ECU Physicians
Clinical Faculty Compensation Plan

I. Introduction

Clinical medical education requires the maintenance of a strong and diverse clinical practice to support the educational objectives of the Brody School of Medicine (BSOM). In order to recruit and retain skilled clinicians and mentors, the BSOM must provide a system of faculty compensation that is appropriately competitive and flexible. An effective Clinical Faculty Compensation Plan ("the Plan") requires flexible implementation of remuneration, allowing for timely alterations from year to year in the form of both increased and decreased compensation as changing financial conditions, as well as other appropriate, applicable circumstances as described more fully herein, dictate or allow. For example, as economic conditions and reimbursement levels for professional fees for patient care change and competition from the private practice marketplace increases, an effective Plan will require timely alterations to Faculty Compensation.

The financial support for this Plan is largely derived from income earned by the faculty providing medical care, in addition to contract awards and research grants, rather than state appropriations. It is, therefore, essential that a system for clinical faculty compensation exists which permits flexible earned income, in excess of that required to maintain essential infrastructure and ensure adequate resources for strategic growth of the school. The BSOM must be able to react efficiently to changes in medical reimbursements, lost revenues, and prevailing academic and private practice marketplace variables. Based on factors including, but not limited to, performance in academic, clinical and research activities, the goal of the BSOM is to reach or exceed the median of the AAMC 50th percentile for Total Annual Faculty Compensation in each Department for Eligible Faculty whose active clinical practice meet or exceed appropriate targets.

This Plan updates and refines the Plan originally adopted by the UNC Board of Governors in May 1996. East Carolina University was designated as a Special Constituent Institution by the UNC Board of Governors on November 8, 2002, in accordance with The UNC Policy Manual 600.3.4, Granting of Management Flexibility to Appoint and Fix Compensation. Thereafter, amendments to the Plan have been appropriately approved by the ECU Board of Trustees.

The Plan's goal is to maintain the long term solvency of the BSOM while fostering excellence in teaching, research, clinical service and administration through incentive mechanisms. Each department is charged with presenting plans for compensation to the ECU Physicians (ECUP) Board of Directors (ECUP Board), Dean of the BSOM, and the Vice Chancellor for Health Sciences, consistent with the UNC Board of Governor’s Salary Policies published annually(1).

II. Overview

Each fiscal year, Department Chairs will recommend to the ECUP Board annual Faculty Compensation Payments for approval by the Dean of the BSOM and the Vice Chancellor for Health Sciences, consistent with the UNC Board of Governors approved Clinical Faculty Salary Ceilings. Total Annual Faculty Compensation shall include the sum of the Annual Salary (Academic Base Salary plus Supplemental Salary, including any Stipends), Incentive Payments, and any other associated benefits.

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(1) Added the word Clinical to the Definition of Academic Base Salary in Appendix A. definition A.
extra shifts payments, etc. Total Annual Faculty Compensation to any Eligible Faculty member in any fiscal year, including any Incentive Payments, will not exceed the salary ceilings approved by the UNC Board of Governors.

Each Eligible Faculty shall receive an Academic Base Salary and Supplemental Salary determined prior to the start of the academic year. Additionally, some Eligible Faculty may receive Stipends associated with assignment of specific administrative duties.

Academic Base Salaries (prorated based on FTE):

- Instructor - $40,000
- Assistant Professor - $60,000
- Associate Professor - $75,000
- Professor - $90,000

Productivity in clinical and non-clinical duties, appropriate professional behavior, compliance with institutional policies and excellent performance in teaching, research, clinical service and administration is expected from all Eligible Faculty. It is important that Departments have the ability, within the Plan, to adequately reward the most highly productive members of a Department. When such productivity and performance results in surpassing targets, including revenue generation, and Department funds are available, then Incentive Payments may be offered on a semi-annual basis. These Incentive Payments will be based on the current academic year earnings and expenses of each Department and on the individual Eligible Faculty’s productivity and excellent performance as further described in this Plan (e.g., please see Section IV(C)). Availability of Department funds means that budget targets (net gain or loss after overhead and taxes) are surpassed. The Department Chair, Dean of the BSOM, and the ECUP Executive Director shall jointly determine if funds are available.

When established productivity targets and/or performance standards (including, but not limited to, productivity in clinical and non-clinical duties; appropriate professional behavior; compliance with University, School, Department, and/or ECUP policies and/or procedures; and, excellent performance in teaching, research, clinical service and administration) are not met by individual Eligible Faculty, the Supplemental Salary may be reduced appropriately as further described in this Plan (e.g., please see Sections IV(A) and IV(B)). The Total Annual Faculty Compensation can be adjusted downward, but cannot be adjusted below the Academic Base Salary (minimum) level.

