



Computer Sciences Corporation
Healthcare Group

(Holistic) Thoughts About Faculty Productivity & Compensation

Association of Academic Health Centers

***Senior Administrative/Fiscal Officers of
Academic Health Centers (SAFO) Mtg***

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CSC Global Health Solutions
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July 20, 2001

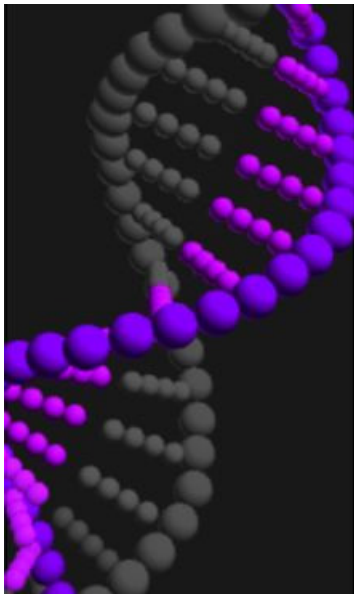


**Just A One-Minute Promo on
“Who We Are”**

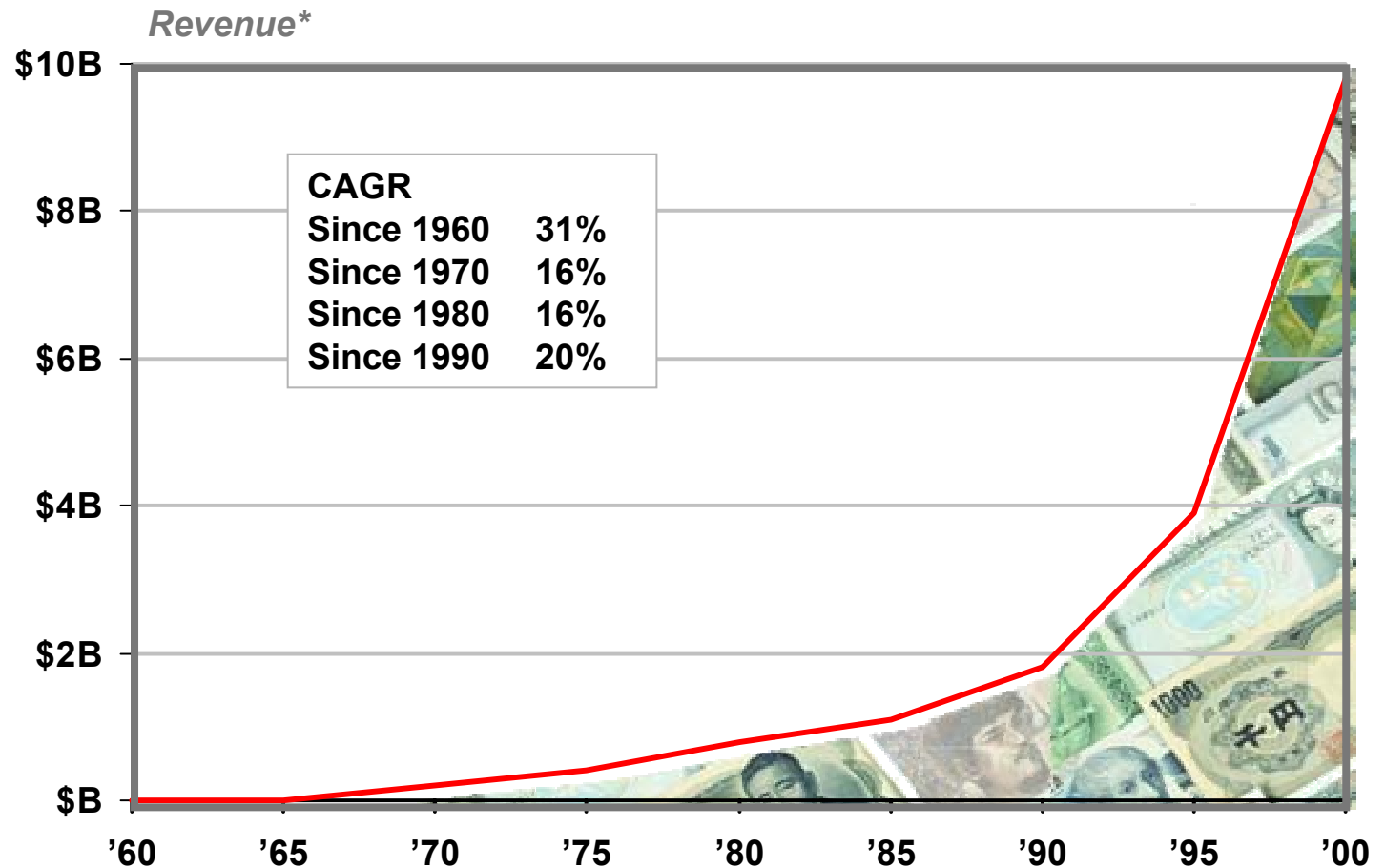


Snapshot of CSC

CSC is a Fortune 500 company with revenues in FY '01 of over \$10B and nearly 68,000 employees.



- *Founded in 1959*
- *Offices in 40 countries*
- *Serving commercial and public sector clients worldwide*



* Includes Continuum and Nichols Research for Fiscal 2000 only.

What we do—complete, end-to-end solutions

Management Consulting

- e-Business strategies
- M&A
- Industry consulting
- Business transformation
- Net market design
- Organization and culture
- Research services
- Turnarounds
- Patient access and revenue cycle (PARC)
- e-Health strategies
- Consumer/volume growth strategies
- Data and record security strategies



Systems Integration

- IT strategy and consulting
- Net market development and launch
- Enterprise-wide solutions architecture
- Client relationship management
- Electronic procurement
- Systems development
- Creative services
- Payor/provider connectivity
- Collaborative commerce
- Clinical systems integration
- HIPAA compliancy
- R & D document management
- Sales & marketing integration
- ERP implementations
- Enterprise application integration

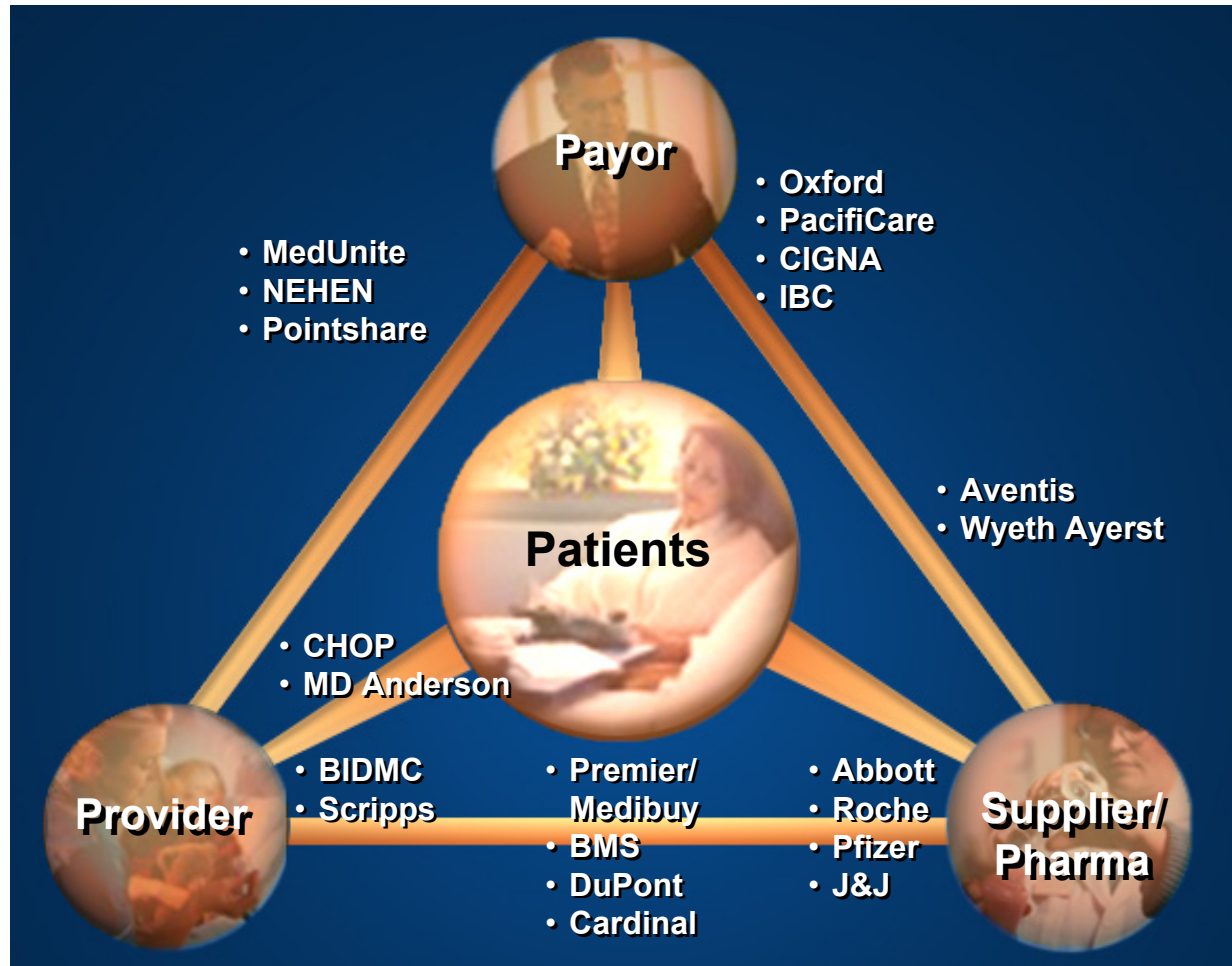


Outsourcing

- Web and application hosting
- Application unification/ replacement and legacy systems management
- Technology planning, migration, and transformation
- Desktop and distributed computing
- Network services
- Data center operations
- Help desk
- Business process (BPO)

