

Quarterly Payment of Clinical Faculty Incentives

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Status: Final

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Applies to:

School of Medicine (“SOM”) clinical faculty who are eligible for incentive payments under the Clinical Faculty Remuneration Plan.

Reason for Policy:

This policy allows departments to elect to pay out incentives on a quarterly basis instead of waiting until the end of the year. This may help with both recruitment and retention of faculty physicians, provide compensation for additional activities much closer to the time that effort is expended, and smooth departmental cash flow.

Policy Statement:

Departments may elect to pay out incentives on a quarterly basis instead of waiting until year end. This could have several benefits including:

1. Creating a physician satisfier that may help with both recruitment and retention.
2. Providing a vehicle to compensate physicians who are engaging in additional activities like outreach much closer to the effort performed
3. Smoothing cash flow

Recognizing that individual financial performance is not the only reason for incentives and the inherent risk in not waiting until year end to distribute overages, quarterly payments should be made one quarter in arrears.

Procedures:

All of the following conditions must be met in order to pay quarterly incentives:

Department:

1. The department must have fully met the SOM/University Physicians Group (“UPG”) Reserve requirement or be on target with a reserve plan established between department and SOM/UPG and approved by the dean.
2. Financial Performance
 - a. Quarterly YTD financial performance must be the same or better than at the close of the same quarter during the previous fiscal year (adjusted for indigent care payments received in FY05 if no disbursement is received), or
 - b. If the quarterly financial performance is slightly lower than prior year, the department may petition the dean to pay out a proportional amount.
3. The department must generate an FRP two times a year to accompany the six-month and year-end request for quarterly incentives. If a department does not want to pay quarterly incentives, then it can elect to do only one FRP per year.
4. The requested payout must be approved by the dean and the total amount distributed each quarter may be no greater than 20% of the total annual payout from the prior fiscal year. If no incentives were paid the prior fiscal year, the department may pay only year-end incentives until it has a full year of incentive history.
5. The department must confirm that there is sufficient cash on hand prior to the submission of the incentive requests to the dean to prevent potential risk for constructive receipt.
6. Divisional requests must fit within overall departmental eligibility requirements.
7. Departments may elect to start or stop quarterly incentives at any time as long as they meet the above eligibility requirements. Once a department has begun paying quarterly incentives, they may stop at any time at the discretion of the chair.

Faculty:

1. Guaranteed incentives may be paid quarterly as long as they fit within the overall quarterly requirements.
2. Faculty member’s performance must be the same or better than previous year based on metrics determined by the Chair and approved by the Dean. If a faculty member’s performance is lower than prior year s/he can receive a proportional incentive if approved by the Chair and the Dean.
3. Departing faculty will only be eligible if they have given 6 months written notice prior to their final date of employment.
4. Any additional incentive for departed faculty will not be distributed until the year end and final distribution.

5. While departed faculty are eligible to receive incentives if approved by the chair and the dean, there is no guarantee.

Example:

A department historically has paid out \$1,000,000 in annual incentive and historically has had a \$1,500,000 bottom line. Its Quarterly performance (adjusted for indigent care) has been as follows:

Q1: (\$250,000)
 Q2: \$100,000
 Q3 \$750,000
 Q4 \$1,500,000

This Department's current year performance is on target for the same. The first installment of \$200,000 of the incentive would be available for distribution with the December 31st paycheck, the second of \$200,000 of the incentive would be available for distribution with the April 1st paycheck, the third of \$200,000 would be available with the July 1st paycheck and the final installment along with any year end adjustments would be available after final reconciliation on October 1st.

Fiscal Year Quarter	Documentation Received by HR @ HSF*	Payroll Cutoff Date @ HSF	Payroll Pay Date @ HSF
July-September	December 20 th	December 20 th	December 31 st
October-December	March 20 th	March 20 th	On or about April 1 st
January-March	June 20 th	June 20 th	On or about July 1 st
April-June	September 20 th	September 20 th	On or about October 1 st

*Any information not received in the Payroll Office by the stated Payroll Cutoff Date will be paid in the following regular monthly payroll process.

Related Policy:

Clinical Faculty Remuneration Plan

<https://med.virginia.edu/school-administration/wp-content/uploads/sites/304/2015/11/Clinical-Faculty-Remuneration-Policy-May-2007-REV-1.pdf>

Revision history:

Created October 11, 2005; Revised January 5, 2006

Administrative updates January 27, 2015