

**SLUCare**  
**Participant Compensation Plan**

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SAINT LOUIS  
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## **MISSION:**

The SLUCare Participant Compensation Plan (“the Plan”) is designed to focus the medical group on the execution of short and long-term strategies to achieve the mission of SLUCare, and to further the achievement of the School of Medicine’s education, clinical services, and research objectives. In addition to these primary objectives, the Plan supports the following objectives:

## **GOALS:**

- Provide a fair, equitable compensation plan for Plan participants (each a “Participant”) that is competitive in scope for our clinicians who are competent and mission-oriented;
- Attract, retain, and motivate quality physician/faculty administrators, educators, researchers, and clinical practitioners;
- Establish and reward desired performance levels in academic, research, clinical, and administrative work;
- Establish objective evaluations and competitive rewards according to unambiguous criteria that are realistic in scope, with the processes for both evaluation and compensation having clear, coherent, and comprehensive criteria;
- Support the SLUCare mission and strategic objectives by aligning rewards with health care industry operating imperatives;
- Provide a flexible design for rewarding individual contribution;
- Provide sufficient and realistic controls of revenues, expenses, profits, and losses in order to:
  - Create new medical-business initiatives;
  - Support the academic research goals of our School of Medicine; and
  - Strengthen and compete for our region’s public reputation as a quality University medical center.

Inherent in this Plan is the recognition that, in order to thrive, the Participants and Saint Louis University must work in a collaborative partnership toward common goals. The compensation plan must protect the financial interests of all parties, providing fair compensation to the Participants while assuring that the University retains earnings sufficient to secure its financial viability.

SLUCare members are expected to comply with all laws, regulations and University policies and to meet their obligations as expressed in The Faculty Manual of Saint Louis University, 2006, as may be amended from time to time (the “Faculty Manual”). In instances where SLUCare members are removed from a concurrent administrative appointment or compensation is adversely impacted under Section III.I.8 of The Faculty Manual, “Sanctions Short of Termination,” the limitations on compensation adjustments and the Appeals Process provided in the Plan shall not be applicable.

Deficiencies identified in reviews by the Department, the Compliance Office, or other bodies must be addressed in a timely manner.

Citizenship, as evaluated by the Chairperson and the Dean, must be consistent with the mission and values of SLUCare and Saint Louis University.

## **COMPENSATION PLAN**

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### **A. Eligibility**

The following describes eligibility to become a “Participant” under this Plan, and the degree of participation for each category of Participants:

<b>Category</b>	<b>Base Compensation Adjustments</b>	<b>Incentive Compensation</b>	<b>Productivity Compensation</b>
<b>Full-time physician faculty members</b>	Full participation, subject to new faculty limitations.	Full participation.	Full participation.
<b>Part-time physician faculty members</b>	With Dean’s approval, subject to new faculty limitations.	With Dean’s approval.	With Dean’s approval.
<b>New physician faculty members during first two years of employment</b>	May receive increases, but no reduction.	Full participation.	Full participation.
<b>Physician faculty with VA appointments who also have SLUCare clinical salaries</b>	With Dean’s approval, subject to new faculty limitations.	Eligible based on portion of FTE status allocated to SLUCare, with approval of the Dean.	Eligible based on portion of FTE status allocated to SLUCare, with approval of the Dean.
<b>Participants who separate from employment with SLU</b>	N/A	Participant must be employed by SLU when incentive compensation is paid to participate.	Participant must be employed by SLU when productivity compensation is paid to participate.
<b>Adjunct faculty</b>	No participation.	No participation.	No participation.

### **B. Base Compensation**

SLUCare is committed to the principle of fair compensation within the constraints of the organization’s ability to pay, operating performance, and market trends. It strives for equity among all Departments and Divisions by ensuring that compensation principles and policies are uniformly applied to everyone who is a Participant.

Base compensation is the annual salary awarded to a Participant and typically paid in equal monthly installments. Base compensation is subject to increase or decrease during the academic year in accordance with base compensation adjustment provisions below.

Base compensation is also reviewed by the Department Chairperson and the Dean as part of the budgetary process. This review may result in base compensation adjustments, with the Dean’s approval, for promotions, equity, or marked variance from market compensation values.

