

REPORT OF THE HOUSE OF DELEGATES COMMITTEE ON COMPENSATION OF THE OFFICERS

The following report was presented by Sandra B. Reed, MD, Chair:

REPORT OF THE HOUSE OF DELEGATES COMMITTEE ON COMPENSATION OF THE OFFICERS

Reference committee hearing: See report of [Reference Committee F](#).

**HOUSE ACTION: RECOMMENDATION ADOPTED
REMAINDER OF REPORT FILED**

See Policy [D-605.990](#).

This report by the Committee at the 2012 Interim meeting recommends no changes to Officers' compensation for the period ending June 30, 2013 and documents the compensation paid to Officers for the period July 1, 2011 thru June 30, 2012. Additionally, this report includes the 2011 calendar year IRS reported taxable value of benefits, perquisites, services and in-kind payments for all Officers.

BACKGROUND

At the 1998 Interim Meeting, the House of Delegates (HOD) established a House Committee on Trustee Compensation, currently named the Committee on Compensation of the Officers, (the "Committee"). The Officers are defined in the American Medical Association's (AMA) Constitution and Bylaws. (Note: under changes to the Constitution previously approved by the HOD, Article V refers simply to "Officer," which includes all 21 members of the Board among whom are President, President-Elect, Immediate Past President, Secretary, Speaker of the HOD and Vice Speaker of the HOD, collectively referred to in this report as Officers). The composition, appointment, tenure, vacancy process and reporting requirements for the Committee are covered under the AMA Bylaws. Bylaw 2.645 provides:

The Committee shall present an annual report to the HOD recommending the level of total compensation for the Officers for the following year. The recommendations of 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 A-00, the Committee and the Board jointly adopted the American Compensation Association's definition of total compensation which was added to the Glossary of the AMA Constitution and Bylaws. 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.

Since the inception of this Committee, its reports document the process the Committee follows to ensure that the then current Officer compensation recommended for approval is based on sound, fair, cost-effective compensation practices as derived from research and use of independent external consultants expert in board compensation. Reports beginning in December 2002 documented the principles the Committee followed in creating its recommendations for Officer compensation.

At A-08, the HOD approved changes that simplified compensation practices and increased transparency and consistency of same. At A-10, Reference Committee F requested this Committee recommend that the HOD affirm a codification of the current compensation principle, which occurred at I-10. At that time, the House affirmed that this Committee has and will continue to base its recommendations for Officer compensation on the overarching principle of the value of the work performed, consistent with IRS guidance and best practices as recommended by the Committee's external independent consultant, who is expert in board compensation.

At A-11 the HOD approved aligning the Medical Student and Resident Officer compensation to that of all other Officers (excluding Presidents and Chair) because these positions perform comparable work.

Immediately following A-11, the Committee retained Mr. Delves, founder of the Delves Group, to update his 2007 research to provide the Committee comprehensive advice and counsel on Officer compensation. The Committee

asked for this update because it had been four years since the last comprehensive review and because the Committee wanted to continue refining its compensation practices for continued simplification and transparency. The updated compensation structure was presented and approved by the House at I-11 with an effective date of July 1, 2012 and is shown in the Appendix of this report.

At I-11, Reference Committee F requested the Committee list the specific benefits, perquisites and in-kind payments provided to the Officers and to annually document the taxable value of these benefits. The Committee's A-12 report listed the specifics. This report documents the values reported to the IRS of 2011 benefits, perquisites, services and in-kind payments.

CASH COMPENSATION SUMMARY

The cash compensation of the Officers shown in the following table will not be the same as compensation reported annually on the AMA's IRS Form 990 because Form 990s are based on a calendar year. The total cash compensation in the summary is compensation for the days these Officers spend away from home on AMA business approved by the Board Chair. The Assignment/Travel days include Board and Board Committee meetings paid via honorarium for governance and all other AMA representation and travel days, including representation conference calls of two hours or more in length.

