

August 2, 2021

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**Subject: *Department of Family Medicine Faculty Appointments
Report 2020-42***

The final report for Department of Family Medicine Faculty Appointments, Report 2020-42, is attached. We would like to thank all members of the department for their cooperation and assistance during the review.

Because we were able to reach agreement regarding management action plans in response to the audit recommendations, a formal response to the report is not requested. The findings included in this report will be added to our follow-up system. We will contact you at the appropriate time to evaluate the status of the management action plans.

UC wide policy requires that all draft reports be destroyed after the final report is issued. We also request that draft reports not be photocopied or otherwise redistributed.

Christa Perkins
Director
Audit & Management Advisory Services

Attachment

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UC San Diego

AUDIT & MANAGEMENT ADVISORY SERVICES

Department of Family Medicine Faculty Appointments
Report No. 2020-42
August 2021

FINAL REPORT

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ATTACHMENT A – Overview of Current Policy and Guidance for Health Sciences Faculty Appointment

I. EXECUTIVE SUMMARY

Audit & Management Advisory Services (AMAS) has completed a review of the Department of Family Medicine (Family Medicine)¹ Faculty Appointments as a supplemental review on our Fiscal Year 2019-20 Audit Plan, requested by the UC San Diego Chief Ethics and Compliance Officer. The objective of our review was to evaluate Family Medicine department practices for Primary Care faculty with 100% full-time appointments to determine whether internal controls and department procedures provide reasonable assurance that faculty effort for these individuals is commensurate with their full-time appointments.

Based on our review, we concluded that Family Medicine department internal controls and procedures could be improved to provide reasonable assurance that overall effort and expectations for clinical faculty is commensurate with their full-time academic appointments, and to ensure alignment and consistency with University policy and the Health Sciences Compensation Plan (HSCP). The practice in Family Medicine of assigning a full-time appointment to clinical faculty with less than 1.0 Clinical Full-Time Equivalent (CFTE) was not unique among departments and did not appear to in itself violate policy, as policy was not specific enough to articulate the level of effort required for faculty to maintain a full-time appointment. Therefore, expectations should be articulated in Department Compensation Plans, which should be approved in accordance with the HSCP and Local Implementing Procedures.

However, we noted that the existing Family Medicine Compensation Plan had not been updated and did not contain any specifics as to levels of effort toward academic missions that were required for full time appointment. The Primary Care Compensation Plan (PCCP) was not incorporated into or referenced by the Family Medicine Compensation Plan, and was not approved in accordance with the HSCP Local Implementing Procedures. The disconnect between HSCP and PCCP could affect the level of clinical effort and expectations required for a faculty appointment, and may result in difficulty aligning faculty expectations with actual time and effort spent in each academic mission. Further, the practice could result in equity issues between faculty within Family Medicine, or in other departments.

In reviewing salary payments and academic appointments for Division of Family Medicine (DFM) clinical faculty with 100% full-time appointment, we concluded that actual payroll payments resulted in 100% payment of academic base or covered compensation commensurate with their academic appointment and faculty with less than 1.0 CFTE earned sufficient clinical salary to cover base compensation. However, documentation of expectations from clinical faculty could be improved to ensure salary and effort information remains at a level consistent with their approved academic appointment and in accordance with the provisions of the HSCP and applicable academic policies. Faculty expectations toward other missions, aside from their clinical responsibilities, were not clearly documented in annual salary letters, performance evaluations, or other documents. Management action plans to address these observations are summarized briefly below.

A. Relationship Between Clinical and Overall University Effort

Family Medicine will:

1. Coordinate with VCHS and HPG to establish appropriate level of clinical effort as it relates to overall University effort for clinical faculty in the department. This may occur in coordination with current VCHS efforts to evaluate faculty full-time appointment and

¹ Formerly named Family Medicine and Public Health

consider equity issues, subject to any guidance that is developed in that effort, and in consultation with HS Counsel as appropriate.

2. Update its Department Compensation Plan to ensure all critical elements are included and consistent with the HSCP Implementing Guidelines, including good standing criteria, expectations and balance of activities, and procedures in addressing any gap that might exist when changes in actual clinical effort affects overall University effort. Appropriate approval, and Supplemental Procedures (such as Clinical Compensation), and reference to PCCP should be included as part of the document.
3. Update annual salary letter templates to ensure clarity in expectations for effort toward missions, and total effort in all activities are maintained at the approved faculty appointment.
4. Ensure documents supporting effort and earnings from all activities reflect a total effort consistent with approved faculty appointment to ensure consistency and assurance that effort in all activities are properly accounted for.

Observations and related Management Action Plans are described in greater detail in section V. of this report.

II. BACKGROUND

Audit & Management Advisory Services (AMAS) has completed a review of Department of Family Medicine (Family Medicine) Faculty Appointments as a supplemental review on our Fiscal Year 2019-20 Audit Plan, requested by the UC San Diego Chief Ethics and Compliance Officer. This report summarizes the results of our review.