### **C. Base Compensation Adjustments**

An individual’s base compensation will be reviewed and may be adjusted during the academic year semi-annually, or as recommended by the Chairperson and approved by the Dean. This adjustment will be based on the individual’s performance relative to the performance standards in his or her charter (see Section G), but this may be limited by a poor departmental fiscal performance (see below). All performance standards are considered during this review.

Base compensation review shall be performed by the Performance Compensation Review Committee (“PCRC”) consisting of the Dean, the SLUCare CEO (or representative from the Office of the CEO), the Chair of the SLUCare Executive Committee, a representative of the Finance Committee, and a representative of the Faculty Compensation Committee (“FCC”). The latter two representatives will be appointed by the Dean.

For quantifiable performance standards, when the individual Participant's performance exceeds performance standards by at least 5% per semi-annual period, base compensation may be increased by up to 10% upon approval by the PCRC and the Dean. Success in meeting qualitative performance standards covered by the charter may also be grounds for adjustment with a recommendation by the Chairperson, and approval of the PCRC and the Dean. Base compensation increases must be sustainable by the Department and SLUCare, as determined by the PCRC.

For quantifiable performance standards, when an individual Participant's performance falls below 95% of standards per semi-annual period, a reduction of base compensation by up to 10% may occur upon approval by the PCRC and the Dean. Failure to meet qualitative performance standards covered by the charter may also be grounds for adjustment with recommendation by the Chairperson, and approval of the PCRC and the Dean.

The Chairperson may request that a base compensation reduction not occur. In order for this request to be considered, the request must include the reason(s) for not instituting an adjustment and a plan of action developed with the faculty member for final approval by the PCRC and the Dean.

Base compensation adjustments shall be prospective and become effective with the next paycheck if administratively feasible, and shall remain in effect until the next adjustment. Base compensation adjustments during a given academic year will be based on the compensation at the beginning of the academic year.

Budgeted deficit Departments that meet or exceed their approved budget shall not be allowed to increase base compensation during the academic year, but rather only at year end. Departments that begin the academic year with an approved positive budget, but develop an actual deficit (negative net operating income) will similarly not be allowed to increase base compensation during the academic year, but rather only at year-end or after two consecutive quarters of positive net operating income. Budgeted deficit Departments that do not meet their approved budget shall not be allowed to increase base compensation during the academic year or at year end.

Participants on an approved FMLA leave, or other University-approved leave, are temporarily exempt from base compensation adjustments. In addition, in recognition of the time necessary to build a practice, Participants shall not receive a reduction of base compensation under this Section C during the first two (2) years of employment.

#### **D. Incentive Compensation**

Incentive compensation is an amount above base compensation that is paid to Participants. Incentive compensation may be earned by a Participant of any Department in which net operating income for the academic year is positive.

The Incentive Pool will be distributed according to a plan devised by the Department and its Chairperson, reviewed by the FCC, and approved by the Dean. Incentive compensation is generally paid within 90 days following the end of the academic year after completion of the annual independent audit. During the fourth quarter of each academic year, the Department incentive plan for the next academic year will be submitted to the FCC for approval. The Department incentive plan must be based upon the personal performance of each individual Participant and may not take into account incident to services or other services attributable to any individual other than the Participant. See Section H below regarding allocation of funds in the Incentive Pool and Development Pool.

Incentive compensation is not guaranteed, may vary in amount from year to year, and does not affect the

base compensation adjustment or productivity compensation calculation or amounts. A Chairperson's incentive compensation shall not exceed the mean paid to individual Department faculty.

**E. Productivity Compensation**

Productivity compensation is an amount that may be earned by any eligible Participant above base compensation, and in addition to incentive compensation. Productivity compensation will be distributed twice annually with the first payment taking into account Participant individual production between July 1 and December 31, and the second payment taking into account individual production between January 1 and June 30 (each a "Performance Period").

To be eligible for productivity compensation for any Performance Period, a Participant must produce work Relative Value Units ("wRVUs") for personally performed services at or above target benchmarks approved by the FCC and the Dean ("Benchmark Targets"). Eligibility for productivity compensation is not dependent upon the financial performance of the Participant's Department. The FCC and the Dean may approve other units of measurement for those few Departments/Divisions for which wRVUs are not applicable or appropriate. Benchmark Targets shall be communicated to Participants annually. Benchmark Targets will be adjusted for part-time Participants to correspond with such Participant's part-time status.

