DOM Faculty Compensation Guidelines: For FY 2011-12

The Department of Medicine compensation guidelines for FY2011-12 are modeled from the Health Science Compensation Plan (HSCP), implemented July 1, 2002. The department follows additional guidelines and standards provided periodically by the vice chancellor and dean of Health Sciences, by the UC San Diego Medical Group and Medical Center as well as by UCOP. These standards and guidelines support budget preparation and achievement of strategic goals. This document conveys both the principles of faculty compensation funding and the practical application of those principles for Department of Medicine faculty.

These guidelines were initially developed and are modified annually by the chair, executive faculty (division chiefs), and the Department of Medicine Finance Committee. The guidelines are provided to all new faculty when appointed and are also published annually to all faculty with a request for comment. Any comments from faculty are reviewed at least annually by the Department of Medicine Finance Committee. Revisions based on those comments and on other UC San Diego School of Medicine policy changes are incorporated into the guidelines. The chair will present these guidelines at least annually to faculty.

It should be noted that due to state budget cuts, UCOP implemented certain salary reductions and furlough actions during fiscal years 2009-10 and 2010-11. The department was required to adhere to these actions and the majority of the department’s faculty were affected. At this time, the department does not anticipate similar salary reduction actions for FY 2011-12, but would be required to comply with similar budget requirements in the future.

Department / Division Assessments

A variety of contributions and fund sources are necessary in order to meet various budgetary obligations, for programmatic investments that serve the common good, and for payment of departmental and divisional overhead costs. It is assumed that these contributions can be generated, either directly or indirectly, through state salary savings, clinical income sources and other unrestricted funds. Contributions for these purposes will be prospectively planned,
reasonable, and equitable. The impact of these contributions on individual faculty will be reviewed carefully during the budget process. The chair, vice chair, and division chief will review individual cases and work closely to modify any significant negative impact on faculty salary by adjusting the elements of this or succeeding plans.

From time to time divisions will require contributions for specific divisional obligations such as the recruitment of a faculty member, on-call coverage, or the stipend of a clinical fellow. These obligations will be determined prospectively and sources to provide for them will be determined each budget year. The division chief may recommend a divisional assessment to assure the funding of these obligations. Divisional assessments must be approved by the chair prior to or during the initial budget meeting of each division. Divisions with faculty who participate in the Clinical Enterprise Incentive Plan will consider the assessments within the parameters of that plan. The divisional assessment may be one mechanism by which a pool for redistribution of incentive compensation can be created. All divisions are required to break even on clinical expenses and are encouraged to plan for a reserve. Divisions must plan so that Z payments to productive faculty do not exceed divisional balances for the year on which the incentive is based.

**Timing of the Negotiation Process**

The School of Medicine budget process for the FY2011-12 cycle requires that all budgets must be submitted complete no later than April 1, 2011 to the School of Medicine. Consequently, the Department of Medicine begins planning for the faculty salary component of its budget in October of 2010. The department will assemble a summary of all known salary sources and salary history information and provides this summary to each faculty member and to division chiefs in December. Faculty members are encouraged to confirm and communicate their salary sources and desired salary to their division chief no later than January 1, 2011. All recommendations regarding salary are conveyed to the chair by the division chiefs no later than March 1, 2011.

Individual faculty salaries proposed in the budget are implemented after approval by the dean the following July. Salaries generally remain constant during the fiscal year. Increased clinical activity over and above what was projected may result in increased compensation through the Z component. An off-cycle salary increase may be requested only due to extraordinary circumstances not foreseen in the budget. Salary increases may be requested for grant funding awarded before October 1, but not confirmed during the budget process. This is referred to as a Plan B request. After October 1, receipt of a new grant is not a permissible cause for off-cycle request for salary increase. Increased support obtained during the year after the October 1st cut off will be considered as a base for compensation in subsequent years. Any request for a change of salary of more than 10% (either an increase or decrease) should be accompanied by a request from the division chief to the chair indicating the rationale and citing division equity, new work assignments, promotion or other accomplishments, or circumstances to support the change. Each faculty member will receive a document confirming annual salary after approval by the dean.