The summary covers July 1, 2011 to June 30, 2012

AMA Officers	Position	Total Compensation	Compensated Days
Joseph P Annis, MD	Officer	\$ 67,700	49
Susan R Bailey, MD	Vice Speaker, House of Delegates	\$ 65,300	47
David O Barbe, MD	Secretary	\$ 82,700	61.5
Peter W Carmel, MD	President	\$ 279,000	177
Malini P Daniel	Medical Student Officer	\$ --	2
Alexander Ding, MD, MS	Resident Officer	\$ 67,700	49
Andrew W Gurman, MD	Speaker, House of Delegates	\$ 102,500	78
Patrice A Harris, MD	Officer	\$ 75,500	55.5
Ardis D Hoven, MD	Immediate Past Chair	\$ 122,900	95
Christopher K Kay	Public Member Officer	\$ 56,900	40
William E Kobler, MD	Officer	\$ --	2
Edward L Langston, MD	Officer	\$ 600	0.5
Jeremy A Lazarus, MD	President-Elect	\$ 274,000	153
Barbara L McAneny, MD	Officer	\$ 73,700	54
Mary Anne McCaffree, MD	Officer	\$ 83,900	64
Albert J Osbahr, III, MD	Officer	\$ 71,900	57
Rebecca J Patchin, MD	Immediate Past Chair	\$ 12,600	10.5
Steven R Permut, MD, JD	Officer	\$ 86,900	70
Carl A Sirio, MD	Officer	\$ 107,300	87
Steven J Stack, MD	Chair-Elect & Young Physician Officer	\$ 201,900	96.5
Georgia A Tuttle, MD	Officer	\$ 73,100	53.5
Jordan M VanLare	Medical Student Officer	\$ 70,100	51
Robert M Wah, MD	Chair	\$ 269,500	135
Monica C Wehby, MD	Officer	\$ 65,900	47.5
Cecil B Wilson, MD	Immediate Past President	\$ 274,000	121

President, President-Elect, Immediate Past President and Chair

In 2011-2012, each of these positions received an annual honorarium which was paid in monthly increments. These four positions spent a total of 586 days on approved Assignment and Travel or 146.5 days each on average.

Chair-Elect

This position receives an honorarium approximately 75% of the honorarium provided to the Chair.

All other Officers

All other Officers received cash compensation, which included an honorarium of \$51,500 paid in monthly installments. The remaining cash compensation is for Assignment and Travel Days that are approved by the Board Chair to represent the AMA. These days are compensated at a per diem rate of \$1,200. Effective July 1, 2011 the Resident/Fellow and the Medical Student Officers are compensated at the same level as all other Officers except Board Chairs and Presidents.

Assignment and Travel Days

The total Assignment and Travel Days for all Officers (excluding the President, President-Elect, Immediate Past President and Chair) were 1,070.5 days, of which 603.5 days were for scheduled Board and standing Board committee meetings (honorarium) and 467 were approved per diem days. The average number of per diem days was 27.5, which is 4.5 days less than last year's average of 32; the scheduled number of Board and Board committee days increased 0.5 days (from 35 to 35.5). Additionally, representation now includes reimbursement for telephonic representation meetings of external organizations that are 30 minutes or longer during a calendar day and total 2 or more hours. These are reimbursed at 1/2 of the current per diem rate. During this reporting period, there were 16 calls reimbursed representing 8 per diem days, which is a decrease in the number of calls reimbursed compared to the previous reporting period (a decrease of 17 calls or 8.5 per diem days).

The Appendix shows current compensation with the effective date of the approved change.

EXPENSES

Total expenses paid for the period July 1, 2011 – June 30, 2012 were \$864, 097 compared to \$758,963 in the previous period; a 13.9% increase. This increase was driven by travel and transportation costs and reflects significant increases in domestic fuel costs for the same period.

BENEFITS, PERQUISITES, SERVICES AND IN-KIND PAYMENTS

Benefits, perquisites, services and in-kind payments Officers are eligible to request, as defined in the "AMA Board of Trustees Standing Rules on Travel and Expenses" effective April 2012, are show below. These non-taxable business expense items are provided to assist the Officers in performing their duties:

- AMA standard laptop computer
- BlackBerry or cellular telephone
- American Express card (for AMA business use)
- Combination fax/printer/scanner
- An annual membership to the airline club of choice each year of the Officers' tenure.
- Club International membership at the Drake Hotel, Chicago will be arranged for all Officers who request this membership. However, AMA reimbursement will be for the President, President-Elect, Immediate Past President, Board Chair, and Board Chair-Elect only.
- Personalized AMA stationery, business cards and biographical data for official use.

