Preface

The Department of Family Medicine's (DFM) Incentive Plan was last revised in July, 2013. In anticipation of the overhauled FY16-17 Primary Care Compensation Plan (PCCP), the DFM assembled a committee to thoughtfully review and revise the department's incentive plan to complement the PCCP and address flaws discovered in the previous plan. The DFM Incentive Plan Committee deconstructed and reconstructed plan elements based on department values, measurability and the changing health care landscape. The recommended changes to the plan reflect the current values and goals of the DFM which were fully vetted with DFM constituents and leadership.

Purpose

Consistent with the University of Colorado School of Medicine and University Physicians, Inc. (d/b/a University of Colorado Medicine or "CU Medicine") Bylaws and guiding principles, the purpose of the DFM Incentive Plan is to provide financial recognition to clinicians who are not covered by the PCCP and faculty members who contribute meaningfully to the values distinctly inherent to the DFM and its unique mission areas. The DFM Incentive Plan Committee identified and reaffirmed its core values as: equity/equality, teamwork/team-based care, innovation, collaboration, education/teaching, life-long learning, exploration, creating new knowledge, evaluation, integration, transformation, community-connectedness, policy reform and the Quadruple Aim.

Adjustments to Incentive Plan Funds Available for Distribution

Faculty annual salaries consist of three components: Base, Supplement and Incentive (BSI). The Base and Supplement salary components are set at the beginning of each academic year. This plan refers only to the Incentive portion of the salary. The DFM must have a departmental profit for an incentive to be distributed and the incentive will be distributed annually per the incentive plan distribution methodologies provided herein (see Incentive Plan Distribution At-A-Glance diagram page 7).

Per CU Medicine Bylaws, a minimum of 10% of any DFM profit must be retained for departmental reserves. The department may elect to retain up to 50% of the profit for reserves; this decision will be made by the DFM Executive Committee prior to any distribution. Use of DFM reserves is at the discretion of the DFM Chair.

Pursuant to CU Medicine Bylaws Article XIII, Section 4 Cost Center Revenues, CU Medicine defines funds that ultimately flow through the Incentive Plan as follows: "Cost Center Revenues consist of patient professional and technical fee income, capitation payments, contract income, administrative and clinical service agreements with hospital and other third parties, investment income, consulting income and Medical/Legal Revenue in excess of the amount distributed directly to each Member under Article XII, Section 3."

Adjustments to Incentive Plan Funds Available for Distribution - Continued

DFM ***excludes*** the following Cost Center Revenues from the DFM Incentive Plan distribution:

Investment Income
At the discretion of the DFM Chair/Executive Committee, Investment Income *may* be deducted from net operating funds and directed to the Enrichment Account thereby excluding these funds in the year-end incentive plan distribution.

Practice Support Income
The DFM receives payments from health plans and other external sources for services performed that are not related to direct patient care, patient billing or patient income therein. These payments are for support services rendered to populations which include, but not limited to: chart review, care management, care coordination integrating behavioral health and PCMH (Patient Centered Medical Home) related activities. In the near future, payments may also emanate from MSSP, CPC+ and payments for population health and value based care initiatives.

Often these payments are received in the form of per member per month (pmpm) and are confused with capitation payments due to payment methodology nomenclature and the way CU Medicine defines and labels this revenue. These payments are not considered patient income and both practice support income and related expenses are excluded from the DFM Incentive Plan distribution. DFM sets aside this revenue in a Practice Support Fund and uses this account to fund activities that support our clinical practices such as care management, practice transformation, integrated services, etc.

Medical Legal & Consulting Income
Consistent with current practice, Medical Legal and Consulting (MLC) Income will be distributed either to Faculty directly (up to Board-defined limits) or placed in department reserve funds for future mission-related use. On an annual basis, prior to the incentive earnings period, Faculty can elect which distribution method to follow for the upcoming fiscal year and their election will remain in effect for no less than that period. In making any election, Faculty can choose to allocate specific percentages or dollar amounts to their pay or reserves for any income received in the next year up to the Board-approved limit. The current Board-approved disbursement limit is $10,000 but this can, with Department Chair approval, be increased to $20,000 in any fiscal year.