Department Chairs, Deans, Directors of Centers or Institutes, and other leaders of the BSOM who are compensated by the BSOM, may have their Supplemental Salary adjusted or receive Incentive Payments under criteria and procedures developed and administered by the BSOM Dean and the Vice Chancellor for Health Sciences.

In no event will any component of Total Annual Faculty Compensation be set by taking into account the volume or value of referrals made by the individual Eligible Faculty to any entity within ECUP.

III. Plan Participants
This Plan is intended for all Eligible Faculty in the BSOM clinical Departments engaged in patient care, including fixed-term faculty if so indicated in employment contracts. However, if a faculty member is employed on a limited basis and, therefore, does not meet a minimum threshold over a specific period of time as deemed appropriate by the Department, the faculty member may be removed from the Plan subject to approval by the BSOM Dean and the Vice Chancellor for Health Sciences. In addition, if a previously Eligible Faculty ceases to provide direct patient care, he/she will be removed from the Plan and/or his/her Total Annual Faculty Compensation will be adjusted accordingly to reflect his/her new duties and to be consistent with other similarly situated faculty.

IV. Procedure

A. Establishing Annual Salary:

The Eligible Faculty Academic Base Salary shall be uniform across the BSOM dependent on academic rank and will be determined by the BSOM Dean.

1. Budget Units and budget targets must be defined and developed by each Department Chair and approved by the ECUP Board and the BSOM Dean.

2. Productivity targets for each Eligible Faculty shall be established by the Department Chair. The productivity targets may include measurable outcomes for teaching, research and administrative work. However, productivity targets must also include some measure of clinical performance such as wRVUs, billing activity, and/or revenue generation (including revenue generated through contracts). The Department Chair must review individually with each Eligible Faculty member his/her productivity targets for the academic year prior to the start of the academic year. These annual productivity target reviews shall be memorialized in writing by the Chair and included in the Eligible Faculty’s personnel file. Collectively, faculty members’ achievement of productivity targets must provide sufficient revenue generation so Unit and Department Budget Targets are met.

3. The Supplemental Salary shall be determined prior to the start of the academic year as recommended by the Department Chair and approved by the Dean of the BSOM and the Vice Chancellor for Health Sciences. The Supplemental Salary may increase or decrease annually based upon the Eligible Faculty’s prior academic year’s productivity and performance in teaching, research, clinical service and administration, and/or the availability of funds. For example, when established productivity targets and/or performance standards (including, but not limited to, productivity in clinical and non-clinical duties; appropriate professional behavior; compliance with University, School, Department, and/or ECUP policies and/or procedures; and, excellent performance in teaching, research, clinical service and administration) are not met by individual Eligible Faculty, the Supplemental Salary may be reduced appropriately as recommended by the Department Chair and approved by the Dean of the BSOM and the Vice Chancellor for Health Sciences for the following academic year.

Please see Section IV(B) for more information regarding circumstances in which the Supplemental Salary may be decreased during the academic year in accordance with this Plan.

When it is anticipated that an Eligible Faculty’s Supplemental Salary may be reduced in accordance with this Section IV(A)(3), the Department Chair will notify the Eligible Faculty in writing of the planned reduction and the basis for the same, and the Eligible Faculty shall have a period of not more than fourteen (14) calendar days from the date of
the Department Chair’s notice to submit a written response stating why the proposed reduction is considered unwarranted. The Department Chair, Dean of the BSOM, and the Vice Chancellor for Health Sciences will consider the information provided by the Eligible Faculty in making a final determination.

B. Reduction in Supplemental Salaries During the Academic Year:

1. Certain Documented Performance/Conduct Issues:

At any time during the academic year, with the approval of the BSOM Dean and Vice Chancellor for Health Sciences, the Supplemental Salary may be decreased or withheld if/when there is documentation of any one or more of the following:

a. Any forfeiture or suspension of medical license, clinical privileges and/or credentialing at any healthcare facility where the Eligible Faculty provides patient care;

b. Reduction of clinical duties and/or reduced performance targets;

c. Unprofessional behavior as defined by the Code of Conduct and/or the ECU Faculty Manual;

d. Loss of right to participate in federal insurance programs;

e. Non-compliance with University, School, Department and/or ECUP policies and/or procedures;

f. Non-performance of clinical duties as agreed upon in the employment contract (unless non-performance is due to family medical leave or illness);

g. Loss of board certification; and/or

h. Convictions of a felony (including a plea of nolo contendere or plea of guilty to a lesser charge) and/or a crime or act of moral turpitude (including, but not limited to those involving acts of dishonesty, immorality, fraud, deceit, and/or misrepresentations).

