

VA Salary Principles for PSOM Departments

VA physician compensation is recommended by the VA Chief of Staff with input from the VA Service Chief and includes both base pay and market pay. Base pay is set by statute, and is based on years of government service. Market pay is recommended by the VA Service Chief and is based on factors including, but not limited to, specialty, clinical experience, salary benchmarks (ex. AAMC average), or level of administrative responsibility. Compensation up to \$350,000 requires approval by the Medical Center Director, while compensation between \$350,000 and \$400,000 requires agreement and approval from the Medical Center Director and the Network Director.

Physician performance pay is an additional component of VA compensation. The benchmarks for performance pay are set annually by the VA Service Chief. Performance pay *is not guaranteed*, and may not exceed either 7.5% of the total salary (base and market pay), or \$15,000, whichever amount is less. The pool of dollars for performance pay may vary from year to year and may be tied to achievement of specific goals for improvement.

Penn Medicine Department Chairs have overall responsibility for setting the compensation of dually appointed faculty. The following principles should be used when managing total compensation for faculty with roles and responsibilities at the VA:

- Once a candidate is identified, the VA Service Chief will make a salary recommendation to the VA Chief of Staff's office for the salary of a new jointly appointed faculty. The VA Section or Service Chief will communicate the anticipated salary with the Department Chair (or their designee), who will set the total compensation of the faculty member based on CPUP compensation principles. In extraordinary cases, the VA may recommend a salary higher than that recommended by the Department Chair. These cases will be reviewed by the Dean's office and if approved will be offered with the explicit expectation that should a dually appointed faculty member no longer work for the VA and has all of their effort at Penn, only the Penn salary commitment will apply.
- Penn Medicine makes salary adjustments annually that are effective July 1 of the upcoming fiscal year. Any change to compensation must be reviewed as part of the annual salary review process each winter and spring. Department administration must receive updated salary commitments by March 31st for any change in salary effective July 1st of the upcoming year.
 - In setting total salary for the upcoming fiscal year, absent extraordinary circumstances, CPUP departments should adjust total salary to reflect the most recent adjustment to VA Base, PSOM COLA, internal and external benchmarks and market pay.
 - Any midyear changes to the VA portion of the salary will be recognized on the VA portion of the salary only. As noted above, changed to compensation shall be reviewed as part of Penn's annual salary review process. Midyear changes include...
 - Base pay adjustments – This is federal COLA that is applied each January to the pay tables.
 - Market pay adjustments – coordinated by the Chief of Staff's office for each physician at least every 24 months on the anniversary of their appointment, in accordance with government regulations.

- In the rare event that recovery of overpayment is necessary to ensure accurate payment of total salary, monthly deductions from wages shall not exceed 20% of total monthly compensation. Questions regarding overpayments should be referred to the Office of the General Counsel.
- All physicians with full time Penn faculty appointments (regardless of VA effort) must receive Penn benefits.
 - Penn benefits require a minimum of \$10,000 to run through Penn payroll.
 - If the University paid portion of the salary exceeds \$10,000, no additional sum shall be paid.
 - If the university paid salary is set at \$10,000 to drive the benefits, the faculty member should be informed that the amount is being paid in recognition of their engagement in Penn related activities as determined by the Chair.
 - Penn salary-based benefits (e.g. basic life insurance) shall be determined by University paid benefits base salary only. Dually appointed faculty are strongly encouraged to consult with University HR and Benefits to ensure understanding of University benefits levels.
- Faculty Income Allowance Plan (FIAP): For standing faculty eligible for FIAP, outside sources of compensation (including VA based compensation) are not included in the calculation of cash benefits.
- With regards to incentives/VA physician performance pay, dually appointed faculty will be eligible to participate in both VA and departmental incentive programs on a prorated basis.
 - If faculty with VA support do not perform clinical work at Penn, then any Penn-based incentive is at the discretion of the Chair.
 - Faculty may elect to participate 100% in the department incentive program, subject to the same eligibility requirements and calculations as apply to full-time faculty. In such cases VA-based incentive will be offset from the departmental plan pay-out.
- For any Penn-based salary increase (including Penn based merit raises), the increase will be calculated based on the total salary, including VA salary unless there is an approved exception by the Dean's office.
 - Adjustments for promotion may lead to a request to review the VA market pay but no VA adjustment is assured.
- With regards to administrative stipends, Penn will recognize their proportionate share of administrative stipends for shared services, such as Chief of Service, Section Chief, etc.
 - Penn will not recognize administrative stipends for leadership positions outside shared services (ex. VA Chief Medical Officer, VA Chief Medical Information Officer, etc.)

Comparison of PSOM and VA Compensation Principles

Purpose	PSOM Compensation	VA Compensation
Baseline Salary Support	Base salary – minimum salary for rank	Base pay – set by statute, based on service time
Recognizing track, rank, specialty, compensation surveys, duty assignments, etc.	Non-guaranteed base salary supplement	Market pay – based on specialty and experience
Payment for administrative role beyond typical faculty duties	Administrative stipend	Administrative stipend – portion of market pay
Recognizing achievements of specific goals annually	Incentive	Performance pay – 7.5% of salary up to \$15k, distributed after fiscal year (between October-March)

Effective Date: 11/1/21 for FY22