**General Principles**

1. All sources for salary support must be identified prospectively. These include, but are not limited to:
   
   a. **Clinical income from professional fees.** Clinical revenue and activity is projected based on historical data and known current scheduling/program assignments. This data is summarized in a divisional clinical manpower plan which in turn is used to project clinical revenue on an individual and group basis. Any anticipated, specific practice activity change will be documented and approved by the division chief. Methodologies for calculating clinical compensation funds may change from time to time as a result of new billing methodologies adopted by the UC San Diego Medical Group. At this time, the department will rely on current methodologies for calculating funds available to meet the deadlines for the FY11-12 budget year.

   Each division will identify clinical manpower for their current and proposed service needs. Manpower planning will begin with the division specific definition of a “full time” clinical faculty member. This will include number of work weeks per year; scheduled clinical sessions per week; hours and visit volume estimates per clinic session; scheduled procedure session and expected number of procedures per session; inpatient
coverage by session; on-call assignments; number of clinical teaching sessions per week; and any other assignments pertinent to the division. If clinical service agreements for off site locations are a part of the divisions service, these sessions should be indicated in the plan and will be projected on a session basis for those faculty who provide the service. Each division will use these metrics to identify and communicate expected productivity for faculty in comparison to an appropriate benchmark. Using historical data, each division will make its best effort to identify collections after overhead per RVU and will then estimate clinical salary per full time FTE faculty member based on expectations. These data will assist in identifying clinical effort for each faculty member. At this time, the baseline definition for a cFTE is 8 regularly scheduled clinic or procedure sessions, additional consult or inpatient service sessions, shared night and weekend call as dictated by the clinical service provided, and the non-RVU generating follow-up and planning required for daily management of patient care. Differing cFTE definitions are approved for 24/7 shift-based services such as hospital medicine.

b. **Salary from grants awarded.** Salary allocation by percent effort must be consistent with the approved grant award. Data from the contracts and grants database showing effort declared on existing and anticipated awards will be utilized during the salary planning process. The limits set by funding agencies with respect to total effort and salary caps will be followed. Salary awarded to faculty must be expended as awarded. Faculty with substantial pending funding will not have confirmed information before the budget deadline. Consequently, a salary floor will be established and a late salary increase may be requested until October 1, based on information available later in the season. Based on the score or early feedback indicating the good probability of funding, the chair may approve a “Plan B” salary structure that will allow a salary to be funded on a specific contingency index such as a foundation fund, and then transferred to new awards when they arrive. All data to support the alternatives should be provided by the faculty member no later than February 1.

c. **Grant funding paid through VMRF** by personnel agreement (PA) must be acknowledged by the VMRF fund manager and will be used as the basis of salary only when an index number is available. To meet budgetary deadlines, faculty with VMRF funds must initiate the PA no later than January 1 to assure that funds are available for the new fiscal year. Salary negotiated on direct pay VMRF sources are considered non-guaranteed per the VMRF / UCSD agreement. Should projected sources from VMRF not be forthcoming the faculty salary will be reduced after notification of the faculty member. Consistent with the VA/VMRF affiliation agreement, departments are not at risk for salary shortfall due to absence of VMRF grant funds.

d. **State FTE resources (19900 funds).** Funding based on state requirements is limited to X. Cap Gap exchange is implemented to allow for cap gap coverage on X’ and Y.

e. **CEDF** funds are intended to be transferred for distribution to individual physicians for salary support or divisional support based on productivity. CEDF RVU support funding is variable and will be expended as Z payments to the extent possible after the funding is received. CEDF recruitment support is provided to the individual identified by the division as serving the approved function. Limited block funding will be available for chair funding and other specific programs.

f. **NEW COMP FUNDS FLOW WILL BE DESCRIBED BY JULY, 2011**

g. **Individual accounts.** A faculty member who wishes to use an individual (such as various donor or clinical trial remainder) fund for salary will lien the balance needed for the salary coverage at the start of the years. Operating accounts for foundation funds must be transferred at least one quarter in advance of the time needed for salary.

