Boston University Medical Group
Office of the President

March 14, 2022

Dear Colleagues,

I write you today about a very important topic – physician compensation. While there are unique and complex components to compensation and the nature of work in academic medicine, we are committed to providing all physicians with information about the process for setting and evaluating compensation at BUMG. And to using that information and our performance as an organization as opportunities to make changes and improvements.

The following topics will be addressed in this note:

1. Governance and oversight
2. Development of compensation plans
3. Salary benchmarks
4. Comparison to benchmarks
5. Analysis of outliers
6. Gender equity assessment

One additional comment on equity in compensation. Understanding and addressing salary equity with respect to both gender and race/ethnicity is essential. It is simply the right thing to do. And it brings with it tangible institutional benefits – an ability to attract and retain faculty and fulfill our institutional missions. Compensation equity is thus a central component in an overall approach to diversity, equity and inclusion.

Finally, this note is just an introduction to the topic of compensation at BUMG. There will also be several town hall sessions to ask questions and discuss this in more depth; click here to see the schedule and participate.

Governance and Oversight

The Compensation Committee, on behalf of the BUMG Board of Trustees, reviews and formally approves the compensation plans for the BUMG clinical departments. The members of the committee include the CEO of Boston Medical Center, the Dean of Boston University School of Medicine and the three independent BUMG trustees – Monica Noether, Anita Tucker and Gene Lindsey. Gene Lindsey serves as chair of the committee. In addition to approving all new and revised compensation plans, the committee performs regular audits to ensure the plans are implemented as approved. The committee also completes annual assessments to evaluate whether BUMG compensation plans and policies promote fair and equitable compensation.

We have engaged SullivanCotter, a nationally recognized firm with expertise in physician compensation at academic medical centers, as a consultant to the committee. They provide advice

regarding compensation methodology, information on salary benchmarks and fair market value assessments.

Development of Compensation Plans

The Compensation Committee has developed a compensation philosophy (click here to view) to guide clinical departments as they create or revise compensation plans. The Committee does not seek to endorse or implement a single compensation plan for all physicians but allows each clinical department to establish and administer a compensation system of its own design that meets the department's particular circumstances and objectives. All plans must be consistent with overall organizational goals and principles.

A department considering a new compensation plan or a revision to an existing plan works initially with the BUMG Finance Committee, external consultants and legal counsel to develop the plan or revisions. Departments often establish their own workgroups to oversee the development of a compensation plan. Financial modeling during the process helps determine the cost of the plan, comparisons to benchmark salary data, compensation equity and the impact on each individual provider's expected annual compensation.

The BUMG Compensation Committee then reviews the proposed plan and related information. The Compensation Committee approves the plan; it is also reviewed by the BUMG Board. Once these steps are complete, the department should provide a copy of the compensation plan document to each physician and, when appropriate, issue updated salary letters explaining the new compensation.

The Compensation Committee has reviewed and approved compensation plans for thirteen out of eighteen clinical departments and is actively working on four plans in AY22. See Appendix 1 for a list of approved plans and the date each was approved or revised. The approved compensation plans are available here.

Salary Benchmarks

The primary benchmarks we use for comparison are from the American Association of Medical Colleges (AAMC) annual survey. The data is based upon detailed information submitted by more than 150 accredited medical schools in the United States for almost 120,000 full-time faculty. We use data from the Northeast Region (AAMC-NE).

AAMC survey data for academic year 2019 to 2021 is now available on the BUMG website; click here to view the reports.

We also use survey data provided by SullivanCotter. This comes from several sources. The most recent report is available here.

Comparison to AAMC Benchmarks

We have analyzed physician salaries relative to the AAMC-NE median by specialty, adjusted for academic rank, on an annual basis for AY18 to AY20. Payroll data for the academic year ending June

30th is compared to the AAMC benchmarks for the same period. Consistent with the overall methodology to establish AAMC benchmarks, physicians with an FTE below 0.75 or annual salary less than 9 months are excluded. We also exclude department chairs, PhDs, fellows and chief residents.

The comparison is reported as a compensation index (or ratio); total compensation paid (the numerator) to the AAMC benchmark (the denominator). Compensation above the AAMC benchmarks produces a compensation index > 1.0. Conversely, if compensation is below the benchmark, the compensation index is < 1.0.

The following table summarizes the aggregate results for AY18 to AY20. This indicates that overall compensation is slightly below the AAMC-NE median. Further details by clinical department are available in Appendix 2.

Table 1	AY18	AY19	AY20
Comparison to AAMC-NE median	0.96	0.94	0.95

In general, there is a correlation between productivity and compensation. Similar to a compensation index, we measure productivity with an index – actual wRVU (the numerator) compared to the UHC/Vizient median (the denominator). Departments with a compensation index greater than 1.0 typically have productivity that is also above median. When productivity is below median, it is challenging to fund median compensation. Additional detail on compensation and productivity by department is provided in Appendix 3.

