

## REPORT OF COMMITTEE ON COMPENSATION OF THE GENERAL OFFICERS

The following report was presented by David R. Holley, MD, Chair:

### REPORT OF THE HOUSE COMMITTEE ON COMPENSATION OF THE GENERAL OFFICERS

#### HOUSE ACTION: REFERRED

#### BACKGROUND

At the 1998 Interim Meeting the House of Delegates established a House Committee on Trustee Compensation. Based on this Committee's informational report and recommendations to the House of Delegates at its 1999 Interim Meeting, the House of Delegates directed the implementation of a Committee on Compensation of the AMA General Officers at the conclusion of the 2000 Annual Meeting. Under AMA Bylaws Section 2.74, approved at A-00, the composition, appointment, tenure, vacancy process and reporting requirements are covered. Section 2.744 defines the purpose of the Committee and the requirement for this report:

The Committee on Compensation of the General Officers shall present an annual report to the House of Delegates recommending the level of total compensation for the General Officers for the ensuing year subject to approval by the House of Delegates. The report may be adopted, not adopted or referred back to the Committee, and may be amended for clarification only with the concurrence of the Committee.

At the 2000 Annual Meeting, the House of Delegates also approved the addition of the following definition in the Glossary to the AMA Bylaws: Total Compensation is the complete reward/recognition package awarded to an individual for work performance including: (a) all forms of money or cash compensation; (b) benefits; (c) perquisites; (d) services; and (e) in-kind payments.

This report also includes another requirement from the House of Delegates. In 1990, the House of Delegates directed the Board of Trustees to report annually the total compensation of individual Board members and the Executive Vice President (H-605.050) as determined by the Board of Trustees. At the recommendation of the Board of Trustees, the Committee agreed beginning at the 2002 Interim Meeting to also include in its report the 1990 annual requirement for reporting the total compensation of each General Officer. The General Officers are defined in Article VII of the AMA Constitution and Bylaws. For the purposes of reporting this compensation, the General Officers are broken down into Board Officers (President, President-Elect, Immediate Past President and Chair) and Trustees (all other Trustees including the Young Physician, Resident and Student). Because there are compensation differentials, the Committee develops compensation for the Officer Trustees, Non-Officer Trustees, Resident and Student. The total compensation for the Executive Vice President is reported in a separate Board report at the AMA Annual Meeting.

As part of this report, the Committee will also address the House of Delegates direction for the Committee to reconsider its recommendation to the House of Delegates to make the compensation for the Resident and Student Trustee equal to other Trustees.

#### AMA GENERAL OFFICER COMPENSATION FOR THE 2003-2004 ELECTED YEAR

The following is a summary of the AMA General Officer compensation for the period July 1, 2003 through June 30, 2004. Compensation shown below for the General Officers will not be the same as compensation reported annually on their IRS Form 990's because Form 990's are based on a calendar year, January-December.

AMA Officers	Position	Cash Compensation	Assignment/ Travel Days
Donald J. Palmisano, MD	President	\$230,000	279.5
John C. Nelson, MD, MPH	President-Elect	\$230,000	195.5
Yank D. Coble, MD	Immediate Past President	\$230,000	162
William G. Plested, III, MD	Chair	\$230,000	157

<u>AMA Trustees</u>	<u>Position</u>	<u>Cash Compensation</u>	<u>Assignment/Travel Days</u>
Herman I. Abromowitz, MD	Secretary	\$128,225	108.5
J. James Rohack, MD	Chair-Elect	\$89,125	87
Nancy H. Nielsen, MD, PhD	Speaker	\$104,650	88
Jeremy A. Lazarus, MD	Vice Speaker	\$70,725	58.5
John H. Armstrong, MD	Young Physician	\$70,150	58
Duane M. Cady, MD	Trustee	\$99,475	83.5
Peter W. Carmel, MD	Trustee	\$41,400	33
Ronald W. Davis, MD	Trustee	\$89,125	74.5
Cyril M. Hetsko, MD	Trustee	\$66,700	55
Joseph M. Heyman, MD	Trustee	\$107,525	90.5
J. Edward Hill, MD	Trustee	\$160,425	136.5
Edward L. Langston, MD	Trustee	\$86,825	72.5
Robert R. McMillan	Trustee	\$73,600	61
Rebecca J. Patchin, MD	Trustee	\$77,625	64.5
Kevin C. Reilly, Sr., MD	Resident	\$15,000	55.5
David A. Rosman, MD	Student	\$6,000	69
Cecil B. Wilson, MD	Trustee	\$82,225	68.5