h. **ASCs as confirmed by the hospital leadership.** Hospital medical directorships require time reporting for medical directors. In addition, medical directors must report on goals assigned by the UC San Diego Medical Center for their services. The Medical Center has indicated that failure to turn in time reports will result in
non-payment of the medical directorship stipend. Consequently, the department must budget an at risk component up to 25% of the ASC amount as Z rather than base salary.

i. **Service agreements and other contracts as confirmed by contract.**

j. **Clinical trials income.** Faculty with substantial involvement in clinical trials will be expected to provide for at least 10% salary on those clinical trial funds. Principle investigator and fund manager confirmation will be required.

k. **Other sources**, such as consulting and witness fees, in excess of $20,000 or 20% of covered compensation (X, X’, and Y’, whichever is greater) will be included based on the Health Sciences Compensation Plan. Consulting and witness funds will be budgeted for salary only if the source is assured in writing in advance. Confirmation letters, signed by a corporate authority of the sponsor, should be directed to the business officer no later than January 1, 2011. Unbudgeted consulting and witness funds received midyear may be paid as a Z payment after being recorded by the practice plan.

l. **VA 8ths** as confirmed through the VA Medicine Service. VA salary is considered as a component of total salary, but is paid directly to the faculty member by the VA. VA funds are not considered as covered compensation for UCRP retirement calculation purposes. VA 8ths are not considered institutional base salary for purpose of determining salary for NIH grants at University of California.

m. During the annual budget process, faculty compensation will be reviewed, assuming sources are documented and available, based on the following:

   i. Minimum University base compensation for rank and step
   ii. Merit and promotion advancement
   iii. Acceptance by the faculty member of significant new responsibilities
   iv. Faculty productivity
   v. Availability of funds
   vi. Cost of living adjustments where applicable
   vii. Sources and uses guidelines as published by the SOM
   viii. Other

Proposals by division chiefs for faculty salaries should be reviewed in the context of equity within divisions and in the context of the relevant AAMC published benchmarks.

**INSERT SECTION ON Y TAX AND BUDGET CUT**

2. **Salary savings (from state FTE funded faculty)**

   a. Overall, a fraction of funds associated with state FTE support is required to meet departmental obligations including the teaching mission of the department. A defined percent of FTE support which must be recovered in salary savings will be determined and will be consistent for all FTE faculty. For FY2011-12 the department will specifically identify the amount that must be returned to the state for the 1992, 2004, and 2009 budget cuts. This plan will be modified as necessary to accommodate state requirements and any changes approved for UCOP and for the UCSD School of Medicine.

3. Faculty who desire to negotiate a salary above the minimum for their rank and step (x and x’) will be expected to contribute a component of that increase towards the teaching needs of the department. The contribution will range from 7.5% for the first $30k with an additional 5% added for each additional $30k of Y and Y’ based on the
activities and compensation level of the individual faculty member. Credit for exemplary teaching effort in the Department of Medicine will be considered by the following criteria, which will provide for 4% credit each for up to two criteria per year. Teaching credit standard is based on 1) teaching attending at Hillcrest requiring 30 hours of contact and preparation time, or 2) fifteen hours or more of didactic teaching in a published course. Criteria will be based on FY2010-11 activities which will be credited in FY2011-12. Contributions may be adjusted from funding (such as unrestricted revenue) which has been additionally assessed. Contributions from restricted funding sources such as VA grants; federal grants may not be assessed. As of 2011-12, assistant professors will not be subject to Y Tax.

4. UCSD faculty with VA salary components: The office of the President mandated that compliance with the UC/VA Split Appointment plan become effective July 1, 2003. Faculty with VA 8ths receive VA pay directly and only University derived wages will be eligible as cover compensation. There will be no change in negotiated salary; however, the University payroll system will reflect only the actual percent of salary derived from the University. Using current guidelines, based on the number of VA 8ths, the maximum UC appointment percent would be as follows:

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<tr>
<th>VA Appointment (in 8ths)</th>
<th>Maximum UC Appointment %</th>
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<td>8/8</td>
<td>50%</td>
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The VA has implemented a compensation review committee, the VA Compensation Pay Panel. At the discretion of the VA chief of medicine, a request can be made at any time to have a VA faculty member’s salary reviewed to ensure it is at an appropriate rate. The VA Pay Panel may respond with a revised upward salary. It would be the intent of the Department of Medicine to allow the VA faculty member to retain this increase without a reduction in their UC pay. VA faculty that may receive an increase due to an adjustment as provided by the VA Pay Panel are the only Department faculty that can have an adjustment to their negotiated salary without requiring a midyear salary request. It would be in the best interest of the faculty and the department to encourage the VA medicine leadership to communicate their salary intent to the DOM Faculty Compensation Office so that coordination of any impact and approvals can be handled in a timely manner.

5. Clinical income: The department guideline with respect to the clinical practice is to deduct clinical expenses and Medical Group overhead prior to distributing clinical income to divisions for faculty salary. Currently, consistent with Medical Group limits, the contribution in total is 10% of collections. Certain costs formerly considered direct (division administrator salaries, clinical operations director) are now paid as part of the 10% assessment. Within the 10% parameters, a contribution of 3.5% on clinical income is required to support departmental endeavors, 3% is redirected to the infrastructure of the divisions and up to 1.0% is reserved for potential redistribution between divisions and for unforeseen expenses of the practice. For FY2011-12, clinical cost plus overhead projections will be modeled for each division and will vary based on the cost of their practice. Additional division reserves of up to 3% may be established, and must be anticipated in advance based on the manpower plan.
6. **Clinical Incentive Compensation Plan (CICP)**. Faculty in the clinical divisions of the Department of Medicine will be able to participate in the CICP established in 2003 per department guidelines. Participation will be managed by each division. Participation for Primary Care Business Plan and Hem/Onc Business Plan faculty will be governed by the requirements of the respective service lines which provide the funding for these services. Each division will be expected to establish written parameters for participation that are published to the faculty at least annually. Departmental guidelines are provided in Attachment A.

7. **APUs define groupings of faculty and their assignments to the various salary scales.** An APU may describe an existing formal academic division, or other groupings of faculty based on appropriate programmatic or functional similarities that focus on an academic program area, such as similar clinical and/or teaching and research responsibilities. APUs cannot be created based solely or primarily on earning levels. APUs must be defined academically. Any new APU must have a minimum number of 5 participants. All Department compensation plan participants, including Ph.D. faculty, must belong to an approved APU. Except under unusual circumstances, and only with the approval of the VCHS, midyear adjustments in APU salary scales are not permitted. For FY2011-12 the Department will not plan to implement additional APUs above Scale 3 until funding of current and future 415M liability can be funded without fiscal consequence to the department. As offered by the School of Medicine, the department plans to re-evaluate and provide further guidelines for existing APU assignments. All existing APU assignments must be considered in terms of permanent funding for the long-term cost of increases to pension costs the departments incur. Any liabilities generated by 415M will be charged to the respective faculty member as incurred. Past liabilities will be charged as follows: the standing liability will be spread out over the number of years between now and their 65th birthday in equal amounts. An unrestricted index or personal check would be required.

8. Faculty who wish to have a leave of absence, with or without compensation, will follow guidelines set by the University and will present a written request for leave to their division chief and chair in advance. Divisions are encouraged to actively manage medical leave of absence (MLOA) and maternity leave to assure that all eligible faculty receive this important benefit. The division/department will assure that the regular salary sources of a faculty member on MLOA will be available to them for a minimum of 6 weeks after a MLOA is identified. This allows for the fairest distribution of support during the leave. After the initial 6 weeks, the faculty member should be guided to complete disability or vacation leave documentation in the case of a medical leave; or vacation leave in the case of a maternity leave. For those faculty who do not have sufficient vacation or disability accruals, the division/department will assist by calling for voluntary contributions of vacation time to allow for extended support if needed.