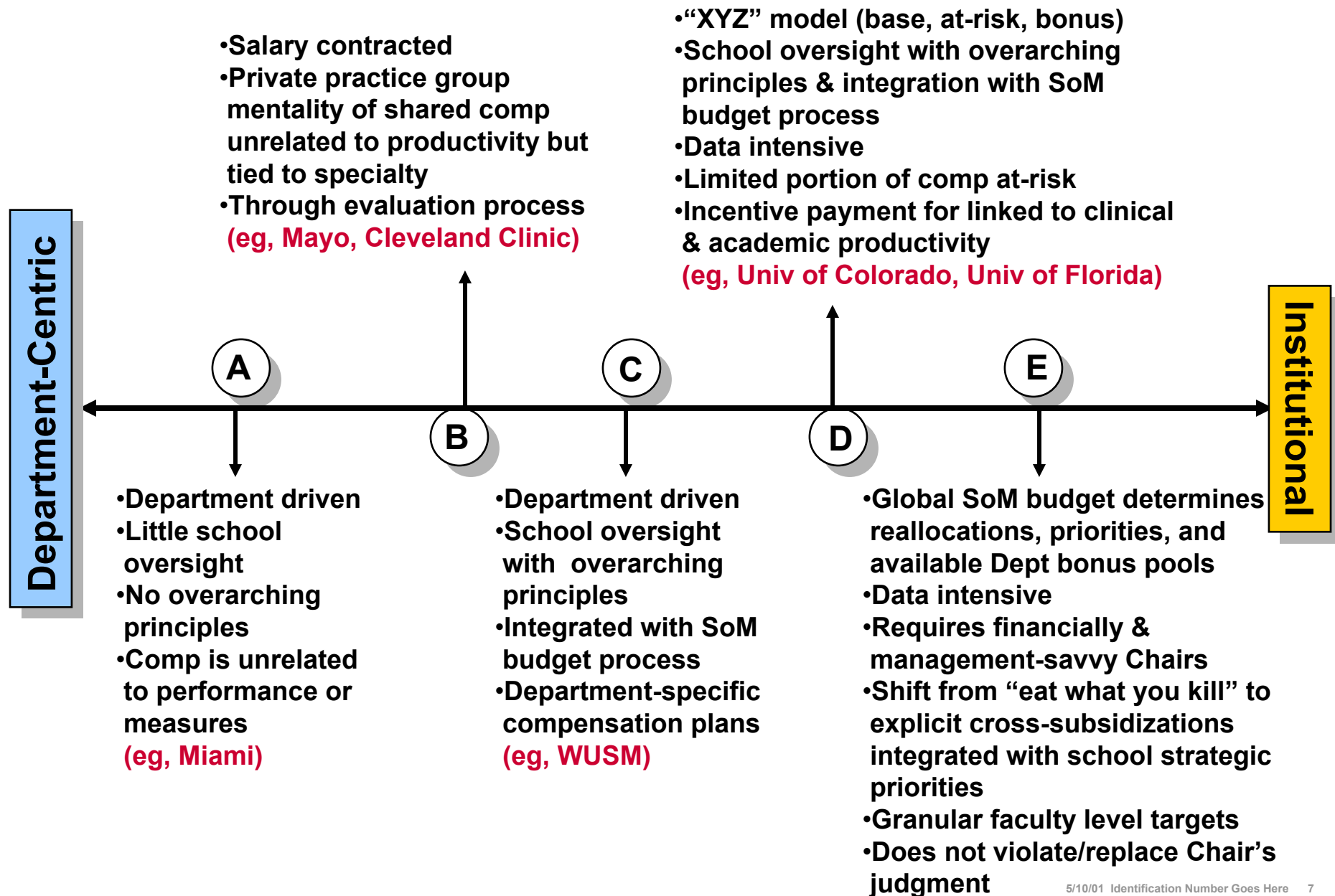


CSC is unique in bringing together all segments of healthcare.



- Knowledge and services across all industry segments
- Integration of management consulting, systems integration, outsourcing, and applications creating end-to-end solutions
- Track record and reputation for tangible results and strong client relationships
- Builder of major web offerings—Medibuy, MedUnite, NEHEN etc.

What's Wrong with this Picture?





Questions To Consider

Q1: What is it that has HSC's (mostly the Medical Schools) constantly revising their Comp/Incentive Plans? *[audience participation]*

- ??
- ??
- ??

Q2: What is missing that these comp plans consistently fall short of leaderships' expectations? *[my assertions]*

- ❑ Plans often do not appreciate the institutional interdependencies and are not devised inside an institutional context
- ❑ Incentives often mismatched to desired institutional and departmental goals
- ❑ Real accountability is missing at a levels
- ❑ Plans are not devised and applied explicitly across all levels of the administrative hierarchy

**Linking Strategy & Operations
to Compensation & Incentives**
(30,000 foot view)

INTERDEPENDENCY

In a real sense all life is inter-related.

All men (people) are caught in an inescapable network of mutuality, tied in a single garment of destiny. Whatever affects one directly affects all indirectly.

--Martin Luther King, Jr.

Strategy to Build Enterprise

1. Articulate HSC Strategic Priorities w/ Financial Modeling
2. Research Strategy
3. Educational Strategy
4. Clinical Enterprise Strategy

Optimize Performance

1. All operating units focus on improved performance
2. Strong performance builds reserves
3. Policies guide reserve use and development
4. Reserves deployed against strategic priorities

Strong Leadership Team

- **Strategy & Operations reflects the School's values**
- **Chairs as institutional leaders**
- **Streamlined decisionmaking**
- **Focused responsibilities**

Integrated Data

1. Strategic priorities "baked into" budget
2. "All Missions, All Funds" budgets
3. Financial & productivity goals
4. Measurement tools

Accountability/Oversight & Incentive Alignment

1. "Peer accountability" process clearly defined to address Dept performance variances
2. **Comp & Incentives aligned with Department (and School's) goals**

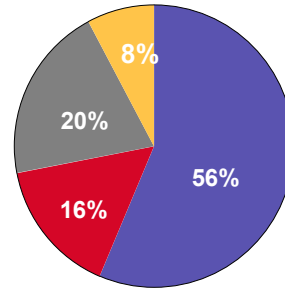


Dean's Perspective: Managing the School's Resources

Key Question:

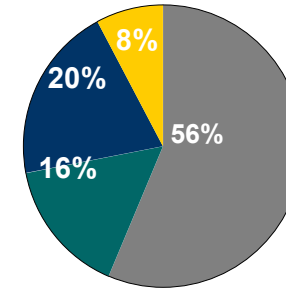
**Dean's
Challenge**

**WHERE THE
EFFORT IS EXPENDED**



≠

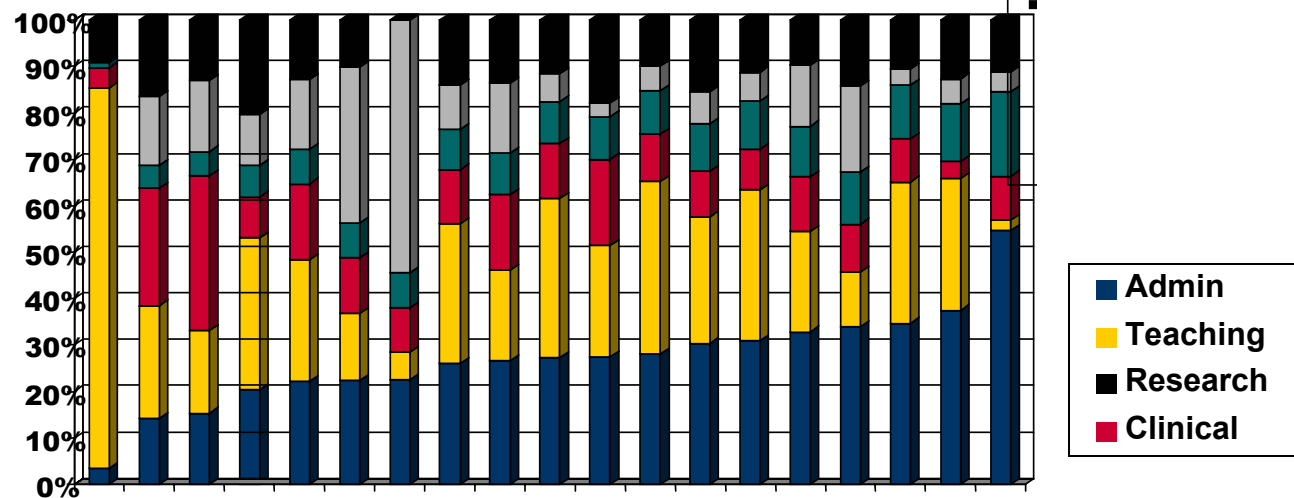
**WHERE THE
DOLLARS FLOW**



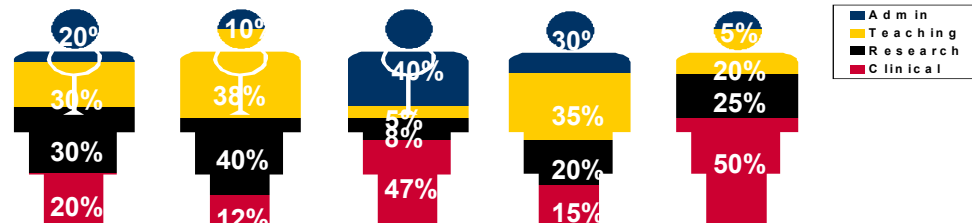
*Does this
reflect our
values?*

PREROGATIVES

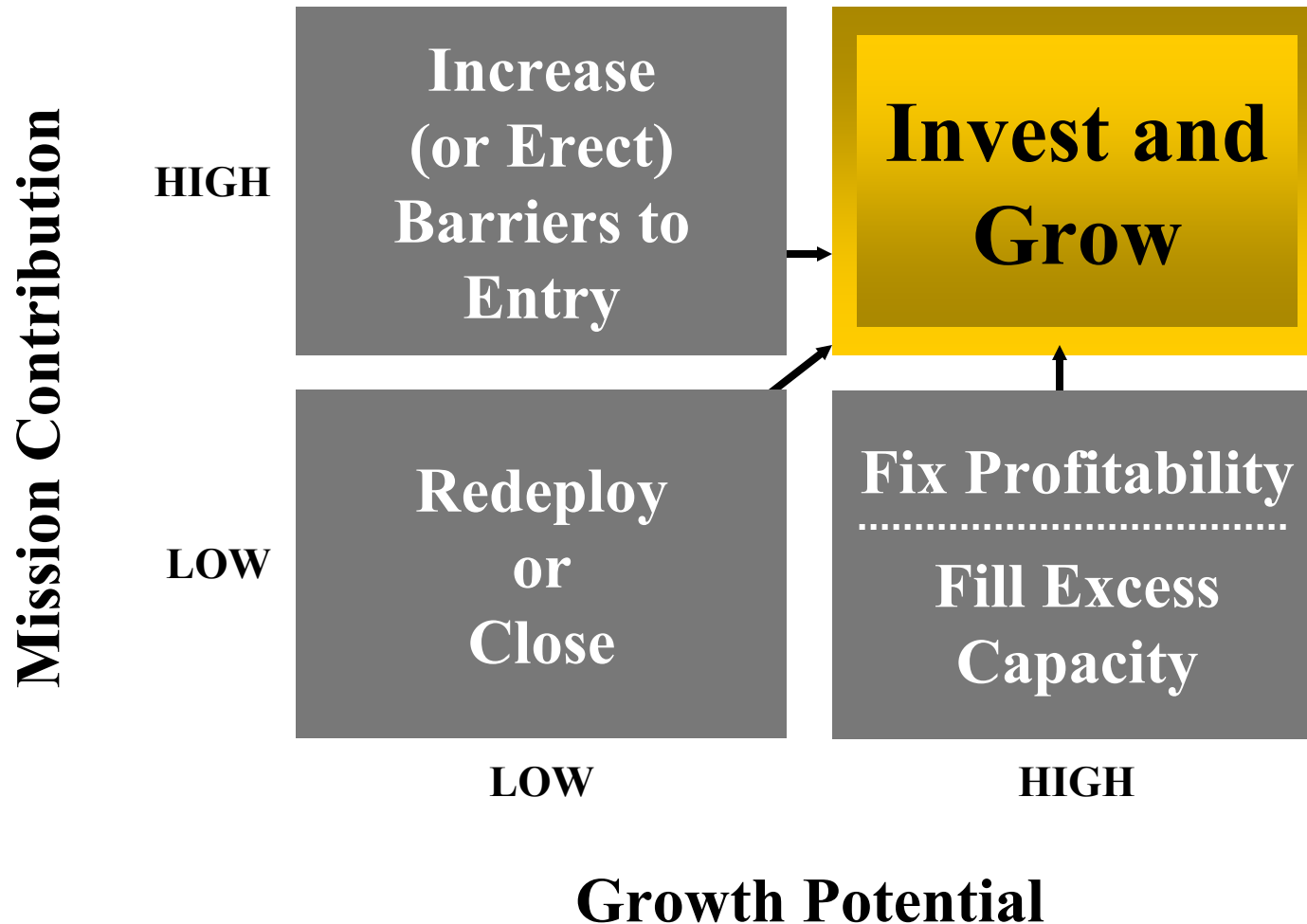
**Dean's
Perspective**



**Chair manages the
Department's
"portfolio of talent"**



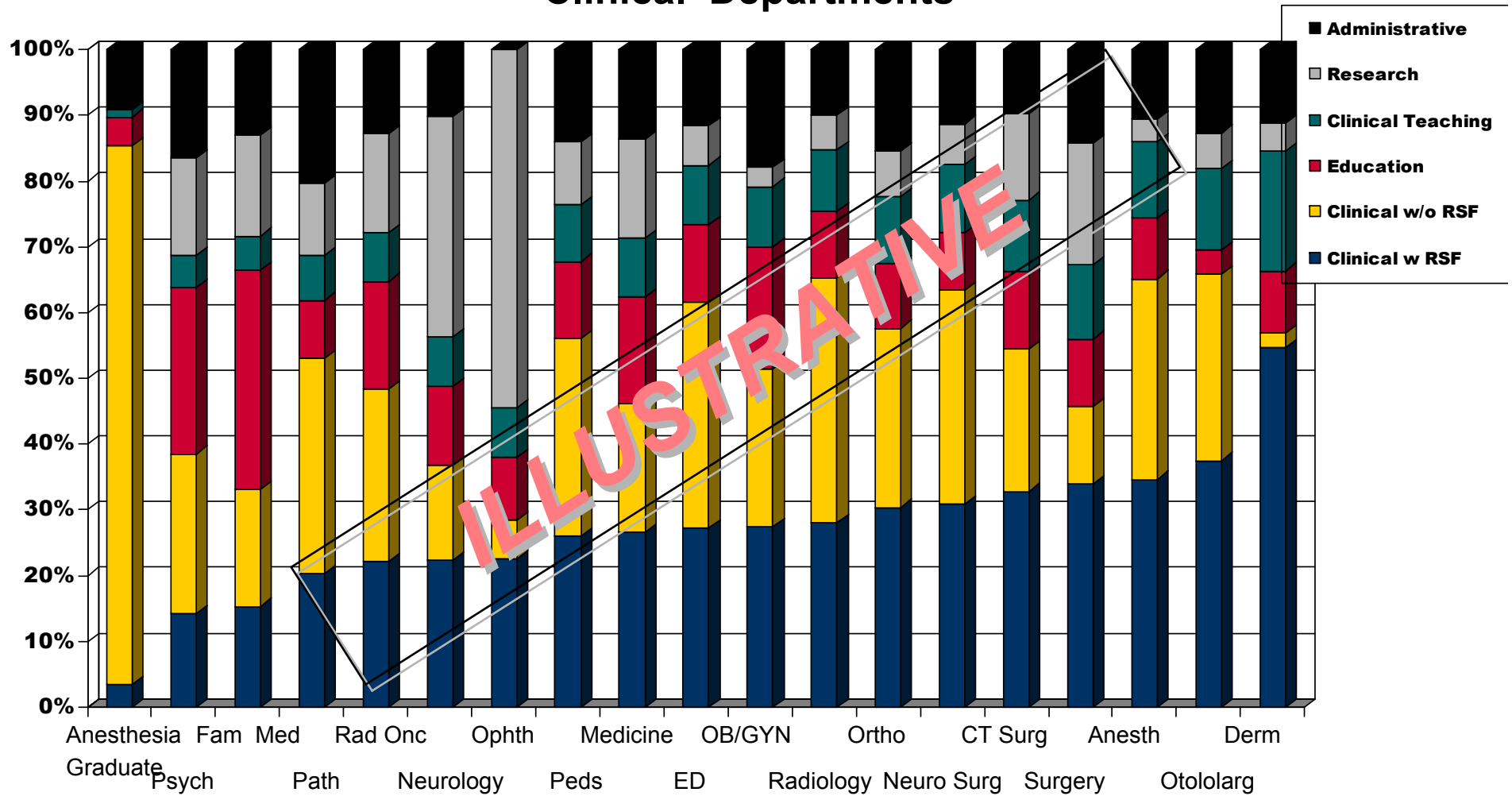
In an era of unconstrained resources, tough choices must be made to fund and grow what is important and the faculty necessary to provide it.