For the Presidents cash compensation covers the time these individuals spend on AMA business. The Assignment/Travel days include Board meetings (36 days), all other AMA assignments and associated travel days for both.

For Non-Officer Trustees, other than the Officers listed and the Resident and Student, the cash compensation shown includes \$41,000 in "honorarium" for 36 Board meeting days at \$1,150 per day. The remaining compensation is for assignment days and associated travel days that are part of the assignments approved by the Board Chair. This "per diem" is currently set at \$1,150 per day. For the period shown, this totaled 644.5 days or an average of 43 days per Non-Officer Trustee, excluding the Resident and Student Trustees.

All current benefits, perquisites, services and in-kind payments are listed and policies defined in the "AMA Board of Trustees Standing Rules on Travel and Expenses," dated June 2004.

#### REVIEW OF CURRENT TOTAL COMPENSATION

The Committee reviewed a number of publications, surveys and articles regarding "director" or "trustee" compensation to identify organizations for comparative purposes. The AMA is not the typical non-profit organization or a for-profit entity, a finding that the original HOD Committee on Compensation made. Often the best governance practices of the typical non-profit are not sufficient to ensure that the AMA's governance responsibilities are met. Recently, the AMA Board brought in a consultant to ensure that the AMA was not only complying with the requirements of the Sarbanes-Oxley legislation for non-profits but also considering whether the requirements applicable to for-profits should be put into practice by the AMA Board.

Since the Committee's inception, the Committee has viewed the AMA a hybrid with some characteristics of a complex non-profit organization and others like a for-profit entity. Given the dearth of survey information available on complex non-profit organizations and the requirements for trustees to function similar to trustees of for-profit organizations; the Committee has utilized best practices from the for-profit sector along with assessing the practices of complex non-profit associations in developing its compensation recommendations.

The "Report of the National Association of Corporate Directors on Director Compensation, Purposes, Principles, and Best Practices", calls for setting a "philosophical framework for creating effective directors' compensation programs with two purposes: (1) to align the interests of shareholders and directors, and (2) to provide value to directors for value received." The report identifies "Five Principles" in establishing director compensation along with set of "Best Practices" which are shown in Appendix A.

The Committee has carefully considered these principles and best practices along with information gleaned from other research and the work of the original House Compensation Committee on Trustee Compensation in 1999 and subsequent Committee reviews and testimony and actions from the House of Delegates. It has established the following working principles to be used in “recommending the structure, form and level of total compensation for the General Officers”:

1. Director compensation should be based on the value expected by the AMA from the General Officers and should take into account that the AMA is a “hybrid” organization when comparing compensation provided to board members by **for-profit** organizations and complex non-profit organizations of similar size and activities.
2. Director compensation should be aligned with the long-term interests of AMA members and the fulfillment of the fiduciary responsibilities of the Board of Trustees.
3. Directors should be adequately compensated for their value, time and effort.
4. Director compensation should be used to motivate director behavior.
5. Director compensation should be approached on an overall basis, rather than as an array of separate elements.

