will be pro-rated for number of months at each rank.