9. For purposes of budgeting, the department will estimate an average fringe benefit cost covering all salary sources, including clinical and ASC funds and consulting/witness fees utilized for compensation, all faculty for any rank and step, and all salary components. The fringe amount must be anticipated and accounted for from all sources. For FY2011-12 the average for budgeting purposes is 19% of salary. Because a portion of fringe benefits are fixed expenses, the rate as a percent of salary varies. In the application to payroll, the actual fringe costs are deducted from salary and apply not to the fund source, but to the component of salary. For example, X, X’ and Y’ generally have a higher rate of benefits costs than Y. If the faculty member’s fringe rate is lower than 19% (whatever budgeted) the unused funds remain available during the year. If the fringe rate is more than 19%, a deficit may occur and must be addressed with division leaders as soon as the situation is known. The faculty member will be expected to provide funds sufficient for both salary and benefits.
10. Some Department of Medicine faculty participate in specific clinical programs supported by enterprise funding with specific conditions of participation. For faculty with a clinical practice in the Primary Care Service Line, Hospital Medicine Program, or Hematology/Oncology Service Line, specific requirements regarding productivity and compensation are outlined in a specific service line budget document. The requirements of those plans apply in addition to the Department of Medicine compensation guidelines.

11. Income generated for occasional outside activities should be consistent with the Health Sciences Compensation Plan. Income over the limit which may be directly retained by the faculty member ($20,000 or 20% of covered compensation, whichever is greater) will be recorded through the practice plan. Faculty may forward checks to the medicine compensation office or to their fund manager. Upon receipt, the department will deposit through the Medical Group and pay the faculty member a Z payment on the payroll one month after receipt. Faculty may also establish specific instructions to retain these funds in an individual index for unrestricted purposes as they choose. Good standing criteria for participation in occasional outside activities have been established and are incorporated as re-included as attachment C. Faculty members are encouraged to comment on these criteria.

All faculty must adhere to the APM-025 and Prior Approval for Compensated Outside Professional Activities reporting guidelines as outlined by UCSD audit requirements and submit in a timely manner their completed and signed APM-025 forms has requested by department administrative personnel. Failure to comply may result in exclusion from any and all incentive plans.

12. Overall effort should be a consideration when determining salary, associated funding sources, and amount of related effort tagged to each funding source used. Ensuring there is an appropriate amount of overall effort available is the responsibility of the faculty member. The faculty salary worksheets include tools for the staff and fund managers to use as a guide to help determine effort availability. Effort considerations should include but are not limited to clinical effort, grant obligations (federal and non-federal), and unrestricted funding sources.

All funding will have effort associated with it and if not accurately determined, can have significant liabilities, including but not limited to the return of funds to granting agencies.

Effort reporting on the faculty salary worksheets ensures a faculty’s salary is consistent with their effort (time). In addition, it ensures that faculty dually compensated from both their academic institution (UCSD) and affiliated VA medical center (San Diego), do not exceed their available institutional effort. Effort allocation is distributed in the following order:

a. Effort from VA 8ths (if applicable). Based on formula:
   i. Number of 8ths divided by 8 = VA percent.
   ii. VA percent multiplied by 40 hours = VA hours.
   iii. VA hours divided by 60 hours = effort from VA 8ths.

b. Effort from sponsored projects. Based on time expended on grants per awarded proposal.

c. Effort from non-sponsored projects. Based on estimated expended time on other projects.

Attachment A: Guidelines for Clinical Incentive Compensation Plan – Department of Medicine
Timeline: Divisions are encouraged to review and modify Divisional Clinical Incentive Compensation Guidelines annually; not later than November 1. Revisions should be forwarded to the business officer by December 1 so that faculty salary worksheets may be prepared for the negotiation process.

Goals: The goals for the Department of Medicine for FY2011-12 are 1) Promote teamwork, 2) Reward the teaching of clinical medicine and 3) Reward physician productivity. Each division is encouraged to develop an additional goal meaningful to their service.

Process: Each division will identify clinical manpower needs and resources. Each division will describe a plan for clinical coverage for existing and new clinical programs. Each faculty member will be identified by track or division specific criteria, and will be provided with clinical effort expectations which will include scheduled clinic/procedure/on-call/RVU metrics. The division will make best effort to identify clinical earnings estimated based on assignment, e.g., wRVU earnings for inpatient, outpatient, and procedures. The division will define the mix of clinical activity for each faculty member's target wRVU and salary. These clinical revenue estimates will form the basis of annual clinical salary negotiations and annual budgets. The divisional plan will identify potential for deficits and requirement for redistribution of revenue within the division.