#### *Review Process*

The Committee has followed a process and set of practices in developing its recommendations:

1. **Internal Data Collection:** Identify current compensation practices to include those in the “AMA Board of Trustees Standing Rules Related to Travel and Expenses; meet with the Board of Trustees representatives at both the Annual and Interim Meetings; assess interests of other internal stakeholders such as the House of Delegates; and collect data on current benefits, and perquisites (including expenses).
2. **Market Analysis:** Review published data sources to include surveys, periodicals and reports, and conduct and assess a biannual survey of organizational “comparators”. For comparative purposes with non-profit organizations, the Committee uses total revenues and membership size—in both instances, the AMA is a complex non-profit organization. In the for-profit arena, the Committee uses the classification categories from the National Association of Corporate Directors which puts the AMA in a “Small Company” category (greater than \$200 million and less than \$600 million in revenues).
3. **Travel and Expense Data Collection:** Obtain data on cash compensation for Officer, Non-Officer, Resident and Student Trustees. Develop tables and graphs showing all assignment, travel and compensated days by individual with a breakout of per diem days. Develop tables and graphs showing total and individual board member expenses for the listing of expense areas shown in Appendix B. A more detailed review of a random set of individual board members expenses is conducted by the Board Committee on Organization and Operation and any variance from the Standing Rules must be approved by the Board Chair.
4. **Discussion Materials:** Aggregate all collected materials for Committee meetings (normally at least two by conference call).
5. **Develop Recommendations:** Utilize aggregated information and develop recommendations, keeping in mind the Committee’s principles.

#### *Findings*

The following is a summary of the Committee’s observations of the available market data:

1. Board members of comparable organizations spend on average considerably less time in fulfilling their Board responsibilities than AMA Board members. In addition to preparation time, trustees in for-profit organizations on average annually spend 18 days to attend five, two-day board meetings (ten days), and four, one-day committee meetings involving two committees (eight days).
2. The trend continues to be that the majority of non-profit organizations, except for complex ones such as non-profit hospital systems, do not compensate their board members for their value to the organization and effort expended with a fee or honorarium for serving on the Board but rather for expenses only.
3. For both complex non-profit and small for-profit organizations compensation is based on an assessment of the value and time and effort expended.

4. Most health care non-profit organizations provide cash compensation for attendance at board and committee meetings, and, in some cases, provide a retainer fee.
5. For the most part, only the larger medical associations are providing cash compensation to their officers but most do not compensate other trustees. All surveyed provided expense reimbursement while conducting the business of the organization.
6. The median revenue for a practicing physician is about \$415,000 annually and the median income is about \$180,000 annually.
7. For-profit board members of the "Small Company" category received compensation in the form of a cash retainer, meeting and committee fees, and some form of equity. Equity is used as an incentive to increase shareholder value and create a "stake" in the company's success.
8. Overall cash compensation has increased but mainly offset by reduced equity values.
9. The median total cash compensation for health care companies in the "Small Company" category was \$88,565 of which \$30,622 was for board and committee meetings and a retainer--the rest was in the form of equity and related to organizational performance. This was almost entirely to cover value, time and effort associated with Board and related meetings such as committees.
10. Legal and regulatory compliance requirements are placing increased demands on the time of directors/trustees and are expected to result in increased compensation.
11. Retainer and meeting fees comprise the majority of compensation based on company size.
12. Board pensions are rare but deferred compensation plans are common.
13. Benefits and perquisites are consistent with findings in organizations similar to the AMA.

### *Discussion*

Based on the above trends and a review of current compensation, the following summary is provided for each major component of compensation:

#### 1. Cash Compensation

##### a. Officers (President, President-Elect, Immediate Past President, and the Board Chair):

- These portions are almost full time with an expectation of 200 or more assignment (board meetings and assignments) and travel days on AMA business. For the period July 1, 2003 to June 30, 2004, AMA Officers (President, President-Elect, Immediate Past President, and the Board Chair) were on AMA official business an average of 202 days. The requirements are not anticipated to decrease.
- A conscious shift of important assignments to these "spokesperson" positions from non-Officer Trustees has been made and the President continues to have the larger workload.
- No additional cash compensation is paid to these Officers except for reimbursement of expenses outlined in the Board's Standing Rules which are annually reviewed by the Committee.
- This group received an annual cash compensation of \$230,000 each for the 2003-2004 elected year. At the 2003 Interim Meeting, the House of Delegates approved increasing this compensation to \$235,000 effective July 1, 2004.
- Recommendation: The annual cash compensation for the Officers (President, President-Elect, Immediate Past President, and Chair) is appropriate at the current level projected for the 2004-2005 elected year. In light of the substantial difference in the historical workload level of the President, the Committee will be evaluating whether a differential should be given to the President.