Faculty Effort Varies by Department

Reported Faculty Effort by Mission for the Clinical Departments



ILLUSTRATIVE

1. Faculty appointed to academic, clinical, service work
2. Departments prepare comp plan & get approval
3. Comp Plan recognize different roles and different funding sources
4. Department comp plans allocate funds to individuals as total comp
5. During transition period, individual comp will increase & decrease no more than ___%
6. Faculty can appeal annual comp determinations
7. Plan is understandable & shows that comp varies w/ work quantity & quality
8. Comp based on benchmarks and availability of funds

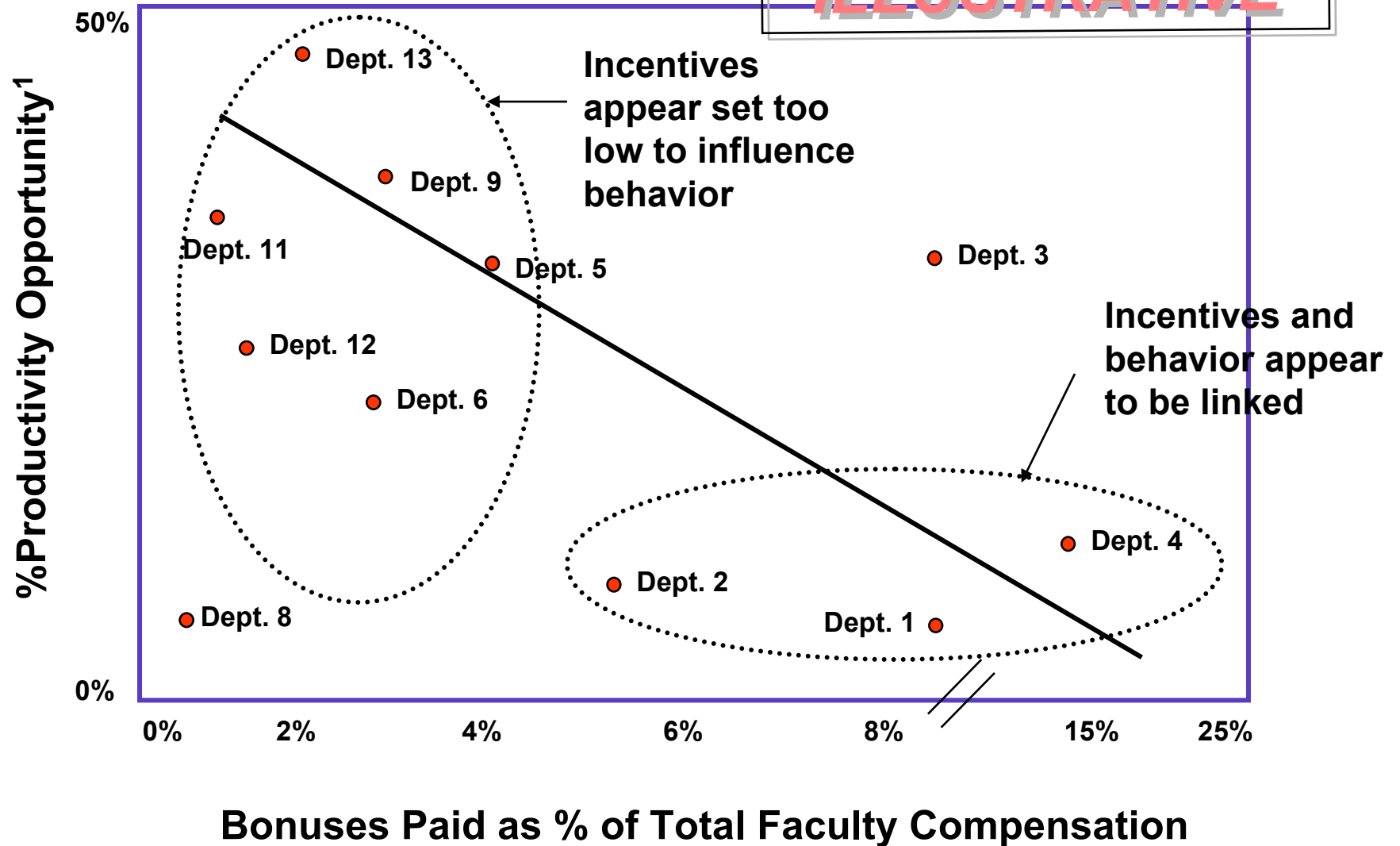
Completed ¾ Completed ½ Completed ¼ Completed Not Completed

Department	Faculty apptd., academic, clinical, service work	Clinical comp = Total Comp	Depts. Prepare comp plan & get approval	Comp Plan recog. different roles, diff. funding sources	Dept comp plans allocate funds to indiv as total comp	During trans. pd., indiv comp will inc. & dec. no more than __%	Faculty can appeal annual comp determinations	Plan is understandable & shows comp varies w/ work quant & qual	Comp based on benchmarks and avail. of funds
DFM	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
Medicine	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
OB/GYN	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
Psychiatry	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
Radiology	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
Surgery	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Anesthesiology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Neurology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Neurosurgery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pathology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pediatrics	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Oncology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ophthalmology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rehabilitative Med.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

ILLUSTRATIVE

Item Completed
 Item 3/4 Completed
 Item 1/2 Completed
 Item 1/4 Completed
 Item Not Completed

