

Boston University Psychiatry Associates Inc. Compensation Policy

Adopted: Approved January 30, 2018

Objectives

To provide a system of compensation for clinical, administrative, research, and educational activities provided by the faculty of Boston University Psychiatry 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 physician 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 (“President”) of the Department (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 physician.

This policy does not constitute an employment contract between the physician 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 Providers will be in compliance with the policies and procedures of the Department, the Faculty Practice Foundation, Inc. (the parent corporation for all faculty Department plans at BMC known as the “FPF”) 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

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appropriate action to remedy the situation immediately. This action may include modifying individual physician compensation amounts retroactively or prospectively.

Affected Faculty

This policy applies to all physician faculty employed by the Department with clinical responsibilities for at least two years.

In the first two years of employment compensation may be guaranteed. Base Salary for a new physician is calculated as described below, although newly hired physicians with responsibility for one of the administrative or leadership positions may, in the reasonable judgment of the President and taking into consideration market data and the new physician's years of experience, receive a different amount of compensation over the Instructor level salary. The Chair may also apply (on a prospective basis) an additional increase, reduction, or withhold to the calculated base salary, taking into consideration the financial performance and/or position of the department, experience of the candidate, and regional and national salary benchmarks. After the initial 2 years, compensation would be based on this policy.

In the event of termination of employment, the physician shall be entitled to compensation only with respect to services rendered through the effective date of termination. The physician 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 three components: (1) a base component from clinical, administrative, research and educational activities, (2) an incentive component, (3) and a bonus component.

Base Salary Component

Base Salary will be based on Academic Rank, with the salary for an Instructor set at 95% of the 2016 AAMC Median for General Psychiatry. The 2016 AAMC median for General Psychiatry for an Instructor is \$179,000. The use of this benchmark shall be evaluated periodically and updated as warranted.

Promotion to successive academic ranks will result in the following increases over the Instructor-level base salary component:

- Assistant Professor \$2,250
- Associate Professor \$10,000
- Professor \$20,000

Directors, Vice Chairs, or other administrative and leadership positions will receive additional compensation over the Instructor level salary commensurate with their role. The following are the increases over the Instructor level salary for these positions:

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• Executive Vice Chair of Clinical Services	\$105,000
• Vice Chair, Behavioral Health Integration	\$90,000
• Outpatient Medical Director	\$80,000
• Director, Child and Adolescent Psychiatry	\$14,500
• Residency Training Director	\$14,500
• Director of Consultation & Liaison	\$14,500
• Director of Emergency Services	\$14,500
• Fellowship Director	\$14,500
• Associate Medical Director	\$5,000
• Associate Program Director	\$5,000

Incentive Component

An additional amount equal to 5% of the Base Salary Component (as defined above, but excluding additional compensation from administrative and leadership positions) may be paid out at the end of the year if the incentive component requirements are met. Results for the entire 12 month fiscal year (period ending June 30), will be used to calculate the incentive component.

The incentive component will be paid as a bonus. Measurement of the performance metrics listed below will take place in August of the next fiscal year and the incentive will be distributed in September.

The Incentive component is a non-guaranteed bonus payment which will be paid annually to clinical faculty who meet the requirements. At the end of a fiscal year, the President and FPF Senior Leadership may determine, based on the needs of the Corporation to fund its charitable purposes, ability to meet the FPF's reserve policy of 30 days cash on hand, the maintenance of reasonable reserves in relation to strategic objectives and general market conditions, and the Department's actual financial performance, that it is not prudent to provide the Incentive Component. The President and FPF 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 Provider salaries compared to median benchmarks, and the need for additional reserves, may decide to use the additional profit to supplement the amount of the Incentive Component.

The following components make up the incentive based compensation:

- 1) Medical Records Requirements (3%)
 - a. At least 95% of visits closed within 7 calendar days
 - b. Medication reconciliation for more than 50% of new transitions of care

Both requirements must be met to earn the 3% portion of the incentive component

- 2) Citizenship Requirements (2%)
 - a. Completion of BMC's Annual Compliance and Privacy Training

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- b. FIT/TB/Influenza Testing complete
- c. Minimum attendance of at least 50% of the sum of all of the following departmental meetings:
 - i. Prescriber meetings
 - ii. Faculty meetings
 - iii. Quarterly department-wide meetings

All citizenship requirements must be met to earn the 2% portion of the incentive component

The incentive factors of the compensation plan may be revised annually as departmental priorities change.

Bonus Pool

The Bonus Component is additional income that may be earned by a Provider if the Department exceeds productivity targets. The bonus 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 FPF 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 the FPF'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 FPF 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 bonus pool. The President and FPF 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 Provider salaries compared to median benchmarks, and the need for additional reserves, may decide to use the additional profit to supplement the Department's bonus pool. Bonuses will be calculated and distributed by Period 4 (October) of the following fiscal year in which the activity occurred.

To be eligible for the Bonus Pool, physicians must meet all of the performance requirements in either the Tier 1 or Tier 2 bonus pools. The amount of the Tier 2 bonus will be 1.5 times higher than the Tier 1 bonus. A physician can only receive a bonus from one Tier (not from both). Each Tier of the bonus pool will be distributed in equal amounts to those eligible.

Tier 1 Requirements:

- 1) Clinical: Productivity over median cFTE adjusted wRVU benchmark
- 2) Administrative: Excellence in departmental leadership roles (if applicable)

Tier 2 Requirements:

- 1) All Tier 1 Requirements
- 2) Research: At least one peer-reviewed publication as the first or senior author or two peer-reviewed publications with any authorship order; OR the Principal Investigator of one investigator-initiated grant.

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Phase-In Schedule

AY18

- Base Salary: Not implemented
- Incentive Component: Measured but not enforced
- Bonus Pool: Fully implemented

AY19

- Base Salary: Implemented at 50% of the calculated change in base salary (both increases and decreases)
- Incentive Component: Implemented at 100% based on measurement period of July 1, 2018 to June 30, 2019.
- Bonus Pool: Fully implemented

AY20

- Plan is fully implemented

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Appendix A: Base Salary Component and Incentive Component Calculation

Example 1

Academic Rank	Assistant Professor
95% of the 2016 AAMC Median for General Psychiatry	\$170,050
Increase over Instructor-level base salary component	\$2,250
Total Base Salary	\$172,300

Incentive Component (if qualifies) $\$172,300 \times 0.05 = \$8,615$

Example 2

Academic Rank	Professor
95% of the 2016 AAMC Median for General Psychiatry	\$170,050
Increase over Instructor-level base salary component	\$20,000
Total Base Salary	\$190,050

Incentive Component (if qualifies) $\$190,050 \times 0.05 = \$9,502.5$

Example 3

Academic Rank	Assistant Professor
95% of the 2016 AAMC Median for General Psychiatry	\$170,050
Administrative Title	Vice Chair, Behavioral Hlth Integration
Increase over Instructor-level base salary component	\$90,000
Total Base Salary	\$260,050

Incentive Component (if qualifies) $\$170,050 \times 0.05 = \$8,502.5$

Appendix B: Bonus Pool Calculation

		Inputs	
		Total Bonus Pool	\$ 200,000
		Tier 2 Multiplier	1.5
Incentive Pool Tier	Number of Eligible Physicians	Bonus Amount per Eligible Physician	Total
Tier 1	10	\$ 11,429	\$ 114,286
Tier 2	5	17,143	85,714
Total	15	\$ 13,333	\$ 200,000