When it is anticipated that an Eligible Faculty’s Supplemental Salary may be reduced in accordance with this Section IV(B)(1), the Department Chair will notify the Eligible Faculty in writing of the planned reduction and the basis for the same, and the Eligible Faculty shall have a period of not more than seven (7) calendar days from the date of the Department Chair’s notice to submit a written response stating why the proposed reduction is considered unwarranted. The Department Chair, Dean of the BSOM, and the Vice Chancellor for Health Sciences will consider the information provided by the Eligible Faculty in making a final determination.

At the recommendation of the Department Chair, and with the approval of the Dean of the BSOM and the Vice Chancellor for Health Sciences, Eligible Faculty who have a decrease in Supplemental Salary in accordance with this Section IV(B)(1) may have all or a portion of the original Supplemental Salary reinstated, pro-rated for the remainder of the academic year, at such time as the circumstances resulting in the reduction have been deemed by the BSOM to have been corrected (i.e., the Supplemental Salary, or some portion thereof, may be reinstated to its pre-reduction level from that point forward in the academic year; there will be no payment for the loss of any Supplemental Salary during the time of the reduction).
2. Failure to Meet Productivity Targets During the Academic Year

Productivity for each Eligible Faculty may be evaluated by the Department Chair at the end of each quarter but, in no event, shall such evaluations occur any less often than every 6 months. With the exception of new Eligible Faculty who are in the first six (6) months of employment (or within the first twelve (12) months for clinical instructors), the Supplemental Salary of an Eligible Faculty may be decreased at the end of any quarter during the fiscal year as recommended by the Department Chair and approved by the Dean of the BSOM and the Vice Chancellor for Health Sciences, so long as the proposed reduction does not result in the Annual Salary being adjusted to below the Academic Base Salary (minimum) level. These decreases in the Supplemental Salary must be based on an Eligible Faculty’s failure to meet productivity targets established by the Department Chair and/or other factors specified in this Plan established productivity targets and/or performance standards (including, but not limited to, failure to meet established productivity targets in clinical and/or non-clinical duties; inappropriate professional behavior; non-compliance with University, School, Department, and ECUP policies and/or procedures; and/or failure to meet performance standards in teaching, research, clinical service and/or administration).

When it is anticipated that an Eligible Faculty’s Supplemental Salary may be reduced in accordance with this Section IV(B)(2), the Department Chair will notify the Eligible Faculty in writing of the planned reduction and the basis for the same, and the Eligible Faculty shall have a period of not more than fourteen (14) calendar days from the date of the Department Chair’s notice to submit a written response stating why the proposed reduction is considered unwarranted. The Department Chair, Dean of the BSOM, and the Vice Chancellor for Health Sciences will consider the information provided by the Eligible Faculty in making a final determination.

At the recommendation of the Department Chair, and with the approval of the Dean of the BSOM and the Vice Chancellor for Health Sciences, Eligible Faculty who have a decrease in Supplemental Salary in accordance with this Section IV(B)(2) may have all or a portion of the original Supplemental Salary reinstated, pro-rated for the remainder of the academic year, at such time as the circumstances resulting in the reduction have been deemed by the BSOM to have been corrected (e.g., increased productivity and achievement of productivity targets in a future quarter) (i.e., the Supplemental Salary, or some portion thereof, may be reinstated to its pre-reduction level from that point forward in the academic year; there will be no payment for the loss of any Supplemental Salary during the time of the reduction).