ILLUSTRATIVE

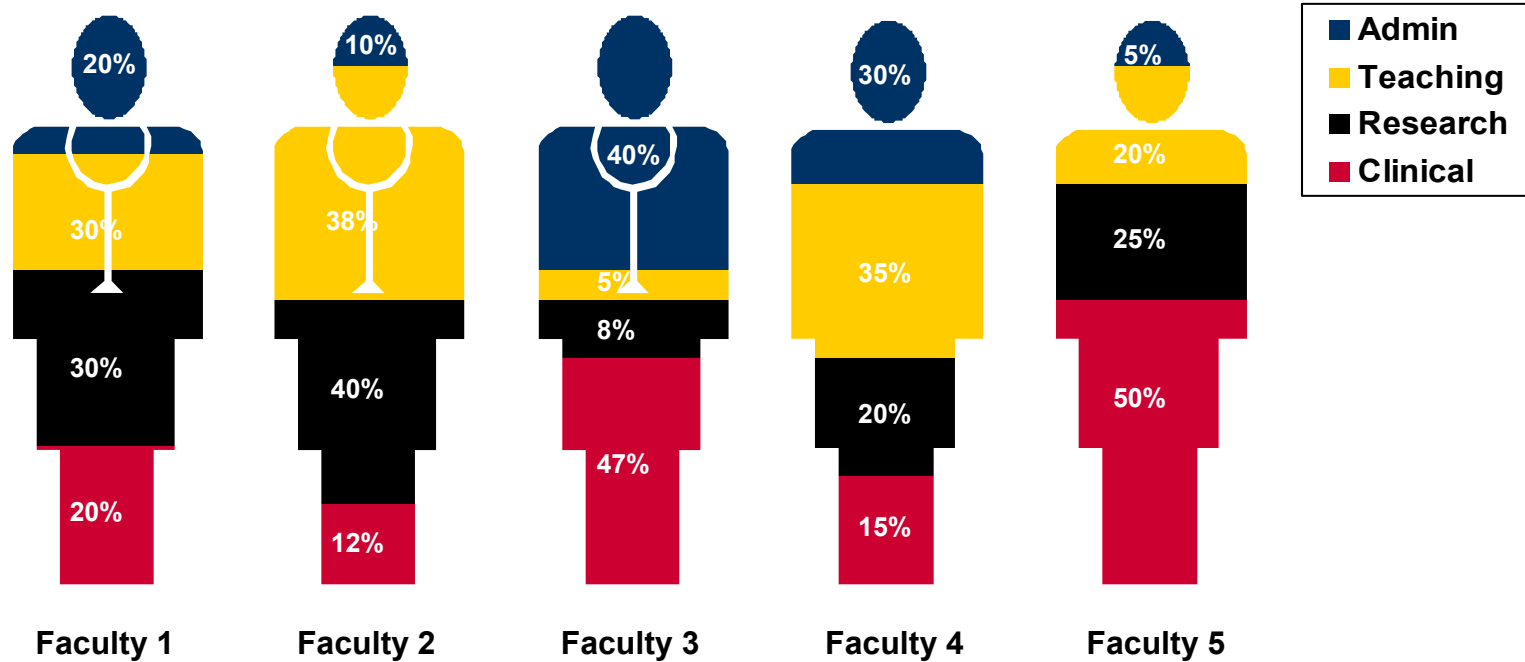


**The Chair's World:
Appreciating the Complexities
While the World Demands More
*(10,000 foot view)***

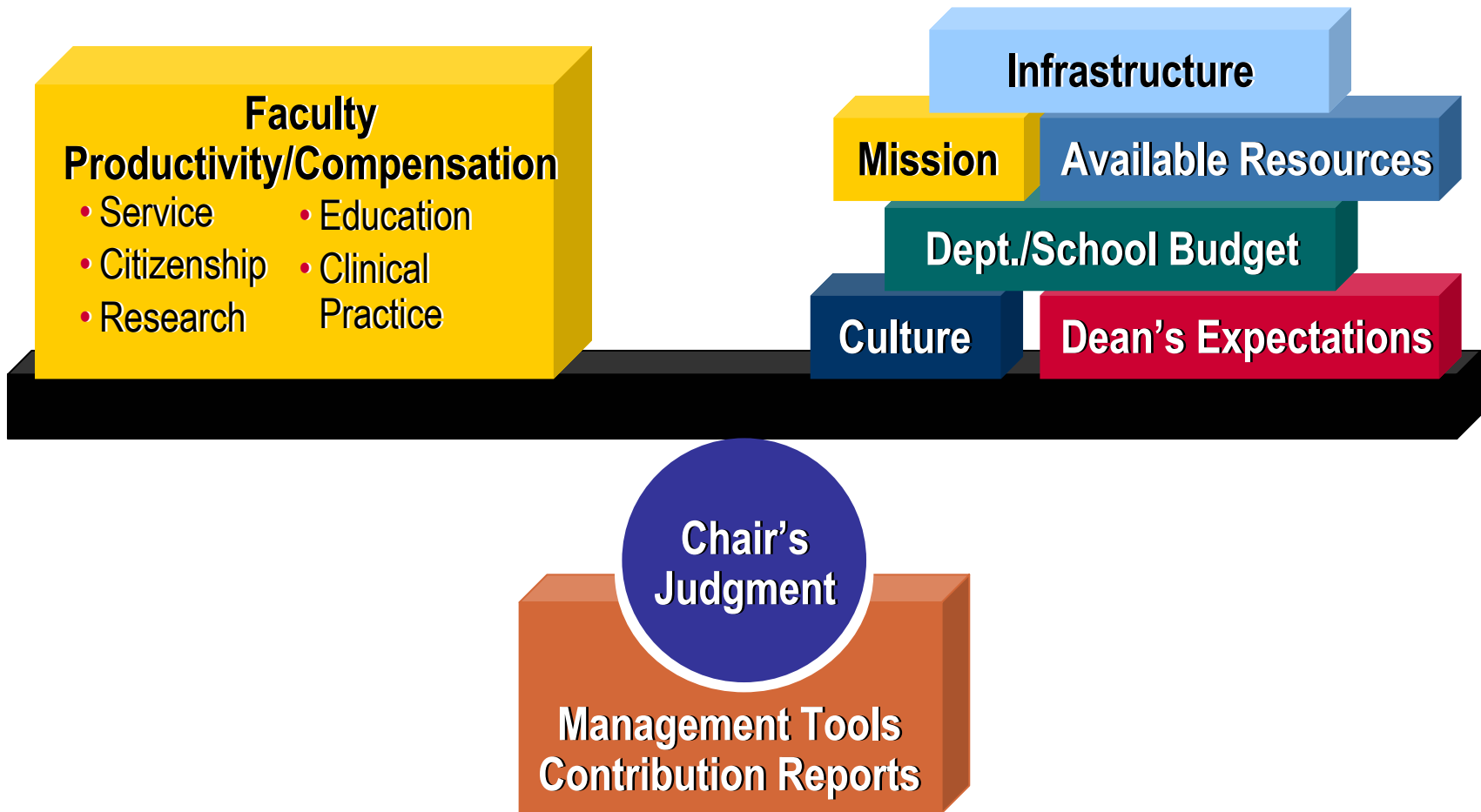


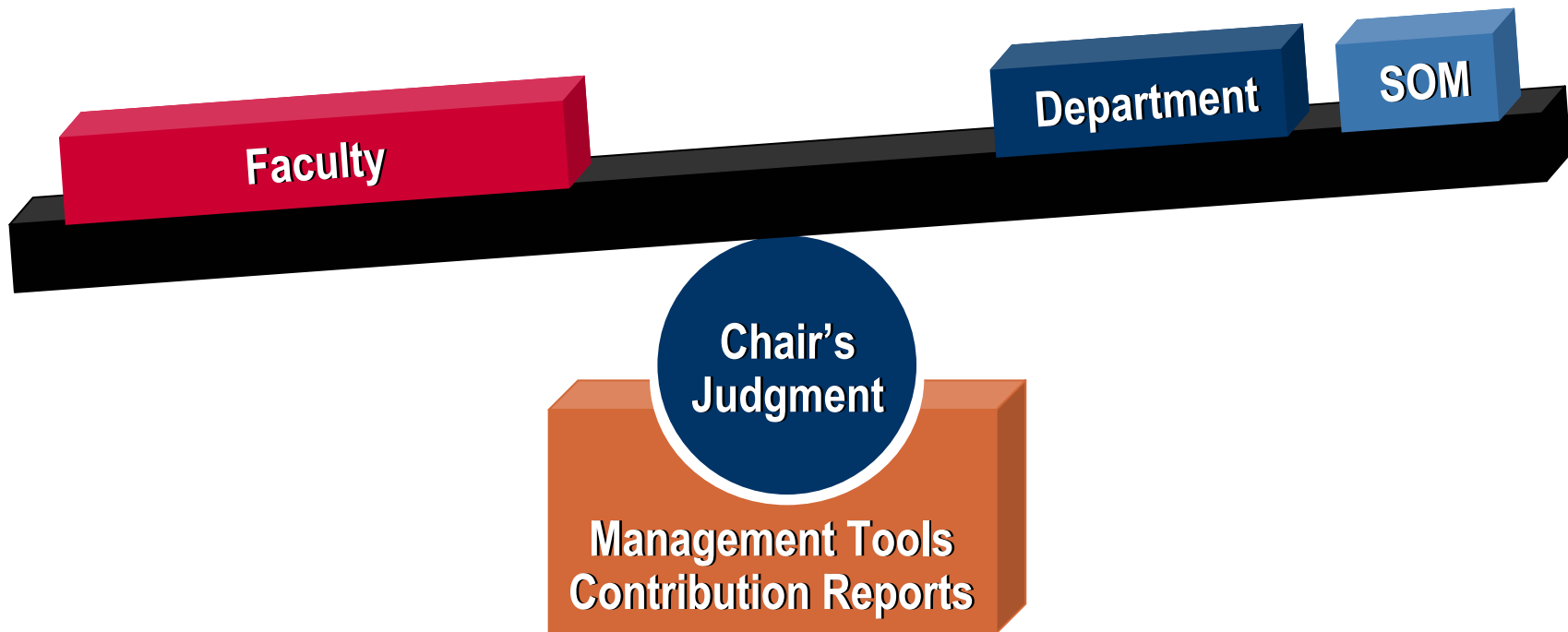
Chair's Manage the "Portfolio of Talent"

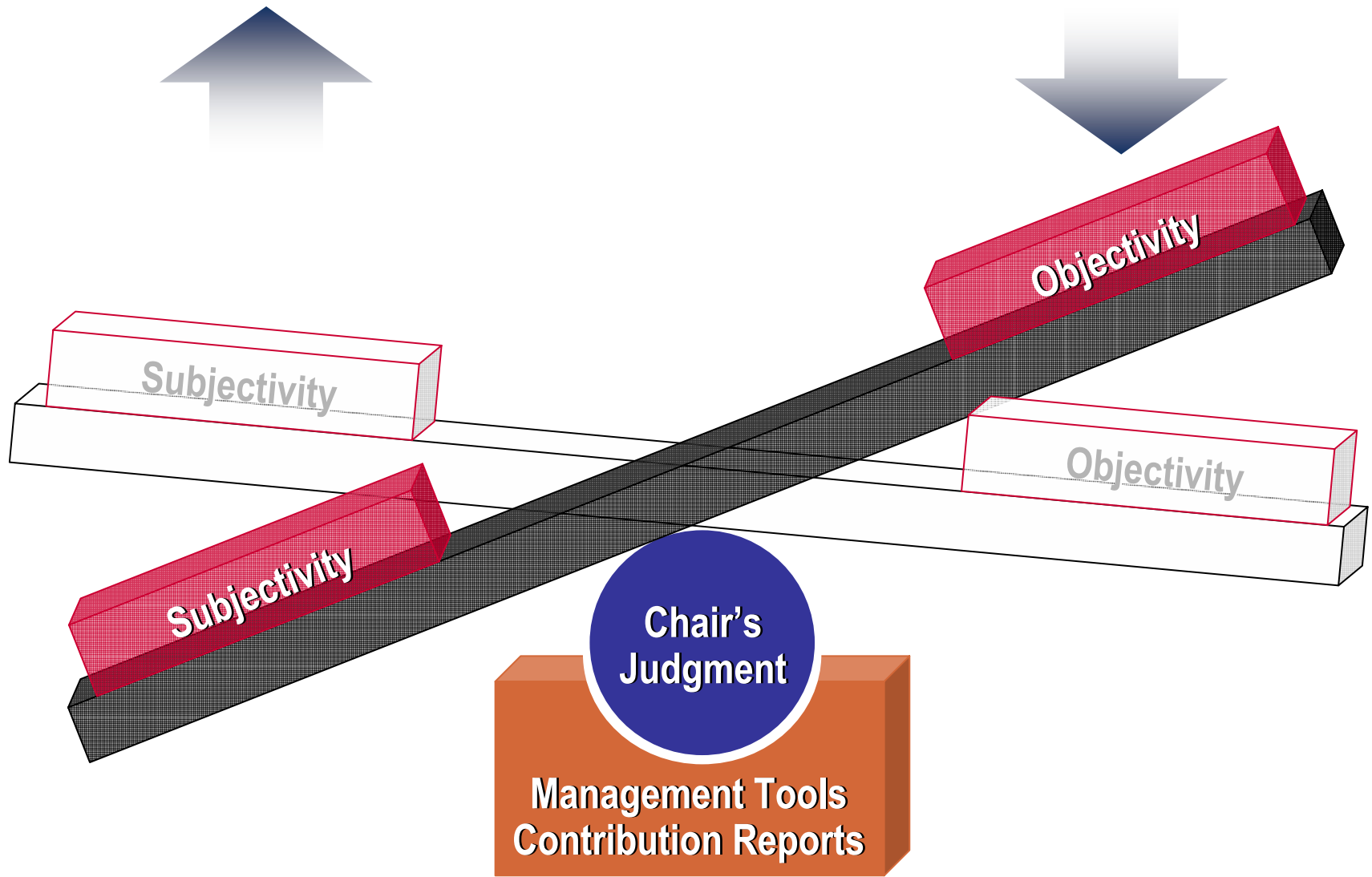
Faculty Vary by both Efforts, Mission Interests, and Compensation



Chair's Must Strive to Balance Their Mission Portfolio









CHAIR'S TOOLS: Financials By Dept/Division/Faculty

Name:
SSN#: SAMPLE FACULTY MEMBER
Department:
Division:

Quarter: 2

ILLUSTRATIVE

BUDGET ASSIGNMENT:	CLINICAL	EDUCATION	RESEARCH	ADMIN	VAMC	TOTAL
FTE	41%	26%	23%	10%	0%	100%

FUNDING ALLOCATIONS						
Clinical Billings	395,008					\$395,008
Clinical Collections	143,500					143,500
Dean's Assessment	(7,821)					(7,821)
FGP Assessment	(38,401)					(38,401)
State Allocations		6,432	359			6,791
Restricted Funding			5,037			5,037
VA						0
Contracts	577					577
SUBTOTAL	97,855	6,432	5,396	\$0	\$0	\$109,683
DEPT EXPENSES						
Salary and Fringes	(41,473)	(26,300)	(23,265)	(10,115)		(\$101,153)
Retirement	(6,670)					(\$6,670)
Clinical Insurances	(3,476)					(\$3,476)
Travel	(320)					(320)
Dues & Subscriptions	(287)	(182)	(161)	(70)		(\$700)
Malpractice (estimate)	(398)					(\$398)
SUBTOTAL	(\$52,624)	(26,482)	(\$23,426)	(\$10,185)	-	(\$112,717)
NET CONTRIBUTION: \$45,231 (\$20,050) (\$18,030) (\$10,185) - (\$3,034)						



CHAIR'S TOOLS: Productivity Metrics By Dept/Division/Faculty

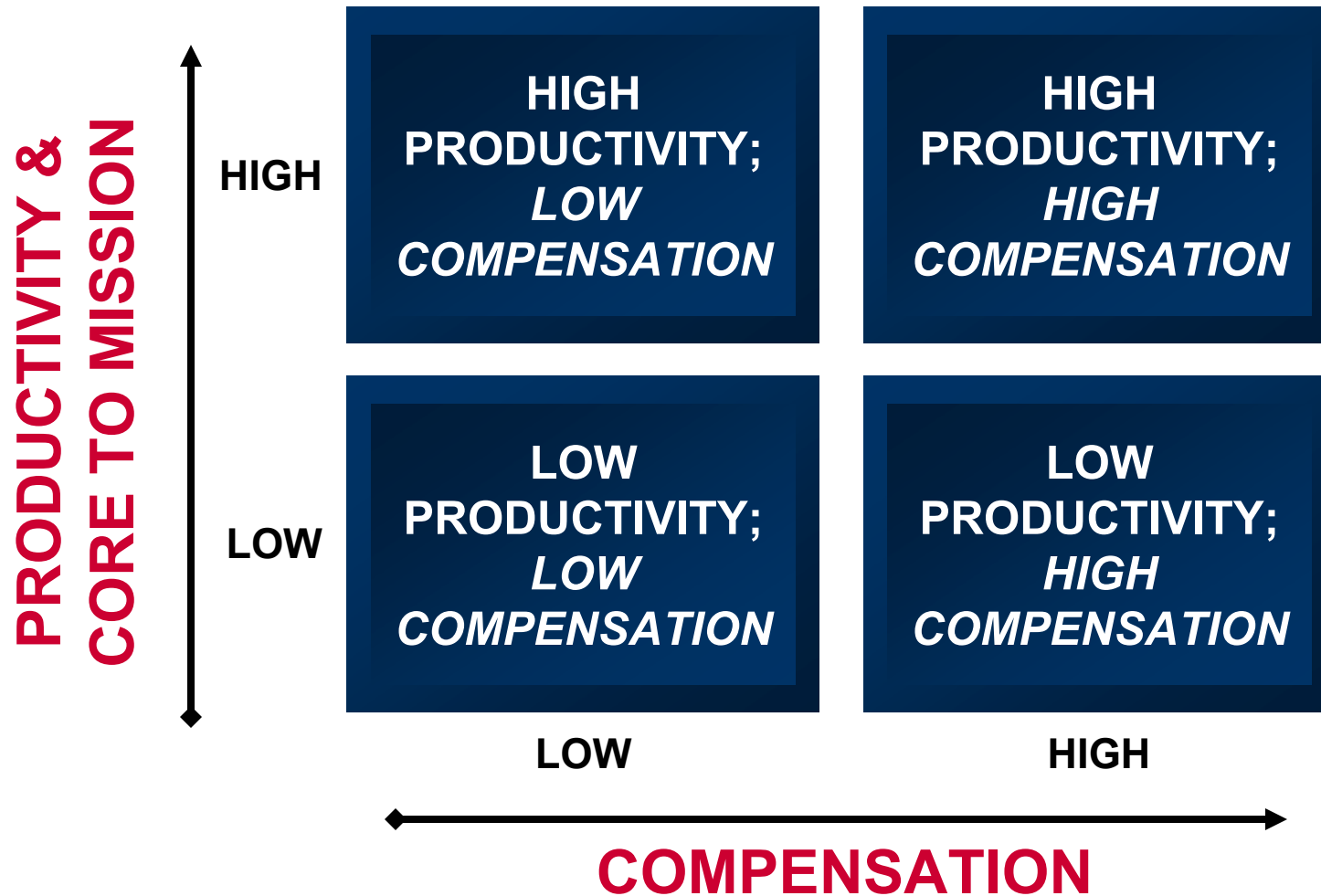
ILLUSTRATIVE

CLINICAL	RESEARCH	EDUCATION
<ul style="list-style-type: none">◆ RVUs/FTE	<ul style="list-style-type: none">◆ Grant Dollars/FTE	<ul style="list-style-type: none">◆ Graduate Students Taught
<ul style="list-style-type: none">◆ Billings/FTE	<ul style="list-style-type: none">◆ Salary Covered by Grant Dollars	<ul style="list-style-type: none">◆ SOM Courses Taught
<ul style="list-style-type: none">◆ Collections/FTE	<ul style="list-style-type: none">◆ Space Productivity	<ul style="list-style-type: none">◆ Medical Students Taught
<ul style="list-style-type: none">◆ Capitated Payments/FTE	<ul style="list-style-type: none">◆ Grants Submitted	<ul style="list-style-type: none">◆ Student Evaluations
<ul style="list-style-type: none">◆ Collections/Clinical Salary	<ul style="list-style-type: none">◆ Publications	<ul style="list-style-type: none">◆ Contact Hours
<ul style="list-style-type: none">◆ Panel Size/FTE	<ul style="list-style-type: none">◆ Intellectual Property	<ul style="list-style-type: none">◆ Performance of Students on Board Exams
	<ul style="list-style-type: none">◆ Invitations	

