CASE STUDY

# Academic Medical Center:
## Strategic Focus on Financial Sustainability

*Compensation Program Redesign*

**Faculty compensation at academic medical centers is rarely straightforward.**

Attempts to balance clinical productivity, research commitments, teaching loads and recognition of academic rank across departments that operate autonomously can undermine equity and create financial risk.

Explore how a large academic medical center partnered with SullivanCotter to redesign its faculty compensation model, standardize work effort expectations, and build a transparent incentive structure that rewards productivity while supporting long-term institutional health.

## CHALLENGES

- Low clinical FTE allocation relative to research funding
- Low aggregate productivity with more than 60% of faculty physicians falling below the market median
- Variation in faculty compensation models and benchmarking methodology
- Autonomous department oversight resulting in inconsistent work effort expectations, definitions, and recognition of academic rank
- Lack of a transparent clinical incentive structure disenfranchised many physicians from optimizing productivity-based incentive opportunities

## APPROACH

- **Key stakeholder interviews** to understand goals, challenges, and culture of the organization
- **Market assessment** to support greater alignment of pay with productivity and understand the impact of rank and cFTE benchmarking results
- **Work effort review** to compare current practices to the market and identify opportunities for improvement
- **Revised incentive design** to provide transparent and equitable opportunities to earn additional compensation
- **Partnership with Department Chairs** to build a coalition of champions who support the need for change



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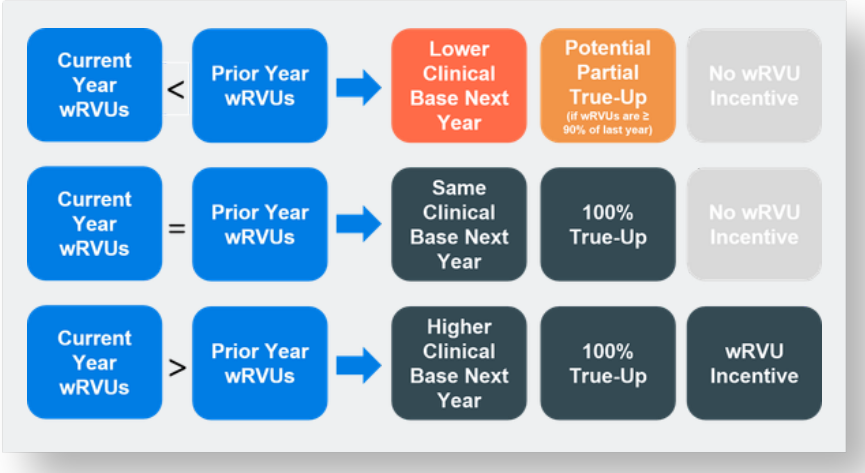
# OUTCOMES

## Increased Productivity

**Physicians producing below the market median fell from 60% down to 46%.**

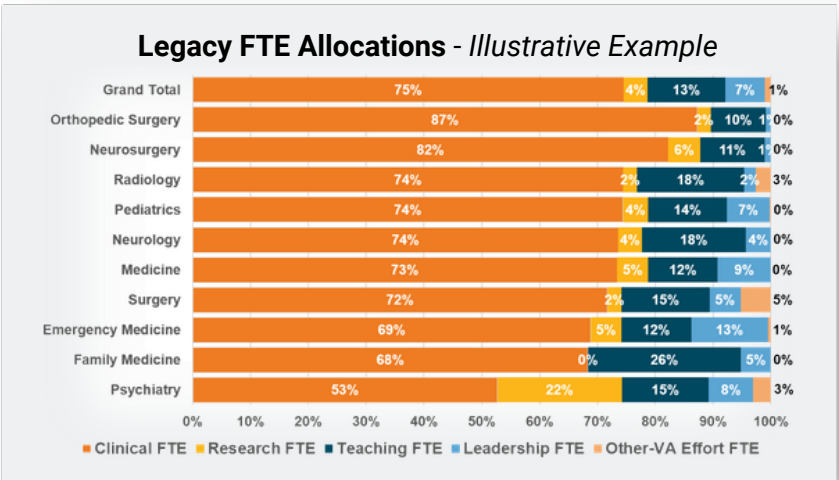
*Performance expectations and incentive parameters communicated at the outset of each plan year encouraged physicians to increase clinical productivity levels through a clear understanding of how this would impact compensation.*




## Standardized Work Effort

**Development of standard FTE definitions and allocations** to replace outdated legacy structures improved clarity of expectations.

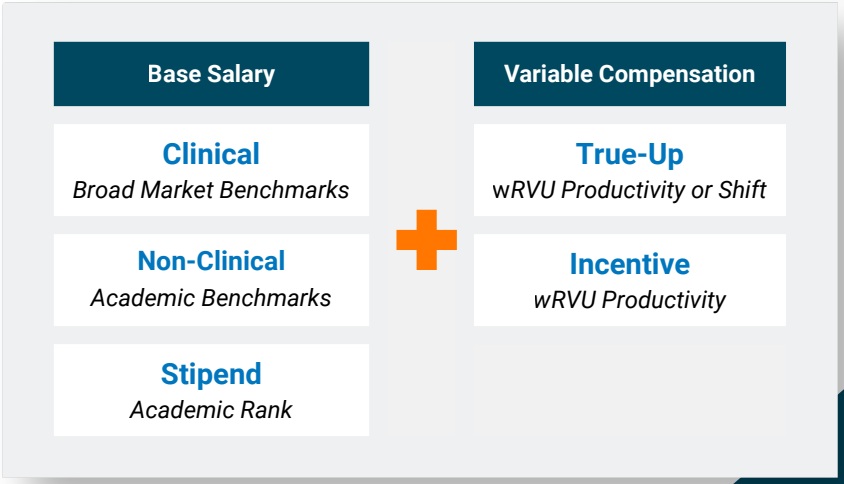
*Evaluating and understanding these disparities created common accountabilities towards both departmental and enterprise success and financial sustainability.*




## Recalibrated Clinical Salaries

**Improved consistency in compensation structure and accountability.**

*Separating base salary into clinical and non-clinical components promoted more consistent and affordable recognition of academic rank and created the opportunity for meaningful increases in clinical compensation.*

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