##### b. Non-Officer Trustees (Excluding the Resident and Student)

- While most non-profit organizations do not provide a retainer and/or board and committee meeting fees, the trend is shifting to providing some form of compensation other than expense reimbursement.
- Based on the median cash compensation (\$30,622) and the median time spent on board meetings and committees (18 days) in the for-profit health care sector, the median compensation for these board members is between \$1,500 and \$2,000 per day. This does not include equity compensation that equates to about \$2,500 per day.
- Non-officer trustees spent more days (36) than their counterparts in either complex non-profit or for-profit organizations in Board meetings during the 2003-2004 elected year and received \$41,000 in honorarium or \$1,150 per day based on available survey data.

- Per diem was provided for additional time, approved by the Board Chair, on an increased number of other committee and task force meetings.
- For those Board members who continue to operate a full practice, the lost practice revenue is about two months or just under \$70,000 and the lost income about \$30,000, based on available survey data.
- The importance of the transitioning nature of the Chair-Elect position and the requirement for additional time and effort over other Non-Officer Trustees is recognized and was reflected in the establishment of an annual compensation of 70 percent of the annual compensation of the Chair effective July 1, 2004.
- Recommendation: The current honorarium and per diem levels for Non-Officer Trustees and the annual compensation of the Chair-Elect should remain at the levels for the 2004-2005 elected year. This takes into account the value of individual Board members; the variety of compensation approaches; puts the most emphasis on the Board focusing on its responsibilities on the business conducted in its Board and committee meetings; and corresponds reasonably with similar sized for-profit companies and related associations.

c. Resident and Student

- The Committee recognizes the concerns expressed by the House of Delegates in referring back to the Committee the recommendation to make the compensation of the Resident and Student trustee equal to other Non-Officer trustees.
- There are not many examples of Residents and Students serving on boards but when they do, they are normally compensated the same as other board members with similar responsibilities.
- Residents and Students are the future of medicine and their perspective is as unique as is the “public member” of the AMA Board. Their insight is very important in Board discussions and decisions. They serve, as a conduit between the AMA and the Resident physician and Student populations respectively and have been increasingly utilized in facilitating membership of these groups in the AMA.
- As the House of Delegates indicated at A-04, there is a need to increase the compensation of the Resident and Student Trustees for the scheduled Board and committee meeting days and a limited number of other assignment days.
- Recommendation: The Committee unanimously continues to feel that the Student and Resident Trustees have value to the organization equal to any other Board members and current governance guidelines and best practices would call for equal compensation for this value, time and effort. However, because of historical compensation principles and the size of the change required to achieve this equity level, the Committee recommends increasing the compensation in an incremental fashion. The compensation for the Resident and Student Trustees should be increased to 60 percent of the per day honorarium (\$690) and 60 percent of the per diem given to Non-Officer Trustees for other assignment days. The Committee will continue to study and review the impact of these changes with a subsequent report to the House of Delegates when additional changes in compensation are recommended.

2. Benefits

The current list of benefits listed in the AMA Board’s Standing Rules on Expenses and Travel and in Appendix B have not changed in the last year.

Recommendation: The referenced list of benefits are appropriate.

3. Assignment Days and Expenses

The Committee reviewed the Board’s assignment and expense data for the period July 1, 2003 through June 30, 2004. The Committee believes that expenses and assignment days are in line with current policy and guidance. As directed by the House of Delegates, the President has control over his schedule and open assignments are being directed to the Presidents. In addition, a greater percentage of all assignments are being filled by the Presidents. The Officers averaged 202 assignment and travel days. Per diem days increased from 604.5 to 644.5 days which is an average of 43 days per Non-Officer Trustee and under the target average of 50 days per Trustee.