 = frequently used measures

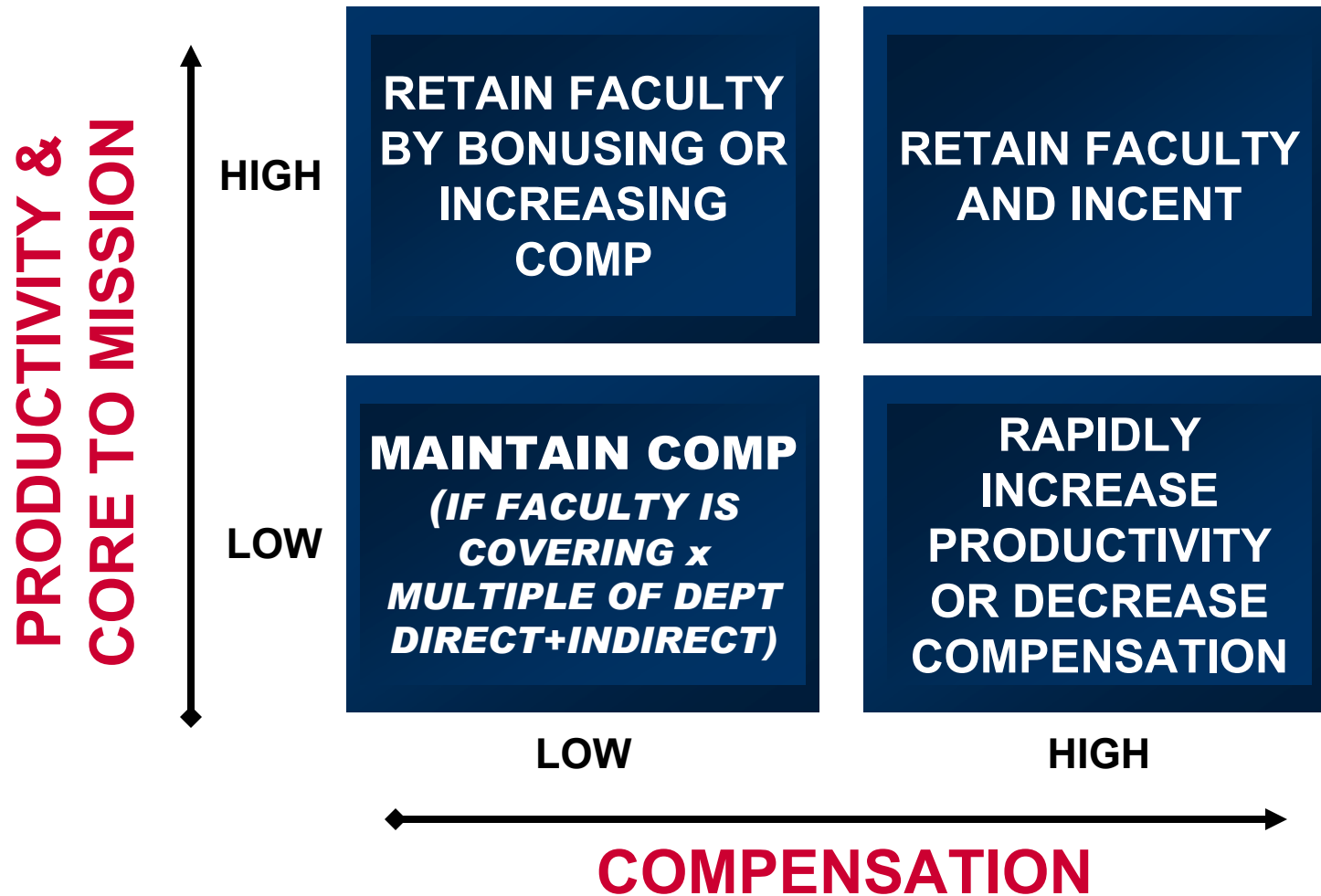


Productivity & Comp Scenarios



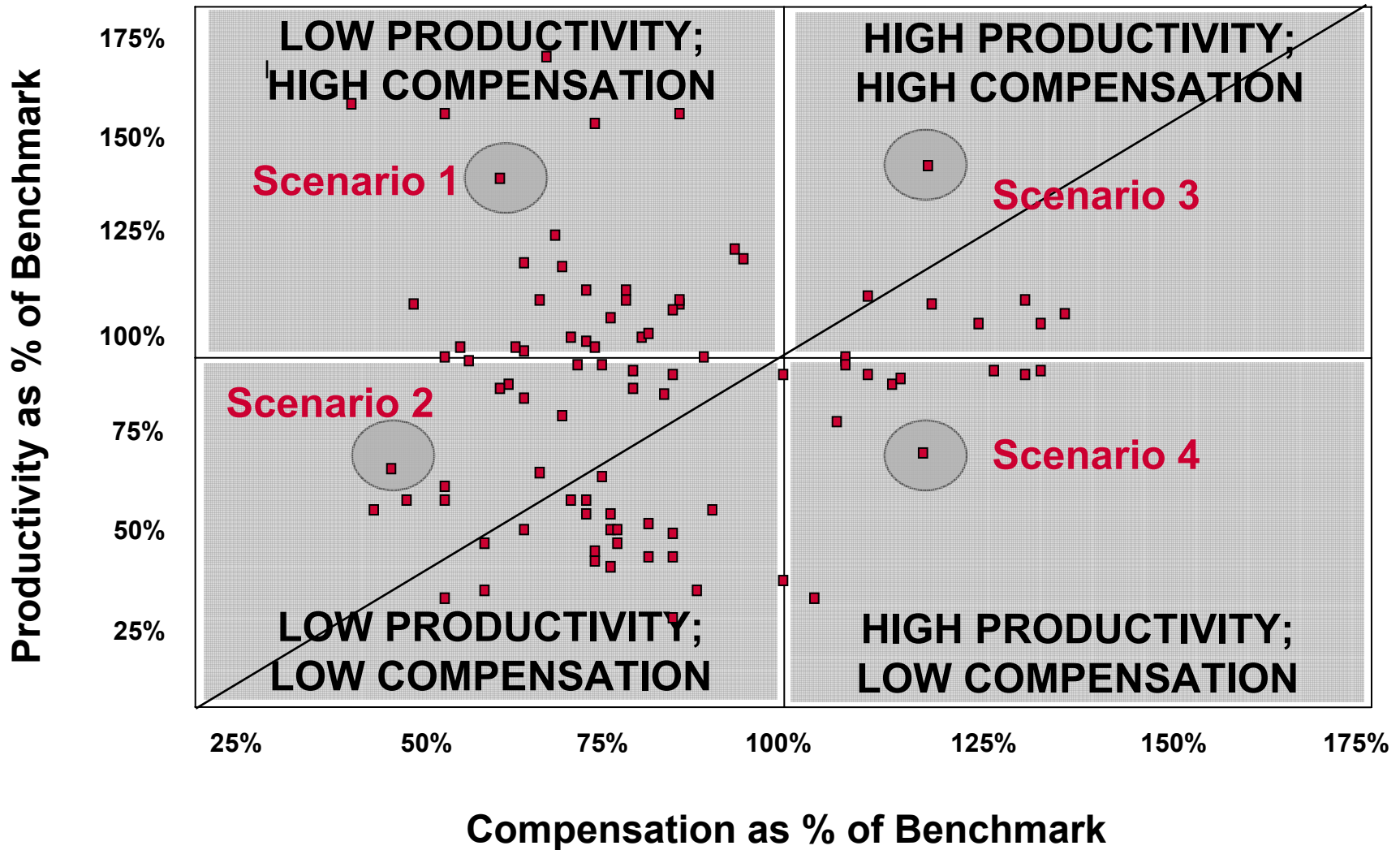


Productivity & Comp Scenarios





Productivity & Comp Scenarios



High
Productivity

**RETAIN FACULTY
BY BONUSING OR
INCREASING
COMP**

Low
Comp

Chair's Key Questions:

1. Do my expectations and the faculty member expectations match up?
2. What is the impact on my department/division if this faculty member leaves?
3. What will it take for me to retain this faculty member? (If I increase the salary for this faculty member, what impact does this have on my department/division?)
4. Can this faculty member significantly impact volume?
5. Is this faculty member significantly contributing to all missions? Would it make any sense to reassign this faculty member to be productive in another or other missions?



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6. **How can this faculty member train and counsel other faculty members to be more effective?**

Low
Productivity

MAINTAIN COMP
(IF FACULTY IS
COVERING x
MULTIPLE OF DEPT
DIRECT+INDIRECT)

Low
Comp

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6. **Is this faculty member covering some multiple of their salary/benefits and other divisional/departmental expenses ?**
7. **Is this faculty member covering some multiple of their salary/benefits and other divisional/departmental expenses (2-4X)?**

Low
Productivity

**RAPIDLY
INCREASE
PRODUCTIVITY
OR DECREASE
COMPENSATION**

High
Comp

Chair's Key Questions:

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4. Can this faculty member significantly increase their impact on volume?
5. Is this faculty member significantly contributing to all missions? Would it make any sense to reassign this faculty member to be productive in another or other missions?
6. **How can this faculty member significantly & rapidly impact volume?**
7. **To what degree do I lower this faculty member's compensation and/or put a portion at-risk?**

**Bring It All Together:
A Necessary State Change
*(back to 30,000 feet)***

“The world that we have made as a result of the level of thinking we have done thus far creates problems that we cannot solve at the same level we created them at.”

— Albert Einstein



Comp & Incentives Reside in a Context

Strategy to Build Enterprise

1. Articulate HSC Strategic Priorities w/ Financial Modeling
2. Research Strategy
3. Educational Strategy
4. Clinical Enterprise Strategy

Optimize Performance

1. All operating units focus on improved performance
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Integrated Data

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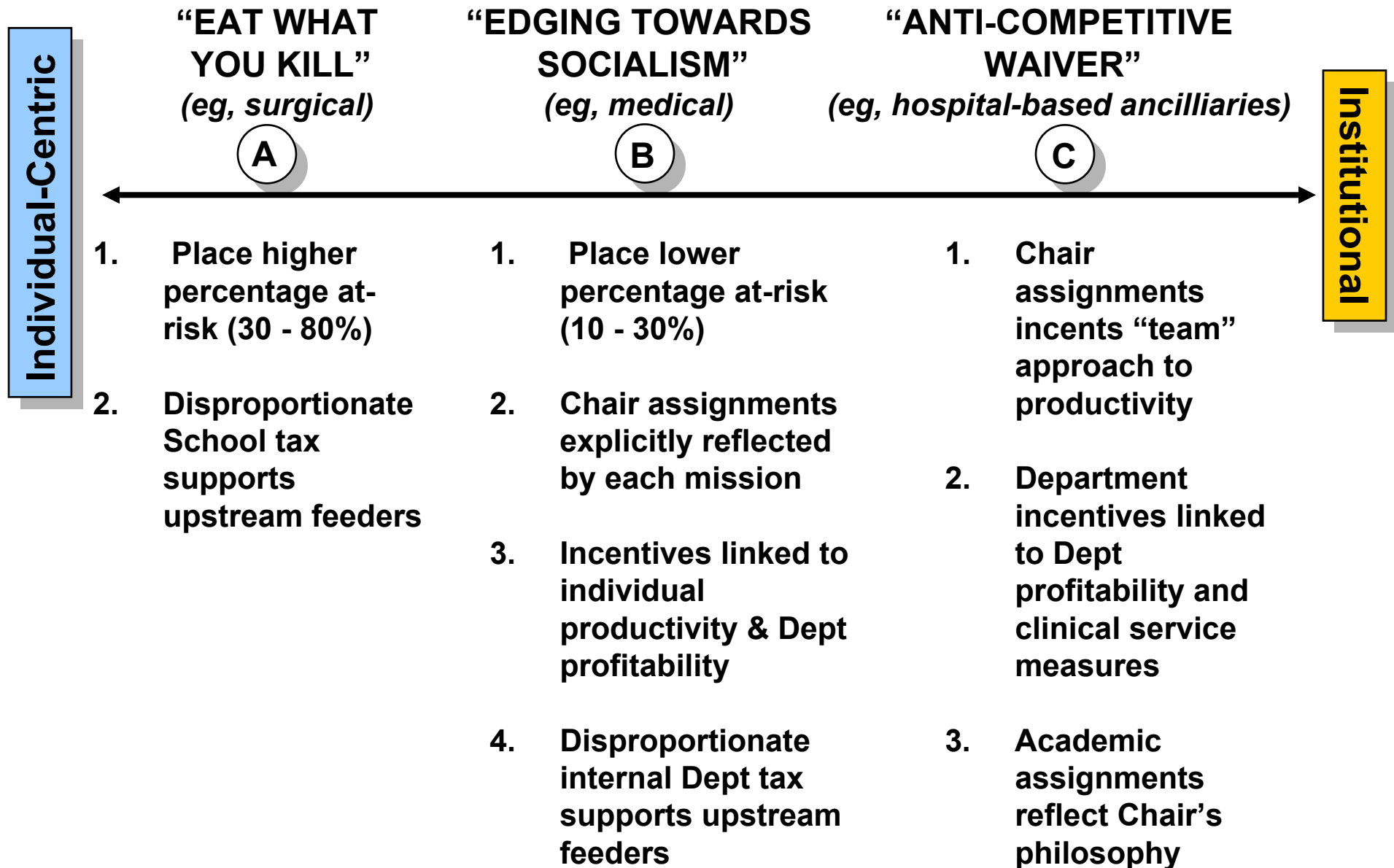
Accountability/Oversight & Incentive Alignment