Below 25th and Above 90th Percentile

We have also evaluated the percentage of physicians paid below the 25th percentile and the percentage paid above the 90th percentile, based upon AAMC-NE survey data. The table below shows the data for AY18 to AY20. Further details by clinical department are in Appendix 4.

Table 2	AY18	AY19	AY20
Percentage < 25th percentile	32%	32%	30%
Percentage > 90th percentile	5%	4%	5%

For some departments where a considerable proportion of physicians are below the 25th percentile, we have either revised the compensation plan or obtained additional funding, or both, to support increased compensation in AY21 and AY22.

SullivanCotter completes a detailed analysis for every physician with compensation above the 90th percentile. In all instances it was determined that the data (for example, productivity, cash collections, market comparison) supported a salary that was within fair market value.

Gender Equity Assessments

Consistent with other industries and professions, faculty salaries at academic medical centers commonly show gender differences, with women paid less than men.

The table below shows the salary for female physicians relative to male physicians in AY18 to AY20. Additional detail by department is provided in Appendix 5.

Table 3	AY18	AY19	AY20
Female relative to male salary	0.92	0.94	0.92

Recognizing that the simple female to male comparison noted above may not tell the entire story, in each of these academic years we also conducted a multivariate regression analysis adjusting for academic rank, years of service, department and AAMC benchmarks.

The table below shows the number of departments where this analysis indicated a statistically significant difference with females paid less than males, either in aggregate for the department, or at a specific academic rank. Additional detail by department is provided in Appendix 6.

Table 4	AY18	AY19	AY20
Departments with female < male	4	1	5

In total, there were five departments with relevant findings over the three years of review.

When considering these results it is important to note that a statistically significant difference does not necessarily indicate a meaningful difference in compensation that is problematic. Because the regression analysis does not include or control for all possible factors that might affect compensation (in particular, department or system leadership roles, limited subspecialty salary benchmarks and small sample size) a finding of statistical significance only prompts additional review of a department's circumstances. Like all statistical analyses, the results must be interpreted with caution; it is certainly plausible that there is a rational and acceptable reason for the difference in compensation.

Three of the departments have substantially revised their compensation plan effective AY21 or AY22. Analysis of the expected compensation when the new methodology is employed indicates that gender differences should be eliminated.

Of the remaining two departments, neither has a compensation plan that has been formally approved by the BUMG Compensation Committee. One of these is under review this year and the other will be reviewed next year when a new chair is appointed.

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Going forward, we will provide an annual report on physician compensation each year. The AAMC benchmarks are typically available in January or February and our goal is to produce the annual report in July or August. Accordingly, you should expect an update on our performance in AY21 (period ending June 30, 2021) in July or August of 2022.

The AAMC recently issued a comprehensive report that examines faculty salaries at US medical schools by gender and race/ethnicity. You can find the report here. Thus far, we have not assessed

the impact of race/ethnicity on physician compensation. This is clearly an important limitation and we are planning to incorporate this into the AY21 analysis.

I hope you find this information useful – it is certainly a challenging topic – but something that we have an obligation to address in an open and transparent manner.

Most things are difficult before they become easy and a journey of a thousand miles must begin with a single step.

Sincerely,

William R. Creevy, MD
President and CEO

APPENDIX 1: Compensation Plans Approved by BUMG Compensation Committee

Department	Date Approved
Psychiatry	1/30/2018
Pathology	3/21/2018
Neurology	6/19/2019
Ophthalmology	3/11/2020
Otolaryngology	3/11/2020
Radiology	9/20/2020
Family Medicine	12/11/2020
Emergency	3/24/2021
Orthopaedics	6/9/2021
Neurosurgery	6/9/2021
Pediatrics	9/8/2021
Urology	9/8/2021
OB/GYN	9/8/2021
Surgery	Under review for AY23
Anesthesia	Under review for AY23
Radiation Oncology	Under review for AY23
Dermatology	Under review for AY23
Medicine	

APPENDIX 2: Compensation Index to AAMC-NE Median

Department	AY18	AY19	AY20
Orthopedics	1.65	1.48	1.60
Anesthesia	-	-	1.14
Ophthalmology	1.18	1.11	1.06
Pathology	1.03	1.04	1.01
Radiation Oncology	0.89	0.99	1.01
Neurology	0.93	0.89	1.00
Surgery	0.87	0.91	0.97
Emergency	1.01	1.01	0.96
Radiology	1.05	0.99	0.95
Psychiatry	0.98	0.94	0.94
Dermatology	1.04	0.92	0.92
Medicine	0.95	0.93	0.92
Pediatrics	0.87	0.90	0.90
Family Medicine	0.95	0.87	0.89
Neurosurgery	0.93	0.71	0.87
Otolaryngology	0.95	0.80	0.79
OBGYN	0.76	0.73	0.78
Urology	0.92	0.89	0.77