In May 2019, questions arose regarding application of faculty appointment percentage as it relates to clinical effort in certain School of Medicine (SOM) departments, for faculty with a 100% appointment. AMAS was requested to perform a review of policies and procedures governing practices for clinical faculty appointment and compensation in Family Medicine.

Family Medicine is a SOM department with activities that interconnect between primary care and public health. It has seven Divisions that include Behavioral Medicine, Biostatistics and Bio-Informatics, Epidemiology, Global Health, Health Policy, Preventive Medicine, and Family Medicine. The Division of Family Medicine (DFM) focuses on educating and training family doctors, and continually improving the practice of family medicine and primary care.

DFM clinical faculty primarily derive funding for their salary from Primary Care clinical activity. Primary Care is one of the medical services offered by UC San Diego Health (UCSDH) with specialties that include Family Medicine, General Internal Medicine, Sports Medicine, Medicine for Seniors, as well as Pediatric and Adolescent Medicine. Physicians in the Family Medicine Primary Care practice included 34 full-time DFM faculty members in fiscal year (FY) 2019-20.

Prior to the implementation of 2016 Resource Alignment Initiative, SOM departments were responsible for managing their clinical operations. Primary Care faculty held appointments in multiple departments (primarily Medicine and Family Medicine), and compensation varied by department and specialty. The procedure to determine compensation was incorporated in each of the specialty's respective Department Compensation Plan Procedures². Family Medicine Department procedures included elements such as clinical commitment and effort, size of physician panel, and productivity. Clinical Full-Time Equivalent (CFTE) and salary rates also varied by specialty.

As part of the Resource Alignment Initiative, SOM departments implemented new clinical compensation plans. Clinical infrastructure was centralized, and the Primary Care business operation was redesigned. The UC San Diego Health Physicians Group (HPG) assumed management responsibility for Primary Care clinical activity. In most other SOM departments, funding generated from faculty clinical productivity is transferred from HPG to departments, and used for faculty compensation and other funding needs. The Primary Care redesign model differed in that faculty salary is direct-paid by HPG, although faculty retain their appointments in home departments (such as Family Medicine).

In FY 2019, a new Primary Care Compensation Plan (PCCP) was issued and implemented by HPG. The new PCCP was developed by a group of faculty physicians and HPG leadership to streamline the process and establish a transparent compensation methodology that applied uniformly throughout all

² *Section 1* of the UC San Diego School of Medicine and Skaggs School of Pharmacy Implementation Procedures for Health Sciences Compensation Plan (APM 670) requires that Department Procedures are developed in accordance with the Implementation Procedures, and must be reviewed and approved by the Vice Chancellor for Health Sciences (VCHS) and the Dean prior to implementation.

Primary Care specialties. New rates were established for Family Medicine, General Internal Medicine, Sports Medicine, and Medicine for Seniors based on industry standards, and expectations for a clinical commitment FTE was the same for all faculty physicians. The new PCCP was reviewed and approved by HPG Governance³ and vetted by the Clinical Compensation Committee².

In Summer 2019, Family Medicine reached out to UCSDH leadership to request guidance due to concerns over CFTE of faculty physicians and its impact on benefit payments and University service credit. UCSDH requested a task force to be established to review and consider various other issues that may extend to other SOM departments. Vice Chancellor Health Sciences (VCHS) administration assigned a committee to determine appropriate action and to identify uniform guidelines in defining what constitutes a full-time appointment for Health Sciences faculty positions in relation to earning retirement service credit and University obligations on payment of benefits. Concurrently, HPG developed guidelines for purposes of time valuation by activity in clinical services, to provide a base guideline for determining equivalent effort for each type of patient care work, applicable to FY2020 and FY2021.

UCSDH leadership also engaged UCSD Campus Counsel to evaluate the issue. Since the matter relates to University employment obligations, benefits, and service credit, the University Office of General Counsel (OGC) was consulted to a review and evaluate these concerns. The AMAS review was intended to evaluate policy and Family Medicine departmental practices which may also help supplement these efforts.

III. AUDIT OBJECTIVE, SCOPE, AND PROCEDURES

The objective of our review was to evaluate Family Medicine department practices for Primary Care faculty with 100% full-time appointments to determine whether internal controls and department procedures provide reasonable assurance that faculty effort for these individuals is commensurate with their full-time appointments. In order to achieve our objective, we performed the following:

- Reviewed the following:
 - Applicable components of prior audit reports related to faculty effort distribution and compensation for clinical faculty that may include VA appointments;
 - Applicable Laws, Regulations and Legal standards on definition of full-time for purposes of benefits obligation as applicable to Health Sciences faculty, including: the *IRS Private Inurement/Private Benefit*; *Affordable Care Act References*, and *Federal Employment Law Handbook*; *Bureau of Labor Statistics*; and the *Fair Labor and Standards Act*;
 - Related UC and UC San Diego policies, procedures, guidelines, and framework for approval authority and oversight:
 - UC Accounting Manual Health Sciences Compensation Plans, H-214-75; UC Accounting Manual Payroll: Health Sciences Compensation; UC San Diego Implementing Procedures for Health Sciences Compensation Plan;
 - Various sections of the UC Academic Personnel Manual (APM); and
 - UC San Diego Policy and Procedure Manual (PPM) 230-7 Academic Appointment Lay-Off/Involuntary Reduction in Time;

³ Members of HPG Governance and Clinical Compensation Committee included clinical faculty and members of UCSDH leadership.