General parameters: The majority of incentive compensation is provided by the at-risk Z compensation component of the clinically active faculty. With some modification to allow for ease of reporting, this system will remain intact. The objective of the plan is to allow for incentive to increase activity. Consequently, upper limits or caps will not be used. Location neutral, payer mix neutral methods of distributing incentive compensation are encouraged. However, School of Medicine approval is required for any Z payment above the expected budget amount.

Each division may add a division-based, division-funded clinical incentive compensation component based on the unique needs of their clinical services. The division-based CIP will provide for a distribution in addition to or in lieu of the existing Z process.

Principles:

Who may participate: All full-time (non-voluntary) faculty with regularly scheduled clinical activity who perform clinical teaching over and above Medicine 401, are qualified to participate. The University specifications for MSP contracts do not allow flexibility for these faculty to participate in incentive compensation. All faculty must adhere to the APM-025 compliance process in order to remain eligible to participate.

Redistribution within divisions: Divisions will plan for an assessment to redistribute clinical funds as needed. The assessment will cover on-call needs, fellow stipends, redistribution for new faculty recruitment and any other faculty related planned need for manpower. A portion of that assessment will be redistributed within the division based on CIP criteria developed in advance with input from the clinically active division members. Options might include recognition of clinical teaching load, coverage of less lucrative but necessary services, per RVU distribution, redistribution from procedure-based to E&M code-based services, leadership of fellowship programs, or other items important to the mission of the division/service.

Practice expense: Each division may identify a reasonable, fixed, annual amount per faculty member for clinical practice expenses which may be deducted from clinical (60105) revenues. Expenses might include
license fees, lab coats, pagers, etc. A suggested fixed amount of $2,000 per faculty may be considered. The expense amount may be added to the divisional overhead prior to distributing funds for salary.

**Divisional reserve:** Divisions may plan for a specific assessment to reserve of up to 3% of net collections. The enterprise-funded divisions of Hospital Medicine, Primary Care and Hematology/Oncology are exempt from this opportunity. The reserve will build a fund which may be used for investment or to provide for faculty salary during health related leave.

**Uniform redistribution of divisional net income:** Divisions may have 60105 pro fees unassigned and available at year end. So long as a 3% reserve is maintained, divisions may implement a uniform, predetermined process to distribute the revenues to full-time faculty as bonus Z. Divisions with a deficit at year end may not distribute year end Z. Redistribution does not apply to enterprise or department funded divisions whose net income is first used to reduce contributor costs. Those divisions are encouraged to develop specific bonus plans approved by enterprise leadership.

**School of Medicine or other incentive plans:** Should School of Medicine Clinical Department Incentive plan funds become available, they will be distributed to divisions according to the criteria developed by each division and which have been approved by the chair.

**Attachment B: Process for constructing salaries in the Personnel and Payroll System.**

The department will construct salaries using the following guidelines which are based on the requirements of University Payroll and the Academic Personnel Office. Allocation of funds will be prioritized in the order listed. Note: Salary contributions stipulated on grants must be fully applied to salary.

a. **X:** the base compensation approved by University of California for each faculty rank and step. X will be identical for any faculty member regardless of their departmental or school affiliation.
   i. Extramural funds (grants, contracts, gifts) that have specific percent effort allocation.
   ii. FTE funds as per paragraph 3 above.
   iii. ASC’s and service agreements
   iv. Clinical funds as per paragraph 5
   v. Individual, divisional or departmental sources
   vi. VA 8ths are noted for record purposes only. VA compensation is paid directly to the faculty member.