Additionally, all Officers are eligible for \$300,000 term life insurance and are covered under the AMA's \$500,000 travel accident policy and \$10,000 individual policy for medical costs arising out of any accident while traveling on official business for the AMA. Life insurance premiums paid by the AMA are reported as taxable income. Outreach Awards and departing cash gifts are also reported as taxable income.

Secretarial support, other than that provided by AMA's Board office, is available up to defined annual limits as follows: President, during the Presidential year, \$15,000; \$5,000 each for the President-Elect, Chair, Chair-Elect and Immediate Past President per year. Secretarial expenses incurred by other Officers in connection with their official duties are paid up to \$750 per year per Officer. This is reported as taxable income.

Travel expenses incurred by family members are not reimbursable, with the exception of the family of the incoming President at the Annual Meeting of the HOD.

Calendar year 2011 taxable benefits, perquisites, services and in-kind payments reported to the IRS totaled \$35,477. Secretarial services totaling \$6,500 were paid to third parties.

FINDINGS

The Committee was requested to review the current Travel Policy and to consider a limited increase in travel flexibility for the Presidents and Chair as these roles require significant travel when compared to other Officers. Airline travel has become particularly arduous as airlines reduce the number of flights resulting in crowded flights, a reduction of non-stop flights and an increased use of regional jets, which typically have only economy class seating. The limited increase in travel flexibility was requested to apply when these positions are required to travel on regional jets or airlines where they do not have priority status (based on frequency of travel on a specific airline) so that they can continue working while flying. While the Committee thanks leadership on behalf of the HOD for their commitment in furthering the mission of our AMA, after thoughtful consideration and discussion, the Committee is not recommending a change to the travel policy at this time. In reaching its decision, the Committee considered the sporadic use of regional jets and non-status airlines, the reality that most regional jets currently have only one cabin class so any seat on this type of plane will likely be uncomfortable and that adding flexibility to the policy will not solve this problem and potentially increase costs to the AMA. The Committee remains open to re-visiting this issue as future facts and circumstances warrant.

RECOMMENDATIONS

The Committee on Compensation of the Officers recommends that there be no changes to the Officers compensation for the period ending June 30, 2013 and the remainder of this report be filed.

APPENDIX - Compensation Summary

Officer compensation and definitions approved at I-11 and effective July 1, 2012 as follows:

POSITION	HONORARIUM
President	\$279,000
Immediate Past President & President-Elect	\$274,000
Chair	\$269,500
Chair-Elect	\$199,500
Other Officers	\$ 61,500

Definition of Governance Honorarium effective July 1, 2012:

The purpose of this payment is to compensate Officers for all Chair-assigned internal AMA work and related travel. This payment is intended to cover all currently scheduled Board meetings, special Board or Board committee meetings, task forces, subcommittees, Board orientation, development and media training, Board calls, sections, councils or other internal representation meetings or calls, and any associated review or preparatory work, and all travel days related to all meetings as noted above.

Definition of Per Diem for Representation effective July 1, 2012 :

The purpose of this payment is to compensate for Board Chair-assigned representation day(s) and related travel. Representation is either external to the AMA, or for participation in a group or organization with which the AMA has a key role in creating/partnering/facilitating achievement of the respective organization goals such as the AMA Foundation, PCPI etc. The Board Chair may also approve a per diem for special circumstances that cannot be anticipated such as weather related travel delays. Per diem for Chair-assigned representation and related travel is \$1,200 per day.

Definition Telephonic Per Diem for External Representation effective July 1, 2011:

Officers, excluding the Board Chairs and the Presidents, who are assigned as the AMA representative to outside groups as one of their specific Board assignments, receive a per diem rate for teleconference meetings when the total of all teleconference meetings of 30 minutes or longer during a calendar day equal 2 or more hours. Payment for these meetings would require approval of the Chair of the Board. The amount of the Telephonic Per diem will be ½ of the full per diem or \$600.