- Available guidance regarding faculty appointments in clinical series, including documentation on the VCHS Faculty Affairs website such as: *Academic Affairs policies and guidance; Expenditures Commitments Committee (ECC) overview, policy/procedures and guidance related to faculty recruitment funded in whole or in part by Health System, VCHS, and/or Department Support; and Faculty Compensation policies and guidelines; Voluntary Changes in Percent Time;*
- Family Medicine Department procedures and practices, including Department Guidelines on Faculty Compensation, and Primary Care Compensation Plan;
- Interviewed the following:
 - Family Medicine Administrative Vice Chair,
 - DFM Management Service Officer,
 - Family Medicine Faculty Compensation and Operations Senior Analyst, and
 - Key members of the VCHS Academic Resource Center;
- Consulted with:
 - OGC and UCOP Academic Affairs for guidance on applicable legal standards, University obligation and appropriate basis for determining expectations for full-time faculty appointment, compensation, and benefits;
 - HPG Associate Chief Operating Officer on elements of the FY2019 PCCP policy and procedures, as well as policy development and approval process;
- Participated in a VCHS Committee Meeting; and
- Evaluated at a high level a sample of Family Medicine clinical faculty appointment and salaries for the FY 2018-19 and July through December of FY 2020, and examined documents supporting appointments, salary funding sources, effort distribution, and expectations related to activities across all University and department missions.

Family Medicine clinical faculty generally did not have joint appointments with the Veteran's Administration (VA), therefore, our scope did not include procedures and practices related to VA appointments. Our scope also did not include an evaluation of questions referred to the OGC in relation to UC Retirement Plan (UCRP) service credits calculation and benefits payment.

IV. CONCLUSION

Based on our review, we concluded that Family Medicine department internal controls and procedures could be improved to provide reasonable assurance that overall effort and expectations for clinical faculty is commensurate with their full-time academic appointments, and to ensure alignment and consistency with University policy and the HSCP. The practice in Family Medicine of assigning a full-time appointment to clinical faculty with less than 1.0 CFTE was not unique among SOM departments and did not appear to in itself violate policy, as policy was not specific enough to articulate the level of effort required for faculty to maintain a full-time appointment. Therefore, expectations should be articulated in Department Compensation Plans, which should be approved in accordance with the HSCP and Local Implementing Procedures.

However, we noted that the existing Family Medicine Compensation Plan had not been updated and did not contain any specifics as to levels of effort toward academic missions that were required for full time appointment. The PCCP was not incorporated into or referenced by the Family Medicine Compensation Plan, and was not approved in accordance with the HSCP Local Implementing

Procedures. The PCCP appears to be a standalone document, and its alignment or relationship with the HSCP was not clear.

The disconnect between HSCP and PCCP could affect the level of clinical effort and expectations required for a faculty appointment, and may result in difficulty aligning faculty expectations with actual time and effort spent in each academic mission. When clinic hours account for clinical effort and compensation, academic base compensation could be earned with less than full-time equivalent of a clinical effort. Accounting for overall effort for purposes of determining benefit payments, and fulfillment of other University obligations and expectations requires coordination between FMPG and HPG, since the faculty are direct-paid by HPG. The difference between overall effort and clinical effort, and expectations toward non-clinical missions, was not clearly addressed in either the Department Compensation Plan or the PCCP. Further, the practice could result in equity issues between faculty within Family Medicine, or in other departments.

In reviewing salary payments and academic appointments for DFM clinical faculty with 100% full-time appointment, we concluded that actual payroll payments resulted in 100% payment of academic base or covered compensation commensurate with their academic appointment. Base salary rates and payments were also consistent with approved HSCP salary scale associated with their assigned Academic Programming Unit (APU)⁴, rank and step. We noted that faculty with less than 1.0 CFTE earned sufficient clinical salary to cover base compensation. However, documentation of expectations from clinical faculty could be improved to ensure salary and effort information remains at a level consistent with their approved academic appointment and in accordance with the provisions of the HSCP and applicable academic policies. Our review noted that faculty expectations toward other missions, aside from their clinical responsibilities, were not clearly documented in annual salary letters, performance evaluations, or other documents.

The opportunities for improvement are discussed in the balance of this report.