- a. Total expenses for the period July 1, 2003 to June 30, 2004 were \$970,206, up slightly from \$958,275 in the prior year period. Variances between the current and prior year shown in Appendix A were justified and acceptable.
- b. The Committee found the expenses to be consistent with the AMA Board's Standing Rules on Travel and Expenses.
- c. The Committee commends the Board for the increase in outside reimbursements to \$98,142 and encourages continued pursuit of this initiative.
- d. The Committee reviewed the current rules for Travel and Expenses. The Committee recognizes the additional difficulties and concerns related to the impact of extensive travel schedule of the Presidents on family. Two years ago, the Committee provided an allowance of \$3,000 per year for each President to use for spousal travel, which has helped to alleviate some of those issues. The Committee believes that an additional allowance is warranted for the Presidents.
- e. Recommendation: The current allowance for the Presidents for spousal travel should be increased to \$6,000 using the same appropriateness criteria as stated in the current Standing Rules.

#### REVIEW OF COMMITTEE ACCOMPLISHMENTS

It has been five years since the House of Delegates directed the establishment of the Committee on Compensation of the AMA General Officers. The Committee was created to ensure that the AMA General Officers and Trustees (Officers, Non-Officer, Resident and Student) were fairly compensated for their value, time and effort, and to provide fiscal oversight for the benefits and expenses provided to the AMA General Officers. The Committee has made a substantial number of recommendations since its inception that have had significant impact on Board compensation. They are listed and summarized in Appendix C.

#### RECOMMENDATIONS

1. The annual cash compensation for the Officers (President, President-Elect, Immediate Past President, and Chair) is appropriate at the current level projected for the 2004-2005 elected year.
2. The current honorarium and per diem levels for Non-Officer Trustees and the annual compensation of the Chair-Elect should remain at the levels for the 2004-2005 elected year.
3. The current compensation of the Resident as well as the Student is not adequate and should be increased to 60% of the honorarium provided to Non-Officer Trustees (\$690) and 60% of the per diem for other assignment days (\$690).
4. The current allowance for the Presidents for spousal travel should be increased to \$6,000 using the same appropriateness criteria as stated in the current Standing Rules.

#### APPENDIX A - REPORT OF THE NATIONAL ASSOCIATION OF CORPORATE DIRECTORS ON DIRECTOR COMPENSATION, PURPOSES, PRINCIPLES AND BEST PRACTICES

##### *Principles*

- Director compensation should be determined by the board and disclosed completely to shareholders.
- Director Compensation should be aligned with the long-term interests of shareholders.
- Compensation should be used to motivate director behavior.
- Directors should be adequately compensated for their time and effort.
- Director compensation should be approached on an overall basis, rather than as an array of separate elements.

##### *Best Practices*

- Boards should establish a process by which directors can determine the compensation program in a deliberative and objective way.
- Board should set a substantial target for stock ownership by each director and a time period during which this target is to be met.

- Boards should define the desirable total value of all forms of director compensation.
- Board should pay directors solely in the form of equity and cash - with equity representing 50 to 100 percent of the total; dismantle existing benefit programs and avoid creating new ones.
- Boards should adopt a policy stating that a company should not hire a director or a director's firm to provide professional or financial services to the corporation.

## APPENDIX B - OFFICER TRAVEL/EXPENSE DATA

	2003 - 2004	2002 - 2003
Assignment Days	1,835	1,974
Compensated Days	1,184.5	1,141
Travel Days	298.5	180
Per Diem Days	644.5	601.5
Total Expenses	\$970,206.47	\$958,275.83
Airfare	\$412,502.02	\$411,739.42
Total Airfare - Prepaid	n/a	7,998.21
Total Spouse Travel	\$33,216.59	\$11,230.30
Total Hotel	\$288,073.64	\$290,010.91
Total Room Tax	\$36,248.85	\$40,058.05
Number of Hotel Nights	1,361	1,287
Total, Meals-Self	\$30,973.91	\$30,359.04
Business Meals & Entertainment	\$56,369.04	\$59,560.62
Surface Transportation	\$60,988.10	\$67,439.71
Car Rental	\$9,992.91	\$4,250.55
Personal Car Mileage	\$9,589.64	\$7,943.48
Travel Incidentals	\$15,048.85	\$12,640.99
Total Communications	\$8,939.22	\$4,414.10
Total Other	\$8,263.72	\$10,630.44
Total Reimbursed Expenses	\$98,142.56	\$90,833.90