b. **X’:** a multiple of X (1.3) which is approved by the University as a part of covered compensation for UCRP retirement calculations. X’ was established to recognize the market differential for medical school faculty and the generally higher salaries of physicians. Where financially feasible, by division, X’ may be included as a factor in non-physician salary base as well.
   i. Extramural funds (grants, contracts, gifts)
   ii. ASC's and service agreements
   iii. Clinical funds
   iv. Individual, divisional, or departmental sources
   v. VA 8ths are noted for record purposes only. VA compensation is paid directly to the faculty member.
c.  Y’: a variable multiple of X which is approved by the University as a part of covered compensation for UCRP retirement compensation. Y’ applies only to faculty in approved Academic Program Units (APU) above scale 3.
   i. Y’ is required only of faculty in an approved Academic Program Unit above APU 3.
   ii. Faculty must maintain approved compensation source for the APU minimum.
   iii. Faculty who are members of the APU are required to maintain funding as a group and support members who fall below minimum. In addition, they may be required to provide annually an unrestricted source to cover payment for the 14.91% share associated with the Y’ component that is contributed to the retirement reserve fund. Finally, should the required funding for retirement exceed the amount allowed by IRS 415 M provisions, the APU member may be required to provide an unrestricted source to cover payment of any retirement assessment.

d.  Y: any amount above X and X’ which may be negotiated by the faculty member based on sources available and other factors reflected in the compensation guidelines. Y is not considered covered compensation for UCRP calculation purposes.
   i. Extramural funds (grants, contracts, gifts)
   ii. ASC's and service agreements
   iii. Clinical funds
   iv. Individual, divisional, or departmental sources
   v. VA 8ths are noted for record purposes only. VA compensation is paid directly to the faculty member.

e.  Z: a budgeted but flexible funding amount which may be paid monthly or as a bonus. Z is not considered base salary, nor is it considered covered compensation for UCRP calculation purposes. Z is not assessed for fringe benefit related costs or FICA, and is only reduced by mandatory state assessments (state disability tax).
   i. Generally, only clinical funds comprise Z.
   ii. Z payments will not be guaranteed, but rather will be based on actual clinical collections after overhead cost and faculty salary (X, X’, Y’, and Y components and benefits) paid on clinical sources are deducted. Faculty activity will be projected based on collections.
   iii. Z will be paid regularly (monthly, quarterly, or annually for “bonus” compensation) with regular reconciliation of collections, overhead and non-Z salary obligations. Each faculty member will receive an e-mail indicating the amount of a Z payment on or before the payroll date of the payment. Each faculty member receiving Z payments will receive a quarterly Z worksheet showing all Z calculations. The payment schedule will be established prospectively for the year.
   iv. For each payment, Z will be estimated utilizing collections data from IDX for the most current month available. Managed care collections will be estimated using the Medical Group report of payment per RVU calculated as a percent of managed care charges for the most current quarter available. Z will be defined by formula without a ceiling.
   v. Bonus Z will be paid annually after the fiscal year close and all calculations described above are complete.
   vi. Z may also be paid as a result of expert witness or consulting income that is turned over to the University, although such income may be used for other components of salary as well.
Attachment C: Department of Medicine: Good Standing Criteria for implementation of Health Sciences Compensation Plan.

Department faculty members in the HSCP must comply with the department’s “Good Standing Criteria” in order to remain in the HSCP, engage in outside activity, and successfully progress academically.

Any faculty member not in good standing will be notified by their division chief in writing. Notification will include the reasons for determination and any recommended remedy, as well as a time line to move back into good standing.

In order to remain in “Good Standing”, the following criteria must be met:

1. Fulfill clinical, teaching, research, and administration obligations as assigned.

2. Meet the Faculty Code of Conduct and other UC rules and regulations, including all required compliance classes, meetings, and procedures in a timely manner. Provide accurate and timely documentation related to outside actives.

3. Compliance with state and federal regulations as related to professional activities.

4. Collegial interactions with others.

5. Attendance at a minimum of 50% of department / health system meetings involving compliance issues.

6. Compliance with guidelines on outside professional activities will be met.

7. Meeting other requirements as determined by the department and described in the department’s compensation plan.

8. Where appropriate, maintain active medical staff memberships, boards, and current licenses.

9. Meet the practice standards and follow all policies of the UC San Diego Health Care System, School of Medicine, and Department of Medicine, including billing, medical records, and incentive programs.