V. OBSERVATIONS REQUIRING MANAGEMENT ACTION

A.	Relationship Between Clinical and Overall University Effort
<p>The relationship between clinical and overall effort for Primary Care physicians with faculty appointment was not specified in existing documentation. The Family Medicine Department Compensation Plan was not current, and did not reflect the relationship with the Primary Care Compensation Plan to ensure overall alignment with the HSCP. Additional documentation used to support effort and salary were inconsistent in reflecting effort and earnings from all activities.</p>	
<p>Risk Statement/Effect</p>	
<p>The lack of clarity in the relationship between clinical and overall University effort for clinical faculty could result in difficulty aligning expectations of actual time and effort spent in each mission. It also increases risk of non-fulfillment of other academic responsibilities based on those expectations, and inequity among other faculty in the department or members of the HSCP.</p>	

⁴ Section 4 of the San Diego School of Medicine and Skaggs School of Pharmacy Implementation Procedures for Health Sciences Compensation Plan defines APU as a group of faculty with similar clinical, teaching and/or research responsibilities, approved by the applicable Dean and VCHS. DFM clinical faculty are at APU 3.

Management Action Plans	
A.1	Family Medicine will coordinate with VCHS and HPG to establish appropriate level of clinical effort as it relates to overall University effort for clinical faculty in the department. This may occur in coordination with current VCHS efforts to evaluate faculty full-time appointment and consider equity issues, subject to any guidance that is developed in that effort, and in consultation with HS Counsel as appropriate.
A.2	Family Medicine will update its Department Compensation Plan to ensure all critical elements are included and consistent with the HSCP Implementing Guidelines, including good standing criteria, expectations and balance of activities, and procedures in addressing any gap that might exist when changes in actual clinical effort affects overall University effort. Appropriate approval, and Supplemental Procedures (such as Clinical Compensation), and reference to PCCP should be included as part of the document.
A.3	Family Medicine will update annual salary letter templates to ensure clarity in expectations for effort toward missions, and total effort in all activities are maintained at the approved faculty appointment.
A.4	Family Medicine will ensure documents supporting effort and earnings from all activities reflect a total effort consistent with approved faculty appointment to ensure consistency and assurance that effort in all activities are properly accounted for.

A. Relationship Between Clinical and Overall University Effort – Detailed Discussion

Faculty Appointment and Full-Time Equivalent – Department Background

Prior to 2017, Family Medicine regularly adjusted percentage of appointment in the payroll system for DFM clinical faculty based on changes in their actual clinical effort if there were no other funding sources to pay their salary. Based on this practice, the total University effort for their faculty appointment and compensation was only tied to their actual clinical effort, regardless of effort toward other missions.

ARC continued to process those adjustments monthly as requested by Family Medicine. However, the frequency of adjustments and additional manual processes required to ensure accuracy of payroll and benefits information created a resource issue in ARC. ARC also became concerned about the risks of errors due to manual process and the overall impact on retirement service credit in the event that total annual appointment percentage falls below 50% that may not be apparent during the month to month adjustment. ARC noted that Family Medicine was the only department that required frequent adjustment based on actual clinical effort fluctuations month to month. The issue was discussed with Family Medicine and HPG, and it became apparent that the definition of full-time was unclear. ARC advised that “full-time” in general and University terms equates to 40 hours per week.

After discussions with UCSDH leadership and based on guidance from ARC, Family Medicine adopted the same practice as other departments, leaving appointment percentage static during the year. Family Medicine also noted that clinical faculty generally work more than 40 hours per week even in cases when only about 60% of CFTE was assigned. Therefore 60% CFTE was considered sufficient to justify 100% appointment based on a 40-hour work week. The department raised concerns about the

fairness and risks of inequity based on this justification, and brought up the issue to VCHS for additional guidance.

To support this effort, we consulted with the Office of the General Counsel at UC Office of the President (UCOP) for guidance on our obligations as an employer, what is considered “full-time” for University faculty for purposes of benefits, and whether there are any issues from a UCRP and policy perspective. OGC advised that the 40-hour standard advised by ARC was not applicable to full-time exempt employees, and that there are no legal constraints when it came to definition of full time, essentially since faculty and other academic employees are all exempt and there is no 40-hour work standard to consider. Therefore, applicable policy and departmental faculty expectations should serve as the guide for determining the effort that would be required for a full-time appointment.

Policy Framework for Faculty Appointment and Full-Time Equivalent

The policy framework for Health Sciences faculty academic appointment, compensation, and benefits is complex. A summary of this framework is provided in **Attachment A**. The HSCP at APM 670, and the HSCP School Implementing Procedures provide guidance in establishing individual levels of compensation for participating faculty; promote balance in academic responsibilities that include teaching, research and scholarly activities, patient care, and University and public service; and provide various compensation-related implementation guidelines, including budgeting, accounting methods and individual accountability for managing compensation funds and sources.

Per APM 110, a Full-Time academic appointment is defined as an appointment at 100 percent time, regardless of the appointment’s duration. A Full-Time Equivalent (FTE) is a budget term used to describe a unit equal to a Full-Time (100 percent) position for one year.

Academic policy on Appointment and Promotion at APM 210 provides guidance, requirements and criteria on actions related to academic appointments, appraisal and promotions. Guidance applicable to Health Sciences (HS) Clinical Professor series requires documentation⁵ of the faculty member’s expected balance of activities, and division of time and effort among the four⁶ areas of activity. Clinical faculty are evaluated in relation to the nature and time commitments of their University assignments, which shall be appropriately weighted and broadly defined to take into account the primary emphasis on clinical and clinically relevant teaching and patient care services.