## APPENDIX C - COMMITTEE ON COMPENSATION ACCOMPLISHMENT, DECEMBER 1999 - JUNE 2004

Formed by the AMA House of Delegates at its Interim Meeting in December 1998. The Committee met several times in 1999, making an informational report to the House of Delegates in June 1999 and its first recommendations on compensation of the General Officers at the Interim Meeting in December 1999. Since then, the Committee has met during the year and provided recommendations to the HOD at its Interim Meeting; and, as required, at its Annual Meeting on the total compensation of the General Officers.

According to the CC&B Report to the HOD, approved at A-00, Total Compensation is defined as "the complete reward/recognition package awarded to an individual for work performance including: (a) all forms of money or cash compensation; (b) benefits; (c) perquisites; (d) services; and (e) in-kind payments.

The table below is a list of the key compensation elements followed by a summary of the significant actions taken.

TABLE

Elements	1998	2003-2004
a. Assignment and Travel Days		
Presidents (3)	713	794
Other Trustees (excluding Resident and Student)	1506	1139
Resident and Student	72	124.5
TOTAL	2291	2057.5
b. Trustee Cash Compensation		
Officers (4)	\$867,060	\$920,000
Non-Officer (including Resident and Student)	\$1,480,072	\$1,383,175
TOTAL	\$2,347,132	\$2,303,175

December 2004

Compensation of the General Officers

c.	Cash Compensation Rates		
	Officers (annual)	\$221,980	\$230,000*
	Non-Officers Honorarium/Per Diem (tiered)	\$915-1,045/day	\$1,150/day
	Resident (annual stipend)	\$10,000	\$15,000
	Student (annual stipend)	\$2,500	\$6,000
d.	Average Board Meeting Days	39	36
e.	Average Officer (4) Assignment Days	178	202
f.	Average Per Diem Days for Non-Officer Trustees(excluding Resident and Student)	61 (1999-2000)	43

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## SUMMARY

*Assignment and Travel Days*

- The total number of assignment/travel days is down by 234 which reflects several trends:
  - The number of days for the Presidents is up by 81 and they are now averaging over 200 days each, a number established by the Committee in 1999.
  - The number of days for other Trustees (not including the Resident and Student) is down by 367 days. This is with the addition of the Public Member in A-2002. The Non-Officer Trustees (excluding the resident and student) are now averaging 43 per diem days which is well under the objective of 50 days per Trustee established by the Committee in 1999. Credit goes to the Board and its reduction in the number of Board meeting days and the number of per diem days.

*Compensation*

- Officer Trustees
  - Established policy that the Officer Stipend would cover all days to include scheduled days, assignment days and travel days. (I-99)
  - Recognizing current market conditions, increased Officer compensation from \$221,980 in 1999 to \$230,000 in the 2003-2003 elected year. With the recent increase in the annual compensation for the four Officers to \$235,000 effective July 1, 2004, annual compensation will have increased about 6% since June 2000.
  - Total cash compensation has not increased but a greater proportion of the cash compensation is going to the Presidents, the AMA's primary spokespersons, and the Board Chair.
  - Recognized virtual full-time nature of these positions and established target expectation of 200 days per elected year on AMA business, excluding travel and preparation time (A-00) and review annually.
  - The average days for these officers has increased from 178 days in 1999 to 202 for the 2003-2004 elected year.
  - After reviewing time studies, recognized the burden of administrative work of the Chair-Elect and established an annual stipend for the Chair-Elect equal to 75% of the other Officer positions to be effective, July, 2004. (I-03)
- Non-Officer Trustees
  - Eliminated the tiered compensation structure in existence in 1999 to recognize the equal contributions and time commitment that non-Officer Trustees make. (I-99)
  - Eliminated tiered per diem that ranged from \$915 to \$1,045 per day and established a single \$1,120 per weekday and \$560 per weekend day (I-99). Eliminated differential and moved back to single per diem currently at \$1,150 per day.
  - Established a target ceiling of 50 days per Non-Officer Trustee for per diem travel, not to include the Student or Resident.
  - Recommended that important assignments be shifted to these Officer positions (A-00) and review annually. The average per diem days for other Trustees, excluding the Student and Resident has dropped from 61 days in 2000 to 41 in the 2003-2004 elected year.