APPENDIX 3: Compensation Index and Productivity

Department	Compensation Index			Productivity Index		
	AY18	AY19	AY20	AY18	AY19	AY20
Orthopedics	1.65	1.48	1.60	1.24	1.30	1.07
Anesthesia	-	-	1.14	-	-	-
Ophthalmology	1.18	1.11	1.06	1.18	1.03	0.93
Pathology	1.03	1.04	1.01	1.35	1.26	1.10
Radiation Oncology	0.89	0.99	1.01	0.67	1.13	1.12
Neurology	0.93	0.89	1.00	1.03	1.00	0.87
Surgery	0.87	0.91	0.97	0.95	1.08	0.84
Emergency	1.01	1.01	0.96	1.19	1.19	1.01
Radiology	1.05	0.99	0.95	1.00	1.03	0.85
Psychiatry	0.98	0.94	0.94	1.09	0.95	1.01
Dermatology	1.04	0.92	0.92	1.16	0.87	1.19
Medicine	0.95	0.93	0.92	1.05	1.03	0.97
Pediatrics	0.87	0.90	0.90	0.78	0.81	0.77
Family Medicine	0.95	0.87	0.89	0.87	0.99	0.94
Neurosurgery	0.93	0.71	0.87	0.69	0.71	0.48
Otolaryngology	0.95	0.80	0.79	1.18	1.09	0.86
OBGYN	0.76	0.73	0.78	0.94	1.03	1.01
Urology	0.92	0.89	0.77	0.74	0.94	0.74

APPENDIX 4: Percentage of Faculty Salary < 25th Percentile or > 90th Percentile

Department	< 25th Percentile			> 90th Percentile		
	AY18	AY19	AY20	AY18	AY19	AY20
Otolaryngology	29%	44%	67%	14%	11%	11%
OBGYN	61%	68%	63%	-	-	-
Family Medicine	48%	52%	55%	5%	2%	3%
Pediatrics	61%	58%	51%	3%	3%	1%
Psychiatry	43%	45%	39%	10%	5%	4%
Radiology	-	16%	38%	-	3%	3%
Pathology	-	-	36%	-	8%	9%
Dermatology	10%	36%	33%	10%	-	-
Emergency	24%	23%	31%	17%	7%	6%
Urology	14%	17%	29%	-	-	-
Medicine	23%	19%	21%	3%	2%	3%
Surgery	38%	29%	15%	-	-	-
Ophthalmology	-	-	14%	16%	15%	14%
Neurology	55%	65%	10%	5%	4%	7%
Orthopedics	10%	9%	10%	40%	36%	30%
Anesthesia	-	-	7%	-	-	20%
Neurosurgery	25%	100%	-	-	-	-
Radiation Oncology	33%	-	-	-	-	-

Appendix 5: Female relative to male salary by department

Department	AY18	AY19	AY20
Urology	1.12	1.08	1.20
Pathology	0.94	1.01	1.13
Neurology	1.13	1.09	1.04
Neurosurgery	1.17	0.97	1.03
Radiation Oncology	1.03	0.96	1.02
Medicine	0.99	1.02	1.01
Psychiatry	1.05	0.91	1.01
Radiology	0.99	1.03	0.99
Pediatrics	0.91	0.96	0.98
Dermatology	0.98	0.93	0.97
Emergency	0.95	0.95	0.95
Anesthesia	-	-	0.94
Ophthalmology	0.96	0.92	0.93
OBGYN	0.90	0.86	0.89
Surgery	0.84	0.84	0.86
Otolaryngology	-	1.04	0.82
Family Medicine	0.82	0.88	0.79
Orthopedics	0.62	0.83	0.71

APPENDIX 6: Gender Equity Regression Analysis Female < Male

Department	AY18	AY19	AY20	Comment
Dermatology	X		X	
Infectious Disease	X		X	
Family Medicine	X		X	Comp plan changed effective AY21
Obstetrics & Gynecology			X	Comp plan changed effective AY22
Pediatrics	X	X	X	Comp plan changed effective AY22

The "X" indicates that the multivariate regression analysis found a statistically significant difference between females compared to males, adjusting for academic rank, years in service, department and AAMC benchmark; females paid less than males, either in aggregate for the department, or at a specific academic rank.

When considering the data in Appendix 6, it is important to note that a statistically significant difference does not necessarily indicate a meaningful difference in compensation that is problematic. Because the regression analysis does not include or control for all possible factors that might affect compensation (in particular, department or system leadership roles, limited subspecialty salary benchmarks and small sample size) a finding of statistical significance only prompts additional review of a department's circumstances. Like all statistical analyses, the results must be interpreted with caution; it is certainly plausible that there is a rational and acceptable reason for the difference in compensation.