

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

The following report was presented by M. Ray Painter, Jr., 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, 2014 thru June 30, 2015. This report also includes the 2014 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. Bylaws 2.645 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 document 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, prerequisites 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, prerequisites, 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. Neither the A-14 or A-15 reports recommended any changes to Officer compensation. This I-15 report details Officer compensation paid for the period July 1, 2014 – June 30, 2015, and provides the 2014 calendar year IRS reported taxable value of benefits, prerequisites, 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, 2014 to June 30, 2015.

AMA Officers	Position	Total Compensation	Total Days
Maya A Babu, MD, MBA	Resident Officer	\$78,900	59
Susan R Bailey, MD	Vice Speaker, House of Delegates	\$79,500	50
David O Barbe, MD, MHA	Immediate Past Chair	\$80,100	59
Jesse M. Ehrenfeld, MD, MPH	Young Physician Officer	\$61,500	13.5
Julie K Goonewardene	Public Board Member Officer	\$66,300	35.5
Andrew W Gurman, MD	Speaker, House of Delegates	\$109,500	87.5
Gerald E Harmon, MD	Officer	\$77,700	61.5
Patrice A Harris, MD, MA	Secretary	\$77,700	64
Ardis D Hoven, MD	Immediate Past President	\$274,000	101.5
William E Kobler, MD	Officer	\$71,700	47.5
Russell WH Kridel, MD	Officer	\$61,500	46.5
Samuel J Mackenzie, MS	Medical Student Officer	\$61,500	55
Barbara L McAneny, MD	Chair	\$269,500	79.5
Mary Anne McCaffree, MD	Officer	\$98,100	73
Albert J. Osbahr, III, MD	Officer	\$93,900	65
Stephen R Permut, MD, JD	Chair-Elect	\$203,100	83.5
Jack Resneck, Jr, MD	Officer	\$70,500	51
Bruce A Scott, MD	Vice Speaker, House of Delegates	\$ -	1.5
Carl A Sirio, MD	Officer	\$86,100	63.5
Steven J Stack, MD	President-Elect	\$274,000	146.5
Georgia A Tuttle, MD	Officer	\$72,300	53.5
Robert M Wah, MD	President	\$279,000	186.5

President, President-Elect, Immediate Past President and Chair - In 2014-2015, each of these positions received an annual honorarium which was paid in monthly increments. These four positions spent a total of 514 days on approved Assignment and Travel, or 128.5 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 970; 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 30 reimbursed calls, representing 15 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, 2014 – June 30, 2015, were \$832,337 compared to \$759,343 for the previous period, representing a 9.6% increase.

## 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.” 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
- 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.

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 taxable life insurance and taxable secretarial fees reported to the IRS totaled \$27,069 and \$34,000 respectively for 2014. An additional \$400 was paid to a third party for secretarial services during 2014.

## 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.