C. Semi-Annual Incentive Payments for Productivity

Incentive Payments will be based on the current academic year earnings and expenses of each Department and on the individual Eligible Faculty’s productivity and excellence in teaching, clinical performance, research and/or administration, as well as the Eligible Faculty Member’s appropriate professional behavior and compliance with University, School, Department, and/or ECUP policies and/or procedures. With the exception of new faculty who are in the first six (6) months of employment, Eligible Faculty who have exceeded their productivity targets are eligible to receive an Incentive Payment. Such payments are dependent on the availability of funds within the Eligible Faculty’s Budget Unit or Department as determined by fiscal performance for the Budget Unit better than Budget Target (i.e., net gain or loss after overhead and taxes) after the Incentive Payments have been paid. Or recommended by the Department Chair and approved by the Dean.
Total Annual Faculty Compensation, including semi-annual Incentive Payments, may not cause any Eligible Faculty's Total Annual Faculty Compensation to exceed the established salary ceilings as set by the UNC Board of Governors. All semi-annual Incentive Payments will be reviewed by the ECUP Finance Committee and approved by the BSOM Dean and the Vice Chancellor for Health Sciences based on documentation provided by the Department Chair. Any semi-annual Incentive Payment will be paid no later than the end of the next quarter as a lump sum. Only Eligible Faculty who are actively employed by ECU at the time such Incentive Payment is paid will be eligible to receive the Incentive Payment. Regardless of the reason for the separation, in no event will Incentive Payments be paid to faculty members post-separation for any reason.

V. Implementation

The ECUP Executive Director, along with the Dean of the BSOM and the Vice Chancellor for Health Sciences, are responsible for ensuring the Plan is uniformly and appropriately implemented. Implementation of the Plan will be fully consistent with the UNC Board of Governors Salary Policy. All salary recommendations for Eligible Faculty will be made through the normal salary-setting procedures. The Total Annual Faculty Compensation will be subject to salary ceilings prescribed in the UNC Board of Governor's Salary Policy.

VI. Salary Adjustment Procedures

Approval of this Plan by the University authorities and the UNC Board of Governors signifies explicit authorization for adjustment of Eligible Faculty members' Total Annual Faculty Compensation approved by the Dean and the Vice Chancellor for Health Sciences as described herein. No separate process shall be required for advance approval by the University or the UNC Board of Governors of downward salary adjustments. Upward adjustments will be congruent with the UNC Board of Governors Clinical Faculty Salary Ceilings, but otherwise shall not require advance approval. Any salary adjustments shall be reported annually to the Chancellor and the President of the UNC System following the close of the fiscal year.
Appendix A

Definitions

A. **Academic Base Salary**: Salary paid to an Eligible Faculty that compensates the faculty member for his/her formal and informal teaching responsibilities, as well as his/her academic, administrative, clinical, and research/scholarly responsibilities.

B. **Annual Salary**: Academic Base Salary plus Supplemental Salary, including any Stipends.

C. **Budget Targets**: Expectations of financial performance that are to be achieved through expense management and income generation by Budget Units and Departments.

D. **Budget Unit**: A discrete group of faculty with a shared infrastructure. A Budget Unit may be identical to a Department or may be one or more discrete sub-components of a Department as determined by the Department Chair and approved by the Dean of the BSOM and the ECUP Executive Director.

E. **Department**: A discrete group of faculty employed within a recognized academic Unit, e.g., Department of Surgery, Internal Medicine, etc. Faculty members within a Department have a shared infrastructure.

F. **Eligible Faculty**: All tenured, tenure-track, and fixed term clinical faculty with the rank or title of Professor, Clinical Professor, Associate Professor, Clinical Associate Professor, Assistant Professor and Clinical Assistant Professor, who generate clinical revenue as billing or performing providers through professional billings or service contracts. Clinical Instructors who work for the BSOM more than one year and generate clinical revenue as billing or performing providers through professional billings or service contracts are Eligible Faculty.

G. **Incentive Payment**: A lump sum one-time payment paid to an Eligible Faculty for exceptional performance based on exceeding productivity targets. The Incentive Payment does not increase the Supplemental Salary/Annual Salary, and it does not result in a “permanent” salary increase. Faculty members must be employed by the BSOM at the time the Incentive Payment is paid.

H. **Salary Cap**: A maximum annual faculty compensation level (including Academic Base Salary and Supplemental Salary) that cannot be exceeded; established on an annual basis by the University of North Carolina’s Board of Governors.

I. **Stipend**: Money received for administrative assignments or for performance of temporary extraordinary clinical duties.

J. **Supplemental Salary**: Monies that compensate faculty for clinical activity and, when combined with Academic Base Salary, provide faculty compensation competitive with physician compensation in other academic and non-academic programs. This portion of the Annual Salary may be increased and/or decreased in accordance with this Plan.

K. **Total Annual Faculty Compensation**: All monies provided to Eligible Faculty by virtue of their employment responsibilities within the institution, composed of a fixed component (Academic Base Salary) and a variable component (Supplemental Salary). In some cases, it also includes non-permanent Stipends, Incentive Payments, extra shifts payments, etc.