Nearly all DFM clinical faculty have 100% full-time appointment in HS Clinical Professor series and are members of the HSCP. HSCP Plan members receive a base salary associated with the faculty member’s academic rank, step and assigned APU. Base salary is considered covered compensation under UCRP. HSCP Local Implementing Procedures state that Department Compensation Plan Procedures shall be developed in accordance with the Implementation Procedures, and must be reviewed and approved by the VCHS and the applicable School Dean before implementation.

⁵ UC San Diego Policy and Procedures Manual (PPM) 230-78 also requires that allocation of the appointee’s time among the areas of activity be documented in the department recommendation for appointment and reappointment to HS Clinical Professor series.

⁶ The four areas evaluated for clinical faculty appointment are (1) teaching, (2) professional competence and activity, (3) scholarly or creative activity; and (4) University and public service. Teaching is a required duty, and activities in items (3) and (4) are derived from their primary responsibilities in clinical teaching and professional service activities.

We consulted with UCOP Academic Affairs to determine whether there was additional policy interpretation that should be considered. Discussion focused on the policy language of the APM noted above, and the concept that faculty work is based on fulfillment of University commitments rather than hours. UCOP noted that other Health Sciences campuses did not have similar practices, and that teaching and service responsibilities were central to academic appointments and performance expectations.

Family Medicine Department Compensation Plan

We noted that Family Medicine had not updated its Faculty Compensation Procedures and Guidelines since 2012. Clinical compensation plans were developed as part of the RA 2016 Initiative, however, the procedures lacked certain elements and requirements of the HSCP. The latest version 4.3 of Family Medicine Primary Care, updated on 08/01/2018 described physician compensation methodologies, and Primary Care funds flow process to DFM Primary Care physician compensation. The document was marked “not for distribution” because HPG has issued and implemented a new Primary Care Compensation Plan (discussion below). Prior versions between 2012 and 2018 only reflected an updated table of salary rates. The Family Medicine Department Compensation Plan did not contain any specifics as to levels of effort toward academic missions that were retained for full time appointment. There was no evidence of appropriate approval for the written department procedures, and they also did not contain good standing criteria.

As described in the Background of this report, in FY 2019, a new Primary Care Compensation Plan (PCCP) was issued and implemented by HPG. The new PCCP was reviewed and approved by HPG Governance and vetted by the Clinical Compensation Committee. However, the PCCP was not incorporated into or referenced by the Family Medicine Compensation plan, and was not approved in accordance with the HSCP Local Implementing Procedures. The PCCP appears to be a standalone document, and its alignment or relationship with the HSCP is not clear. As clinical compensation from Primary Care activity is direct-paid to clinical faculty, it was also unclear how this affects covered compensation based on the provisions of HSCP.

Written department procedures should reflect current process which must be consistent with applicable academic policies and procedures, and should reference the method of clinical compensation. Establishment of the relationship between clinical and overall University effort is necessary to determine appropriate level of effort and commitment distributed and allocated to academic responsibilities of a clinical faculty. Expectations for effort should also be clearly communicated to the faculty, and documented in the Department Compensation Plans and procedures per APM 671 HSCP Implementing Procedures.

HPG Clinical Effort and Compensation - Primary Care Compensation Plan

The Primary Care compensation structure was designed to align with industry standards and value-based contracting strategies. Seniority was considered in establishing salary rates instead of the traditional rank and step, and therefore the rate increases each year of post-residency. Based on this structure, clinical faculty with more seniority can devote less time and effort in Primary Care clinical practice and earn sufficient salary to fund 100% of their covered compensation for a full-time faculty appointment. In terms of effort allocation, this should also allow the faculty to devote more time on other academic responsibilities and University missions. However, these expectations may not have been clearly communicated because the relationship between CFTE and FTE was unclear, and there appeared to be differing understanding between FPMH and HPG.

The PCCP defines FTE as “a unit that indicates the workload of an employee or physician in a way that makes workload comparable across various contexts and makes calculation of workload objective and measurable.” A CFTE is defined as “a unit that indicates the clinical workload of a physician in a way that makes clinical workload comparable across various contexts and makes calculation of expected clinical effort objective and measurable.” The provisions of PCCP also indicated a physician with 1.0 CFTE is expected to complete 32 hours of clinical effort per week. Those 32 hours refer to the face-to-face time with patients during a clinic session, and do not include hours spent outside of face-to-face clinic time on work conducted to complete patient care duties, although this is not specified in the PCCP.

Family Medicine indicated that the actual number of hours for a clinical effort equivalent to 1.0 CFTE could add up to at least 75 hours per week, as evidenced by hours logged by physician faculty in Epic. For clinical faculty with CFTE above .60, Family Medicine indicated that the in-person hours, additional effort outside of face-to-face time, in addition to the faculty’s effort toward other missions, was sufficient to justify a full-time appointment. Concerns were raised on whether a partial CFTE justifies 100% appointment based on total hours worked. Existing policy is not granular enough to address these questions. Common understanding was not documented in the Family Medicine Department Compensation Plan or the PCCP.

