

## SACUBO 2009 "Best Practices" Proposal

### Linking Faculty Pay to Performance: A Multi-Mission Model

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## **ABSTRACT**

*Since approximately eighty percent of the total USF College of Medicine budget is allocated to faculty and staff compensation, the Dean charged a college-wide Council to develop a Pay for Performance System that would improve productivity and maximize salary dollars by setting clear performance expectations for faculty and staff, directly linking their pay to their performance. Deloitte Touche Consulting advised that the USF College of Medicine Faculty Pay for Performance System was a model plan for academic health centers.*

*The Asset Investment Management System (AIMS) Council membership consisted of representatives from the faculty, department chairs, central administration and the USF Physicians. In order to implement the charge, the AIMS Council was divided into two major sub-committees, Finance and Salary Plan. The Salary Plan Subcommittee concluded that in order to create a sound pay for performance plan, two key elements must be addressed: clearly communicated performance expectations for all missions, teaching, research and service, and expected compensation. Therefore, the AIMS Plan, which was developed over a three-year timeframe, includes the following:*

- *Required College-wide minimum percentages of effort in teaching, research/scholarly activity, service and professional development for each ranked faculty member*
- *College-wide minimum performance requirements for Clinician and Basic Science ranked faculty*
- *A model for calculating Clinician faculty variable pay*
- *An evaluation instrument designed to pre-populate fields from one primary data source*

*Timely access to accurate performance data is critical to the success of any pay for performance system. In order to provide easy access to performance data, the AIMS Council selected a vendor for a data warehouse, Business Objects. The software has been purchased and installed providing the framework necessary to combine financial, human resource, patient care and space data from 13 disparate systems. The data warehouse, HART (Health Analytical Reporting and Tracking) allows the end user access to these disparate systems in a "one stop shop" format saving time by quickly accessing data that is housed on multiple systems throughout the University. In addition, dashboards have been developed that compare data fields for the various missions and provide summaries of productivity data at the individual, division, department and college level.*

## **INTRODUCTION OF THE ORGANIZATION**

The University of South Florida is one of the nation's top 63 public research universities and one of 39 community engaged public universities as designated by the Carnegie Foundation for the Advancement of Teaching. USF was awarded more than \$300 million in research contracts and grants last year. USF offers 219 degree programs at the undergraduate, graduate, specialist and doctoral levels, including the doctor of medicine. The University has \$1.6 billion annual budget, an annual economic impact of \$3.2 billion and serves more than 45,000 students. USF is a member of the Big East Athletic Conference.

While the University of South Florida, College of Medicine was founded to train physicians for a growing region, it now seeks to lead health care through creative models for patient centered care, for emerging fields of research, and for integrated education. The College has approximately 700 faculty and 1400 staff. The USF Physicians Group, the college's multi-specialty group practice, includes over 350 physicians and 69 practitioners who see patients throughout the Bay area. Patient care is offered in multiple specialties, including orthopedics, pediatrics, family medicine, surgery, neurosurgery, otolaryngology, anesthesiology, cardiology, cancer, neurology, dermatology, ophthalmology, obstetrics and gynecology, and allergy and immunology.

## STATEMENT OF THE INITIATIVE

In 2005, Dr. Stephen Klasko, Dean of the USF College of Medicine, realized the critical need to better manage the resources that were available to the College. During the previous ten years, the USF College of Medicine, like colleges of medicine throughout the United States, had experienced significant reductions in state allocated resources and shrinking practice plan reserves because of managed care and other external forces.

Dean Klasko created the Asset Investment Management System (AIMS) Council, charged with developing a proposed financial management plan that maximizes College fiscal resources and aligns resource allocation with the three College missions: teaching, research and clinical service. Since approximately eighty percent (80%) of the total College of Medicine budget is allocated for faculty and staff compensation, Dr. Klasko also charged the AIMS Council with developing a pay for performance plan that would improve productivity by establishing clearly defined performance expectations and rewarding performance.

## DESIGN

The AIMS Pay for Performance System was created over three years through a process that was lead by the College of Medicine AIMS Council. The AIMS Council was tri-chaired by Ms. Joann Strobbe, Dr. Bruce Lindsey and Dr. Chuck Paidas, with membership from Basic Science and Clinical faculty, Department Chairs and central administration. Dr. Paidas chaired the Salary Plan Subcommittee that proposed the initial draft of the AIMS Pay for Performance Plan. The methodology used to develop the AIMS Plan is provided below.

1. The Salary Plan Subcommittee initiated proposals for review and approval by the AIMS Council. The AIMS Council spent a full year in determining the activities that were to be measured and the related performance metrics. Numerous town hall meetings were held with faculty and Chairs to obtain feedback on draft documents.
2. An AIMS Office was created to provide support for the entire AIMS project which included a mission based management initiative. A Director was hired to support the AIMS Council and subcommittees, to create and maintain a website for continuous communication with faculty, and to lead the implementation of a data warehouse to support the project. A budget of approximately \$270,000 has been allocated to support the AIMS initiative.

3. Recognizing the need for a data repository that would automatically extract and store performance data from the many data sources within the University, the AIMS Council recommended the purchase of software which cost \$500,000 for the first two years and a \$125,000 per year continuing licensing fee. The USF Health data repository was named HART, Health Analytical Reporting and Tracking.
4. The Plan was piloted by six departments and meetings were held with faculty to obtain feedback which was considered in developing the final Pay for Performance Plan which was implemented effective July 1, 2008.

## **IMPLEMENTATION**

The AIMS Pay for Performance Plan was developed in three phases. Phase I, April, 2005 through April, 2006, included the initial design and development of the Pay for Performance criteria. Phase II, July 2006 through April, 2008, included a pilot of the initial criteria in six Clinical Departments and the Schools of Biomedical Sciences and Physical Therapy, and development of the final Plan. Further, the HART data warehouse was fully implemented. Phase III, implementation and continuous enhancement, began on July 1, 2008.

## **BENEFITS**

Even though the AIMS Pay for Performance Plan is in its first full year of implementation, the project has already benefited the College of Medicine in the following ways:

- The “culture” is changing to focus on outcomes and improved productivity
- Patient Care productivity has increased over the past two years
- Performance data is readily available, saving hundreds of hours of staff time in compiling reports from 13 separate data bases
- Clinician faculty response to requests for education program support has increased
- Clinical Departments are developing discipline specific metrics to supplement the College-wide performance criteria
- Raised awareness among clinicians regarding distribution of educational responsibilities within divisions and payer mix impact on revenues
- Helped to strengthen relationship with our major teaching hospital as hospital performance metrics are included in the AIMS Plan

## RETROSPECT

The project would have moved faster and smoother if the following had occurred:

- Protected time provided to the core management team to drive the process
- Recognition of the importance of Chair support for the initiative
- More frequent updates at departmental faculty meetings
- Develop clinician pay model earlier in the process
- Conduct workshops providing detailed examples of the impact of the AIMS Pay for Performance Plan on clinician salaries
- Create a guide for faculty to use in accurately reporting their effort
- Identify faculty champions in each Department and rely on them to communicate project status and advise of concerns