## 3. Resident

- Established basis for Resident compensation to be: (1) the importance of the perspective a Resident physician brings to the Board; (2) the Resident Trustee's role as conduit between the AMA and the resident physician population; and (3) the need to compensate the Resident for 39 scheduled days plus occasional assignment days, representing about 30% of a typical resident work year at average resident physician compensation levels.
- Increased the Resident stipend from \$10,000 in 1999 to \$15,000 beginning in 2001.
- Recommended the current basis for compensating the Resident Trustee be changed to reflect that the Resident Trustee has the same responsibilities as other non-Officer Trustees and should be compensated the same--referred to Committee for further information.

## 4. Student

- Established the basis for Student compensation to be: (1) a compensation rate which values a medical student's competencies and encourages his/her pursuit of academic preparation for entering the profession; (2) the role of the Student Trustee as a source of information to the Board and as a conduit between the AMA and the medical student population; and (3) the commitment of 39 scheduled days per year plus occasional assignment days.
- Increased the Student stipend from \$2,500 in 1999 to \$6,000 beginning in 2001.
- Recommended the current basis for compensating the Student Trustee be changed to reflect that the Student Trustee has the same responsibilities as other non-Officer Trustees and should be compensated the same--referred to Committee for further information.

## 5. Public Member

- After reviewing data on comparable non-for-profit and for-profit boards, established that the public member of the AMA Board would be compensated the same as other non-Officer Trustees based on: (1) this individual has the same responsibilities as other non-Officer Trustees; (2) brings to the Board a unique perspective and represents a conduit between the AMA and the public.

*Benefits*

No substantive changes have been made to the Benefit package (Term life insurance, deferred compensation, work support systems, and secretarial support) since 1999.

*Perquisites*

AMA Officers and other Trustees, including the Resident and Student, receive reimbursement for travel and expenses associated with AMA business under the AMA Board's "Standing Rules Related to Travel and Expense of General Officers." The Committee annually reviews these standing rules and actual blinded expenses and makes recommendations to the HOD on changes under the total compensations definition and/or recommendations to the Board on other areas/requirements.

## 1. HOD Approved Changes

- After reviewing travel data and interviewing Trustees, recognized the need to provide compensation for the Officers for limited spousal travel and provided \$3,000 per Officer to utilize for this purpose. (Adopted 2003)

## 2. Recommended Changes Adopted by the BOT

- Reduce number of scheduled meeting days. BOT has reduced days from 39 days in 2000 to 36 days in 2004.
- Reducing the number of non-scheduled days (per diem days) from 849 days in 1999 to 699 in 2001 or an average of 50 days per Non-Officer Trustee was accomplished. The BOT has reduced the number of non-scheduled days to 644 days in 2004.
- Reimbursed only for domestic travel at coach rates and international travel at business class rates. (Adopted 2000)
- Authorized travel and expenses for Officer and Trustee spouses to attend only two meetings and be reimbursed only at coach rates. Expenses for related social activities will be self-supporting and billed to appropriate spouses. (Adopted 2000)

- Limited reimbursement for guest meals and entertainment, related to AMA business, to six guests with appropriate documentation and approvals, by the Board Chair, for such reimbursements. (Adopted 2000)
- Authorized expense reimbursement for voluntary attendance at the Nathan Davis Awards Dinner, with no per diem compensation for Trustees and no travel expense reimbursement for spouses. (Adopted 2000)
- Eliminated expense reimbursement and compensation for Trustee at their own state and specialty society meeting. (Adopted 2000)
- Developed a database to more precisely track Board expenses with supporting documentation. (Adopted 2000)
- Tracking honorarium and reimbursement of expenses and travel for AMA Trustees received from other organizations. (Adopted 2002)