The disconnect between HSCP and PCCP could affect the level of clinical effort and expectations required for a faculty appointment and creates difficulty in aligning faculty expectations with actual time and effort spent in each academic mission. While the APM 110 and PCCP definition of FTE appears consistent, it was unclear whether there was expected to be a one to one ratio between FTE and CFTE, and whether the department has discretion to determine that relationship. This appeared to result in a disconnect between department implementation of 100% FTE appointments, and HPG expectations of service required based on CFTE appointment.

Covered Compensation

APM 670-18 requires HSCP members⁷ with full-time appointment to receive a base salary that is the approved rate in HSCP scale associated with the faculty member's rank, step and APU. Base salary-related benefits, such as participation in the UCRP, health care insurance, disability insurance, regular term life insurance, and other benefits as may be approved by The Regents are available to HSCP members. These benefits are associated with the member’s salary from one of the Health Sciences Salary Scales. Therefore, the base salary is considered covered compensation under UCRP. UCRP eligible appointees receive service credits based on covered compensation. A full-time work for one year earns one year of service credit⁸.

Salary rates established for Primary Care physicians under the PCCP are market-based and consider seniority instead of the traditional rank and step, and increase each year of post-residency. The starting base rate for a clinical faculty with 1 CFTE is sufficient to pay 100% of the base pay on the HSCP salary scale at APU 3. Physicians with more senior years receive an additional \$1000 each year the physician is out of residency, up to a maximum of 20 years. Therefore, DFM clinical faculty with partial CFTE could earn sufficient Primary Care clinical compensation to fund 100% of covered compensation

⁷ Health Sciences faculty shall be members of the Plan if they hold University funded appointments at greater than 50 percent time in Health Sciences departments in professorial series, e.g. Professor, Professor In-Residence, Professor of Clinical (e.g., Medicine), Adjunct Professor, Acting Professor, HS Clinical Professor, Visiting Professor, Dean, and other titles approved by the President. (Source: *HSCP Implementing Procedures, Paragraph 3.1*)

⁸ This is the maximum service credit that can be earned for a full-time appointment for one year.

determined based on the HSCP scale for a full-time faculty appointment at APU 3. In addition, HPG pays associated benefits costs applied using a composite benefit rate that is sufficient to cover full cost of HSCP associated benefits.

Concerns were raised whether it would be fair to charge 100% full benefits to HPG, aside from risk of inequity among clinical faculty in the department or Health Sciences. For example, a less senior member would be required to work more clinic hours than a senior member to earn sufficient funding to cover 100% of their covered compensation. However, existing policy is not granular enough to address equity issues that they may create.

Evaluation of Documentation of Faculty Appointments, Effort, and Compensation

In reviewing department controls in ensuring fulfillment of overall University effort and justification for 100% faculty appointment, we examined a sample of faculty appointment and salary letters and noted that clinical faculty have primarily Primary Care clinical service responsibilities and their faculty appointment letters indicated a full time appointment. This is consistent with their appointment in HS Clinical Professor series, as faculty in this series are appointed for the primary purpose of filling roles in patient care services and in the clinical teaching programs. The salary letters also supported the total effort in the payroll system. However, the letters indicate that their actual level of effort, which also affects salary could fluctuate based on funding availability.⁹

The letters lacked clarity on the distribution of effort, how fluctuation in the actual level of effort relates to clinical effort, or such activity affects overall effort and base salary during the fiscal year. Clinical effort or CFTE was not addressed, and there was no discussion of other departmental expectations regarding the other missions. We also reviewed annual evaluations, and noted that the faculty were evaluated in all of the University's missions, such as clinical, teaching, research/creative activity, and University/public service. The department indicated clinical faculty were expected to participate in other academic activity in other missions. However, their compensation is mission-based, and funding could affect their effort. Faculty expectations are discussed verbally with the clinical faculty as part of annual budget process, and review of clinical compensation.

The department tracked the level of effort spent in each clinical and other activity that provided funding for purposes of tracking actual clinical effort, as well as calculation of clinical compensation. This is reconciled with HPG monthly on Individual Earnings Report provided to the physicians. However, in cases when non-clinical activity work did not derive funding or revenues, the process for monitoring those activities was unclear. Because compensation for clinical faculty was mission-based, effort was distributed based on the salary fund source. In reviewing selected faculty Individual Earnings Report, we noted that the resulting total FTE% from all sources were less than 1.0 and the variance was not accounted for. In all cases, the total effort paid was consistent with the Distribution of Payroll Expense (DOPE) reports and appointment FTE, and resulted in full payment of base salaries and associated benefits. Because effort protected for activities not deriving funds was not specified, this could result in lack of understanding of the expectations to fulfill 100% effort and other academic responsibilities. The department indicated that if the total funds from all sources was not sufficient to cover the base salary or covered compensation, a voluntary reduction in effort process is initiated.