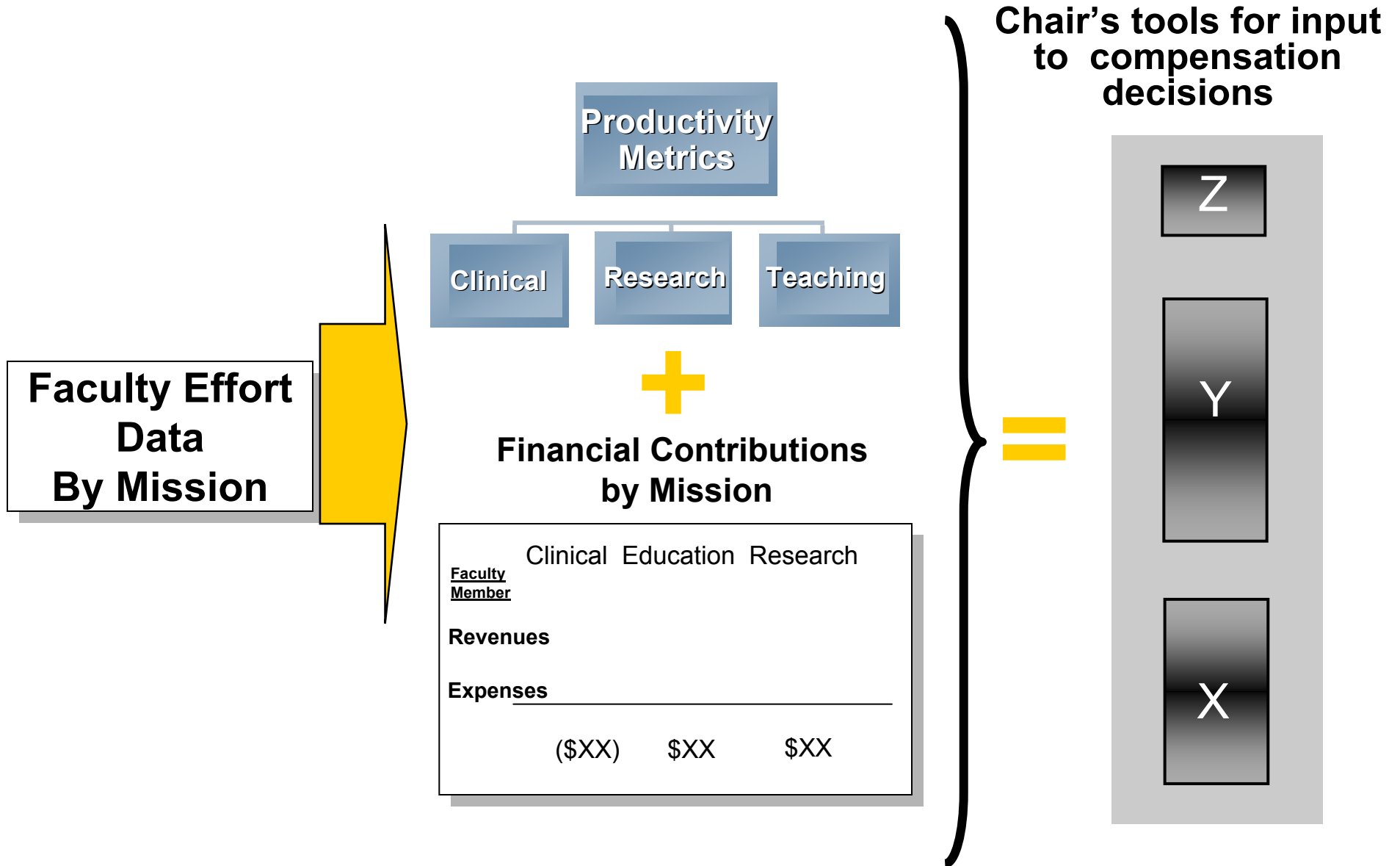
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ILLUSTRATIVE

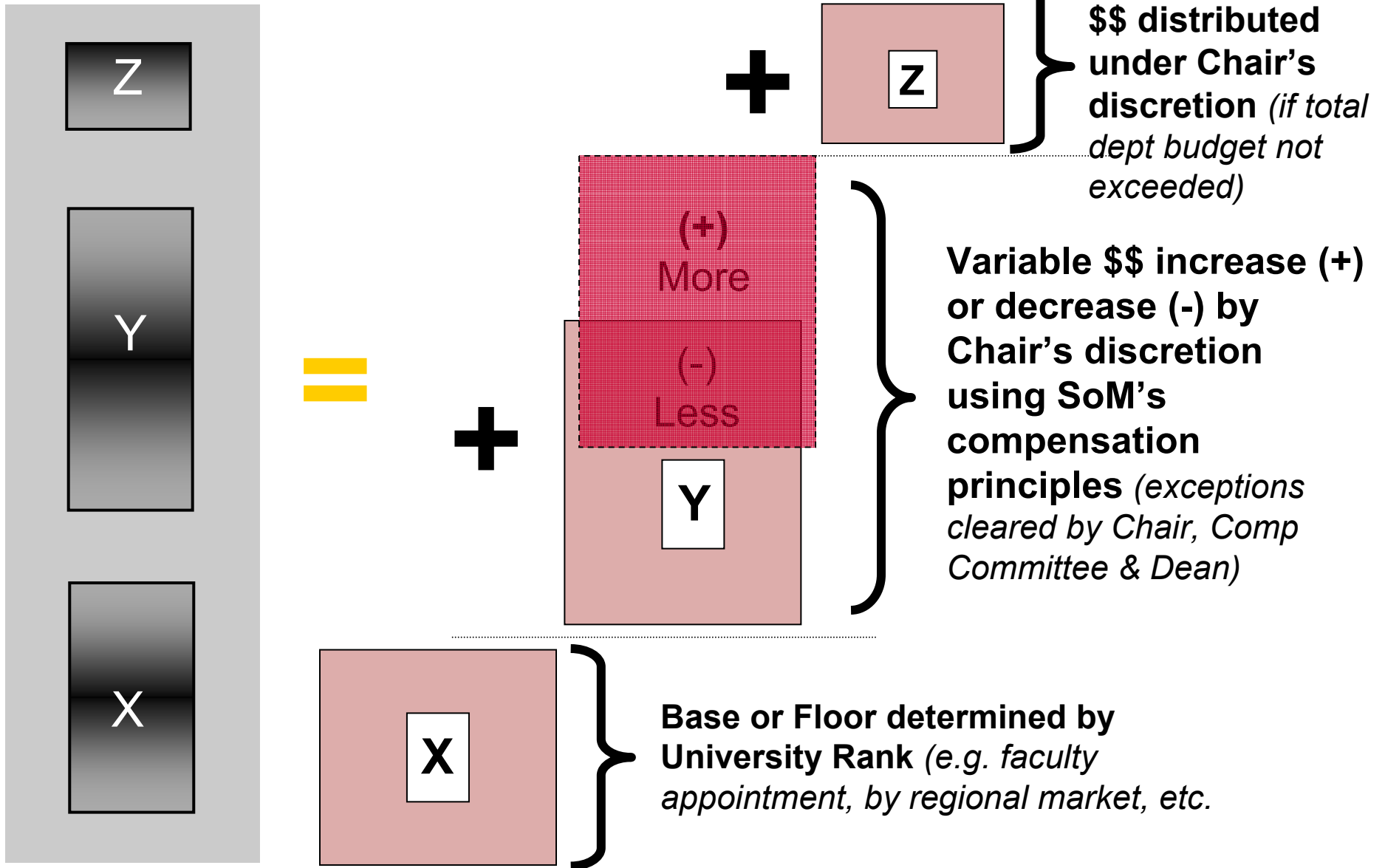
- 1. Chairs are a fundamental point of leverage for the institution**
- 2. Formulas inform, not replace, Chair's judgment**
- 3. Chairs (and division chiefs) must be clear about their expectations with faculty**
- 4. Identify all sources of income**
- 5. Make all institutional cross-subsidies explicit (*transparency*)**
- 6. Align all sources of income with faculty performance by mission: clinical, academic, research, administration, etc**
- 7. Recognize and reward individual performance excellence; decrease comp for those who do not meet department or division-specific economic goals**
- 8. Place at least 10 percent of faculty compensation at-risk**
- 9. Reward academic excellence**
- 10. Ensure incentives can be paid out if department budget is met (*retention issues handled by exception if budget not met*)**

One Size Does Not Fit All: Incentives & Disincentives





CSC Compensation Plan Interdependencies



INTERDEPENDENCY

In a real sense all life is inter-related.

All men (people) are caught in an inescapable network of mutuality, tied in a single garment of destiny. Whatever affects one directly affects all indirectly.

ACCOUNTABILITY

*I can never be what I ought to be
until you are what you ought to be,
and you can never be what you ought to be
until I am what I ought to be.*

This is the inter-related structure of reality.

--Martin Luther King, Jr.



Is What's Good for the Goose, Good for the Gander?