DFM allows Faculty members to reserve MLC Income in excess of $20,000 into a discretionary account, prior to the incentive earnings period, for future operating expenses as long as their individual salary and benefits are covered within the fiscal year. Use of operating expenses out of individuals' discretionary account will be in accordance with CU Medicine policies and will require approval of the DFM Director of Finance and Administration. DFM will deduct an administrative tax of 10% (ten percent) for MLC income **in excess of** $20,000 when electing to reserve funds into discretionary accounts.

DFM shall exclude MLC income above $20,000 from Incentive Plan distribution if the Faculty member has elected to reserve those funds in a discretionary account pursuant to the previous paragraph. If the Faculty member has not completed the Medical Legal and Consulting Incentive Reserve Form (LEG) then these related funds will be subject to the DFM Incentive Plan distribution.

Eligibility

1) ***Training***: To be eligible for an incentive distribution payment, all required training must be completed. This would include, but not limited to, CU Medicine billing modules, University of Colorado Hospital Authority point of care procedures, and University of Colorado mandated learning modules such as sexual harassment, etc..
2) ***Timely Completion and Signature of Medical Records***: Failure to sign medical records in a timely fashion per hospital and departmental policies will cause a clinician to be ineligible for an incentive. If the clinician has had more than one suspension in the fiscal year this constitutes ineligibility. In addition, if an ambulatory medical director reports that a clinician is consistently late in signing/completing their electronic health records they will be ineligible for an incentive.
3) ***Employment***: Clinicians must be employed on June 30th and in good standing with the DFM, the University of Colorado School of Medicine and CU Medicine to be eligible for an incentive.

Incentive Plan Allocation of Funds

The DFM Incentive Plan will be allocated into two funds for distribution: (1) **The Clinical Activities Fund** (60% of the total distribution amount); and (2) **The Variable Fund** (40% of the total distribution amount). Each of the two funds have pre-identified categories, criteria and sub-allocation pools by percentage (see diagram on page 7). While the Clinical Activities Fund is hard-wired by categories, criteria and sub-allocation pool percentages, the Variable Fund contemplates categories based on suggested mission areas allowing for maximum flexibility relative to sub-allocation of pool percentages, criteria, and eligibility depending on what activities the Executive Committee decides to recognize that fiscal year.

1. Clinical Activities Fund (60% of the total distribution amount)

The Clinical Activities fund is designed to reward clinicians and clinical activities unsupported by the PCCP. The committee decided to eliminate productivity/clinic session-based incentives due to the contradiction of these measurements with the values of the DFM. The following categories and pool allocations under the Clinical Activities Fund are hardwired into the incentive plan and the criteria/methodology for each category is defined as follows:

a. Advanced Practice Provider Pool (30% of the Clinical Activities Fund)

Advanced Practice Providers (APPs) are not included in the PCCP and contribute significantly to the financial success of the DFM. Therefore, DFM wishes to recognize our APPs' contribution to the departments profit whereby all APPs who meet the eligibility requirements listed herein will qualify for an incentive bonus.

- Pool distribution will be prorated and based on each providers' imputed FTE (actual hours in a clinical setting) and considers both direct patient care and clinical administrative time spent in a primary care and/or other DFM approved setting (i.e., CeDAR).

Incentive Plan Allocation of Funds – continued

1. **Clinical Activities Fund (60% of the total distribution amount) – continued**

   b. ***Special Clinical Programs Pool (50% of the Clinical Activities Fund)***

   Sports Medicine and other clinical activities DFM faculty perform aren't rewarded as part of the PCCP but their activities contribute to the department's success and profit. The DFM wishes to recognize these clinical activities through the Special Clinical Programs Pool.