⁹ APM 145 and PPM 230-7 requires Chancellor review and approval on proposed involuntary reduction in time due to budgetary reasons. In practice, approval for reduction in time and effort due to funding needs is delegated to the HS Assistant Vice Chancellor for Academic Affairs.

However, whether expectations were aligned with actual efforts remained unclear. The effect of fluctuation in actual clinical effort on a faculty physician's University effort should be considered to ensure balance in all academic responsibilities when determining full-time equivalent. These expectations should be clearly communicated to the faculty in writing, and documented in Department Procedures.

Clinical and Overall Effort – Other Departments

To evaluate whether the same issues exist in other HS departments, we interviewed selected departments and noted that the relationship of clinical effort to overall faculty effort is established as a portion of one FTE. In most departments, clinical effort does not have a one to one (1:1) ratio with total effort for a faculty appointment. For example, a full-time clinical faculty or one CFTE is equivalent to 97% of one FTE in Cardiology, 90% in Obstetrics, Gynecology, and Reproductive Sciences, and approximately 80% in Radiology. Clinical faculty are therefore expected to devote the remaining effort on non-clinical activity. These departments track actual CFTE and adjust the remaining effort in non-clinical activity, and expectations of faculty in support of non-clinical missions is more clearly articulated than we observed in Family Medicine. In some departments, such as Emergency Medicine and Anesthesiology, a CFTE has a one to one ratio with full-time academic appointment, and teaching activity is built in to their CFTE. We noted that for each of these other departments, participation in Clinical Reimbursable Event (CARE) payment model¹⁰ allows some leverage in funding non-clinical or non-revenue producing activity because the departments set aside a portion of CARE payment received for support of activity supporting other missions which do not generate revenue. In Family Medicine, this opportunity does not exist as Primary Care compensation is paid directly to the clinical faculty. Family Medicine's practice of assigning 1.0 FTE to faculty with less than 1.0 CFTE was not unique as compared to other departments.

¹⁰ In CARE Payment model, revenues generated from faculty clinical productivity is transferred from HPG to departments using a formula multiplying work relative value units (RVU) earned by a rate determined per specialty using a national benchmark.

ATTACHMENT A – Overview of Current Policy and Guidance for Health Sciences Faculty Appointment

Policy Name/Number	Summary	Key Provisions
UC Academic Policies		
APM 110 Academic Personnel Definitions	General policy providing definition of specific terminologies and title series used in the University academic appointment process.	A Full-time academic appointment is defined as an appointment at 100 percent time, regardless of the appointment’s duration. A full-time equivalent is a budget term, abbreviated as FTE, that is used to describe a unit equal to a Full-Time (100 percent) position for one year.
APM 137 Non-Senate Academic Appointees/Term Appointment	This policy applies to non-senate title only. Written notice of term appointment required, to include 1) title of the position, 2) salary rate, 3) appointment dept. name, 4) appointment beginning & ending dates, 5) % of time, 6) general responsibilities, & 7) name of individual to whom the appointee reports.	Percent (%) of appointment must be included in the appointment notification in writing. Written notification is required. No reference on or definition of “Full-time” and FTE.
APM 145 Non-Senate Academic Appointment Layoff & Involuntary Reduction in Time	Includes provisions on establishment of lay off and involuntary reduction in time as determined based on budgetary reasons, lack of work, or programmatic needs.	Chancellor has the responsibility to designate departments/units. Order of layoff or involuntary reduction in time is determined by the department of unit head. Requires Chancellor review and approval prior to implementation. Requires written notification by the dept. or unit head not less than 30 calendar days in advance of the layoff or involuntary reduction in time effective date.
APM 210 Review and Appraisal Committees	Provides guidance, requirements and criteria for the review committees on actions related to academic appointments, appraisal and promotions. The guidance applicable to HS Clinical series, teaching is a required duty, in addition to clinical, scholarly/creative activities, and University & public service.	The Chancellor has authority to approve academic personnel actions for HS Clinical Professor series (per APM 278). The Dean or Dept. Chair is responsible for documenting the faculty member's division of time and effort among the four areas of activity. The policy requires that time and effort for HS Clinical Professor series should be appropriately weighted and broadly defined to take into account the primary emphasis on clinical teaching and patient care services.

