

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

The following report was presented by David M. Lichtman, MD, Chair:

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

Informational report; no reference committee hearing.

HOUSE ACTION: FILED

This report documents the compensation paid to officers for the period July 1, 2013 thru June 30, 2014. This report also includes the 2013 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. The composition, appointment, tenure, vacancy process and reporting requirements for the Committee are covered under the AMA Bylaws. Bylaw 2.13.4.5 provides:

The Committee shall present an annual report to the House of Delegates 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 have documented the process the Committee follows to ensure that current or recommended officer compensation 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 with increased transparency and consistency. At A-10, Reference Committee F requested that this Committee recommend that the HOD affirm a codification of the current compensation principle, which occurred at I-10. At that time, the HOD affirmed that this Committee has and will continue to base its recommendations for officer compensation on the 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 the alignment of medical student and resident officer compensation with that of all other officers (excluding presidents and chair) because these positions perform comparable work.

Immediately following A-11, the Committee retained Mr. Don Delves, founder of the Delves Group, to update his 2007 research by providing the Committee with 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 to improve simplification and transparency. The updated compensation structure was presented and approved by the HOD 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 that the Committee list the specific benefits, perquisites and in-kind payments provided to the officers and to document annually the taxable value of these benefits. The Committee's A-12 report listed the specifics. That report documented the values of 2011 benefits, perquisites, services and in-kind payments reported to the IRS.

The Committee's I-12 report referenced discussion and research concerning presidents' travel on regional airlines. The A-13 report expanded the travel discussion to include travel on airlines without preferred status. The HOD approved the Committee's recommendation to provide a travel allowance for each president to be used for upgrades, primarily on non-preferred status airlines, because of the significant volume of travel by the presidents in representing our AMA. This I-14 report details officer compensation paid for the period July 1, 2013–June 30, 2014, and provides the 2013 calendar year IRS reported taxable value of benefits, perquisites, services, and in-kind payments for all officers. The Appendix details current compensation and related definitions.

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 total cash compensation in the summary includes work as defined by the Governance Honorarium and Per Diem for Representation including conference calls with groups outside of the AMA, totaling 2 hours or more per calendar day as approved by the Board Chair. Detailed definitions are located in the Appendix.

The summary covers July 1, 2013 to June 30, 2014.

AMA Officers	Position	Total Compensation	Total Days
Joseph P. Annis, MD	Officer	\$66,300	45
Maya A. Babu, MD, MBA	Resident Officer	\$61,500	47
Susan R. Bailey, MD	Vice Speaker, House of Delegates	\$80,100	53.5
David O. Barbe, MD, MHA	Chair	\$269,500	87.5
Jesse M. Ehrenfeld, MD, MPH	Young Physician Officer	-	2
Julie K. Goonewardene	Public Board Member Officer	\$61,500	34
Andrew W. Gurman, MD	Speaker, House of Delegates	\$98,100	69
Gerald E. Harmon, MD	Officer	\$63,900	50.5
Patrice A. Harris, MD, MA	Officer	\$81,900	51
Ardis D. Hoven, MD	President	\$279,000	179
William E. Kobler, MD	Officer	\$81,900	54
Russell W.H. Kridel, MD	Officer	-	2
Jeremy A. Lazarus, MD	Immediate Past President	\$274,000	102.5
Samuel J. Mackenzie, MS	Medical Student Officer	-	2.5
Barbara L. McAneny, MD	Chair-Elect	\$206,700	66
Mary Anne McCaffree, MD	Officer	\$80,700	62
Albert J. Osbahr, III, MD	Officer	\$84,900	67
Stephen R. Permut, MD, JD	Officer	\$99,900	85
Jack Resneck, Jr. MD	Officer	-	4
Ryan J. Ribeira	Medical Student Officer	\$65,700	46.5
Carl A. Sirio, MD	Secretary	\$99,900	72.5
Steven J. Stack, MD	Immediate Past Chair	\$126,300	103
Georgia A. Tuttle, MD	Officer	\$65,700	38.5
Robert M. Wah, MD	President-Elect	\$278,200	129
Monica C. Wehby, MD	Officer	\$20,500	7.5

President, President-Elect, Immediate Past President and Chair

In 2013-2014, each of these positions received an annual honorarium which was paid in monthly increments. These four positions spent a total of 498 days on approved assignment and travel, or 124.5 days each on average.

Chair-Elect

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

All other officers

All other officers received cash compensation, which included an honorarium of \$61,500 paid in monthly installments. The remaining cash compensation is for assignment and travel days that are approved by the Board Chair to externally represent the AMA. These days are compensated at a per diem rate of \$1,200.

Assignment and travel days

The total assignment and travel days for all officers (excluding the president, president-elect, immediate past president and chair) were 962.5; this includes reimbursement for telephonic representation meetings for external organizations that are 30 minutes or longer during a calendar day and total 2 or more hours. These are reimbursed at ½ of the current per diem rate. During this reporting period, there were 16 reimbursed calls, representing 8 per diem days.

The Appendix shows current compensation with the effective date of the approved change. In the appendix, the definition of per diem for representation has been clarified to align with the definition of Telephonic Per Diem for external representation by inserting the phrase “excluding board chairs and presidents.”

EXPENSES

Total expenses paid for the period, July 1, 2013–June 30, 2014, were \$759,343 compared to \$797,642 for the previous period, representing a 4.8% decrease.

BENEFITS, PERQUISITES, SERVICES AND IN-KIND PAYMENTS

Officers are able to request benefits, perquisites, services and in-kind payments, as defined in the “AMA Board of Trustees Standing Rules on Travel and Expenses,” effective July 2014. These non-taxable business expense items are provided to assist the officers in performing their duties:

- AMA standard laptop computer or iPad
- iPhone
- American Express card (for AMA business use)
- Combination fax/printer/scanner
- An annual membership to the airline club of choice offered each year during the Board member’s tenure
- Club International membership at the Drake Hotel, Chicago, may be arranged for all officers who request this membership. However, AMA reimbursement will be only for the president, president-elect, immediate past president, board chair, and board chair-elect.
- 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 2013 taxable benefits, perquisites, services and in-kind payments reported to the IRS totaled \$41,901. Secretarial services totaling \$15,125, were paid to third parties.

APPENDIX - Current Compensation Summary.

Officer compensation and definitions initially approved at I-11 and effective July 1, 2012.

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 for officers, excluding Board Chairs and Presidents. 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 of 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.