   - Eligible faculty will receive a prorated share of the pool based on their individual profit and loss statement specific to these special clinical activities and their respective contribution to net patient income generated in excess of their individual salary, benefits and related expenses.

   c. ***Team-Based, Integrated Services Pool (20% of the Clinical Activities Fund)***

   One of the core values of the DFM, our primary care clinics rely heavily on supporting faculty and staff who provide integrated, team-based care. Team-based care is further emphasized by NCQA for PCMH recognition and Primary Care Redesign efforts along with new national population health initiatives such as MSSP and CPC+. Team members like behavioral health consultants (PsyDs, Psychologists, Psychiatrists, and Psychiatric NPs), PharmDs, care managers, social workers, palliative care specialists and practice transformation staff are integral to delivering team-based, integrated care and their clinical presence improves the lives of patients while concurrently allowing the primary care clinicians to work at the top of their license. While these providers do not generate much profit, if any to the DFM, the goal of this reward mechanism is to recognize the value of these contributors and be more reflective of how care is being delivered in the clinics (in person or virtually through telehealth means).

   - The pool will be distributed to eligible team members to whom the DFM may pay bonuses (per their CU Medicine Member Practice Agreement) to, based on a weighted methodology of gross patient charges when applicable (70% weight) and their average cFTE allocation for the fiscal year (30% weight).

2. **Variable Fund (40% of the total distribution amount)**

   The Variable Fund of the Incentive Plan is used to acknowledge other DFM activities either identified and articulated at the beginning of the fiscal year by each mission area's leader (the DFM Chair, Senior Vice Chair, and Vice Chairs) to reward individuals for extraordinary and/or extracurricular work performed; or for uncompensated, important departmental work during the prior year determined at the discretion of each mission area leader.

   Example: these funds could be utilized to reward faculty for extra education work as a clinician, non-face-to-face patient care, taking foundations of doctoring students or meeting/exceeding targeted goals established by mission area chiefs.

Incentive Plan Allocation of Funds – continued

2. **Variable Fund (40% of the total distribution amount) - continued**
   This fund and sub-pool distribution by mission area allows the Executive Committee to exercise maximum flexibility in determining the dollar amount allocated to each of the mission areas in addition to any desired sub-categories or pools. The DFM Executive Committee may decide on a yearly basis to distribute Variable Fund dollars according to the following areas:

   a. ***Clinical/Quality.***
      - Criteria/distribution determined by the Senior Vice Chair, Quality and Clinical Affairs.

   b. ***Education.***
      - Criteria/distribution determined by the Vice Chair, Education.

   c. ***Research***.
      - Criteria/distribution determined by the Vice Chair, Research

   d. ***Community.***
      - Criteria/distribution determined by the Department Chair.

   e. ***Other - Meritorious/Discretion.***
      - Criteria/distribution determined by the Executive Committee and/or Department Chair.

   NB*: The members of the Incentive Plan Committee and their constituents articulated their complete trust in the Executive Committee to determine fair and equitable measures for pool allocation/distribution for each mission area in the variable fund as well as identifying criteria and methodologies by which distributions will be made – be they targeted goals or retrospective criteria and recognition.*

Measurement Data

In the event data is not readily available to the Department of Family Medicine for any of the pool categories or at the discretion of each mission area chief, the dollars associated with the category will be distributed equally among the eligible providers or faculty members.

Other Incentive Systems

The DFM has service contracts with other organizations such as Rose, Swedish, Metro and Salud. Those organizations may choose to give an incentive to faculty whose salary they fund and support. Payment of incentives to faculty under a service contract will be the financial responsibility of the outside entity and will be incorporated into the contracts with each organization.

Relationship of Compensation Plan to CU Medicine Bylaws

If there is conflict or inconsistency between provisions of the Department of Family Medicine Incentive Plan and the provisions of the Bylaws of CU Medicine, the Bylaws of CU Medicine shall supersede and control.

Incentive Plan Distribution At-A-Glance