ATTACHMENT A – Overview of Current Policy and Guidance for Health Sciences Faculty Appointment

Policy Name/Number	Summary	Key Provisions
APM 278 Appointment & Promotion - HS Clinical Professor Series	Defines Health Sciences (HS) Clinical Professor series, with emphasis on clinical teaching and patient care activities which must be weighted appropriately. HS Clinical Professor series are not members of the Academic Senate. Appointees are members of the HS Compensation Plan (HSCP), and appointment requires a specified end date, and written notice of appointment/reappointment (APM 137-17). Regents Standing Order 103.9 applies for termination of appointment prior to the specified ending date. For termination based on budgetary reasons, lack of work or programmatic needs, APM 145 (non-senate academic appointees lay off and involuntary reduction in time) applies.	<p>The Chancellor has authority to approve academic personnel actions for HS Clinical Professor series, above-scale base salaries up to & including indexed compensation level threshold. Provost and EVP for Academic Affairs has authority to approve base salaries above the indexed compensation level threshold.</p> <p>No reference to or specific definition of “full-time” and FTE. The terms of service for each rank is limited to one year or less.</p>
APM 600 Salary Administration	Provides definition of salary and compensation related terms, specific areas responsible for administration, including computation of pay and calculation of FTE % and payment of additional compensation. Academic and fiscal year appointees are normally paid in 12 monthly installments regardless of fund source. Guidance on calculation of payment based on a daily rate requires the use of a daily time factor, i.e. a percentage of working days (Monday through Friday) in a given calendar month. The factor is used in determining the percent of time for computing the monthly installment amount.	<p>The President or designee is responsible for issuing academic salary scales. Compensation for individual academic appointees is under the jurisdiction of the Chancellor, except for those salaries that exceed the Indexed Compensation Level requiring approval of Provost and Executive Vice President.</p> <p>No reference to or definition specific to “full-time.” The salary computation and calculation of FTE percentage is based on the number of full months or quarters of service in a year, i.e. nine months for academic year and 12 months for fiscal year.</p>
APM 670 Salary Administration - Health Sciences Compensation Plan	Participating HS schools are provided a common administrative framework for compensating faculty according to the requirements of each discipline. The goal of the Plan is to provide sufficient non-State resources to recruit/retain HS faculty, balance teaching, research, clinical, and University and public service activities, incentivize teaching, patient care and research initiatives; provide consistent benefits and privileges; as well as benefit HS schools with academic and research support in addition to State-appropriated funds.	<p>School implementing procedures reviewers/approvers include:</p> <ol style="list-style-type: none"> 1) Faculty Committee (Reviewer), 2) Chancellor (Approver, this authority may not be re-delegated), 3) President/Designee (Reviewer Prior to Implementation), 4) Regents (Amendments/Repeal), 5) Advisory Committee: Senate & non-Senate (Reviewer on submission of dept. implementation plans, and assist the Dean in assuring compliance, and resolutions). <p>The Chancellor may approve exceptions to membership requirements to meet special teaching, research, clinical care or Univ. and public service requirements.</p>

ATTACHMENT A – Overview of Current Policy and Guidance for Health Sciences Faculty Appointment

Policy Name/Number	Summary	Key Provisions
		This policy does not include definitions of “Full-time” and FTE. The percent appointment is a factor in determining membership eligibility, which requires appointment greater than 50% of full-time.
UC San Diego Policy and Procedures		
PPM 230-7 Non Senate Academic Appt. Layoff/ Involuntary Reduction in Time	The policy provides guidance on the process of and what constitutes as good cause for layoff or involuntary reduction in time, i.e. based on budgetary reasons, lack of work and/or programmatic needs. This policy applies to all academic appointees who are non-Senate members.	The Department Chair determines the need for and order of proposed layoff or involuntary reduction in time. Campus reviewers are responsible for evaluating the proposed action. The approval authority is responsible for reviewing and approving/disapproving the proposed action, and providing the department with final decision in writing. For HS Clinical Professor Series, HS Associate Vice Chancellor for Academic Affairs has approval authority. The proposal must include documentation of consultation with the faculty in HS Clinical series for programmatic reasons, the Committee on Academic Personnel will review proposal & make recommendation. The policy referenced the glossary of academic personnel terms on definition of full time.
APM 671 UCSD HSCP Local Implementing Procedures	Plan members must hold university funded appointments greater than 50% time in HS departments for professor series that include HS Clinical Professor. Implementing guidelines require documentation of department compensation plan procedures which should outline the requirement, criteria, methodology, sources and accounting of Plan members' compensation. Dept. procedures are reviewed every four years, and focuses on compliance related to outside activities. Department Procedures may be more, but not less, restrictive than the Plan and must be consistent with the Implementation Procedures.	<p>VCHS shall administer local implementation. All Department Compensation Procedures shall be reviewed and approved by the applicable Dean and VCHS prior to implementation. Deans, VCHS, Chancellor, the President or President’s designee shall approve all revisions. The Chancellor may approve individual exceptions to provisions of the Plan and to the Implementation Procedures to meet special teaching, research, public service, or clinical service requirements. Such exception requests shall be proposed by the appropriate Chairperson and approved by the applicable Deans, the VCHS and the Chancellor.</p> <p>Compensation Plan Advisory Committee advises VCHS on implementation procedures, department’s good standing criteria, process for developing department procedures and consistency with School Implementing Procedures, mechanisms for hearing grievances. The Committee meets at least annually with representatives of at least four Medical School Departments to review department procedures for compliance with outside activity guidelines.</p> <p>“Full-time” was not defined in the guidelines. References APM 670 on membership eligibility requiring appointment of greater than 50% of full-time.</p>