For each Performance Period, each Participant meeting or exceeding his or her Benchmark Target will be eligible for productivity compensation. Additional productivity compensation may be earned for each ten percent (10%) increment that wRVU (or other metric) production exceeds the Benchmark Target, up to a total payment each Performance Period of five percent (5%) of the Participant's annual base compensation as of the beginning of the academic year. The amount of productivity compensation distributed to Participants shall be based on a plan approved by the FCC and the Dean.

Availability of productivity compensation is dependent upon the profitability of the medical practice as a whole and the approval of the productivity compensation pool by the University President.

**F. Additive Compensation**

Additive compensation is an additional means of compensating a Participant for performing additional duties and responsibilities for a specific period of time, and/or for making extraordinary contributions to the Department or SLUCare, clearly exceeding expectations.

Additive compensation is not guaranteed, may vary in amount from year to year, and does not affect the incentive, productivity or base compensation adjustment calculation or amounts.

**G. Charters**

Charters are guiding documents defining the performance standards for each individual Participant for the academic year. Charters for each Participant will be established by the Chairperson by July 1 of each academic year, after consultation with the Participant, and will be subject to approval by the Dean.

The charter shall define clinical, administrative, research, teaching, strategic and other responsibilities of the Participant. It shall include measurable standards that the Chairperson and the Dean deem appropriate to assist the Department in assuring that its goals are met.

Individual performance standards may vary to maintain equity in cases where clinical assignments, payor mix, and other factors may impact that Participant's performance.

Individual performance standards will be deemed to include, regardless of specific reference in the individual’s charter, compliance with policies, applicable laws and regulations, satisfactory citizenship, quality of care, and conduct that support the mission and goals of the University, SLUCare, the Department, and the School of Medicine.

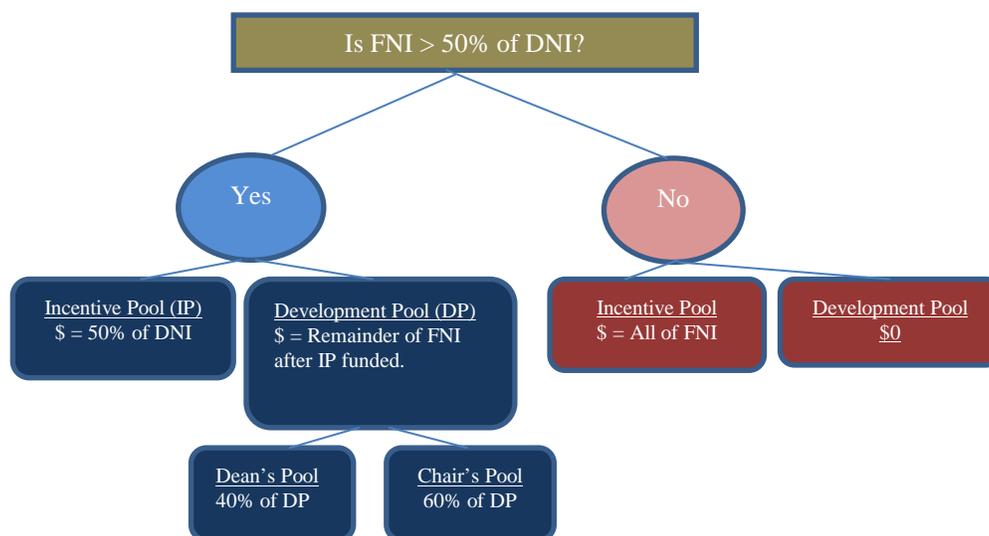
Any Participant who does not maintain compliance with policies, applicable laws, and regulations, including, but not limited to, billing and HIPAA regulations, satisfactory citizenship, quality of care, and conduct, may have his or her base compensation reduced outside of the process set forth in Section C above as recommended by the Chairperson and approved by the Dean. In addition he or she will be ineligible for incentive compensation and productivity compensation for the then-current academic year.

Those Participants whose non-compliance entails fraudulent billings, fraud related payment refunds, or legal infractions shall repay any increase in base compensation, incentive compensation and productivity compensation received during the period of non-compliance, as recommended by the Chairperson and approved by the Dean.

**H. Allocation of Funds to the Department and Dean; Deficit Recovery**

With this SLUCare Participant Compensation Plan, SLUCare recognizes the need to satisfy its financial obligations and support those Departments that have approved and/or unforeseen deficits. Before the year-end audited SLUCare net income is allocated to Departments, all operational deficits in SLUCare Departments and other obligations must be satisfied. Obligations include, for example, the next year’s individual productivity bonus pool (e.g., \$1M in FY15). After all deficits and obligations are accounted for, the remaining SLUCare net income (“Final Net Income” or “FNI”) is available to be allocated in accordance with SLU policies and the methodology set forth below.

After satisfaction of all SLUCare obligations, Final Net Income will be compared to the aggregate net income of the profitable Departments prior to satisfaction of SLUCare obligations (“Department Net Income” or “DNI”). If the Final Net Income is greater than 50% of the Department Net Income, then an amount equal to 50% of the Department Net Income shall be allocated to a pool for the purpose of paying Participants incentive payments in accordance with Section D of this Plan (“Incentive Pool”), and the remainder shall be allocated to a development pool to be divided among the profitable Departments and the Dean (“Development Pool”). If the Final Net Income is less than or equal to 50% of the Department Net Income, then all of the Final Net Income shall be allocated to the Incentive Pool.



Once the Final Net Income is allocated to the Incentive Pool, those funds will be distributed among profitable Departments based upon each Department's net income as a percentage of the total Department Net Income. All funds allocated to the Incentive Pool are to be utilized to pay Participant incentives in accordance with each Department's incentive plan, and related fringe benefit costs.

Development Pool funds shall be distributed 40% to the Dean ("Dean's Pool"), and 60% among profitable Departments based upon each Department's net income as a percentage of the total Department Net Income ("Chair's Pool"). The Departments will be required to save Chair's Pool funds until the end of the following academic year, with these funds being "at risk" to fund the Department's own deficit the following academic year. In the event of a Departmental deficit, the Chair's Pool shall be utilized to fund any such deficit. The remaining portion of the Chair's Pool, if any, will be available to the Department the following academic year and thereafter as the "Chair's Development Fund" subject to *SLUCare* and University policies. The Chair's Development Fund may be used for under-funded research, teaching expenses, to fund special clinical assignments, or for other expenses, including practice development, faculty recruitment and approved capital purchases. Such appropriations must be approved through the Dean's Office in accordance with the University's customary business practices.

#### **I. Appeals Process**

In the event a Participant wishes to challenge compensation received under the Plan or believes that the procedures in the Plan have not been followed, he or she may file an appeal. This appeal process represents the primary remedy within the administrative processes of Saint Louis University for complaints related to Participant base compensation adjustments, incentive or productivity compensation. The appeal process is as follows:

The Participant first discusses his/her concern with the Chairperson and other Department leadership, as appropriate.

If not satisfied, the Participant may send a written appeal to the FCC with a copy to the Dean within thirty (30) days of receipt of the compensation adjustment, or distribution of incentive or productivity compensation. This appeal should detail the steps and actions taken to resolve the matter with Department leadership. The appeal should also identify the desired resolution, and the basis for the assertion that the compensation decision did not follow the terms of the Plan.

The FCC reviews the appeal and makes a recommendation to the Dean. The Dean will make a final determination on the appeal.

#### **J. Annual Review of Plan**

At least annually, the FCC will:

1. Review the provisions of the Plan,
2. Resolve issues raised regarding the provisions of the Plan,
3. Review Department incentive plans,
4. Review and approve productivity compensation Target Benchmarks; and
5. Recommend amendment, modification, or discontinuation of the Plan.

The President of the University will review the Plan, and approve any amendments thereto from time to time, with amendments of the Plan being effective at such time as the President shall prescribe. This Plan document shall be incorporated by reference in the appointment letters of all Participants, with such letters being subject to any amendments of the Plan as may occur from time to time.

**K.     Abbreviations**

**DNI** – Department Net Income

**FCC** – *SLUCare* Faculty Compensation Committee

**FMLA** – Family and Medical Leave Act

**FNI** – Final Net Income

**PCRC** – Performance Compensation Review Committee

Other capitalized terms are as defined in the Plan.