

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

The following report was presented by Brooks F. Bock, MD, Chair.

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

Reference committee hearing: see report of Reference Committee F.

HOUSE ACTION: RECOMMENDATIONS ADOPTED
REMAINDER OF REPORT FILED
See Policy D-605.990

This report by the Committee at the 2017 Interim Meeting presents one recommendation. It also documents the compensation paid to Officers for the period July 1, 2016 thru June 30, 2017 and includes the 2016 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 2.13.4.5 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 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 updated compensation structure was presented and approved by the HOD at I-11 with an effective date of July 1, 2012.

The Committee's I-13 report recommended and the HOD approved the Committee's recommendation to provide a travel allowance for each President to be used for upgrades because of the significant volume of travel in representing our AMA.

At I-16, based on results of a comprehensive compensation review conducted by Ms. Becky Glantz Huddleston an expert in Board Compensation with Willis Towers Watson, the Committee recommended and the HOD approved modest increases to the Governance Honorarium and Per Diems for Officer Compensation, excluding the Presidents and Chair, effective July 1, 2017. A-17's report, approved by the HOD, modified the Governance Honorarium and Per Diem definition so that Internal Representation, in excess of eleven days, receives a per diem.

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, 2016 to June 30, 2017

AMA Officers	Position	Total Compensation	Total Days
Maya A Babu, MD, MBA	Resident Officer	\$71,700	59.5
Susan R Bailey, MD	Speaker, House of Delegates	\$77,700	65.5
David O Barbe, MD, MHA	President-Elect	\$274,000	128.5
Willarda V Edwards, MD, MBA	Officer	\$63,300	40
Jesse M Ehrenfeld, MD, MPH	Young Physician Officer	\$98,700	80.5
Andrew W Gurman, MD	President	\$279,000	161.5
Gerald E Harmon, MD	Chair-Elect	\$199,500	72.5
Patrice A Harris, MD, MA	Chair	\$269,500	124
William E Kobler, MD	Officer	\$78,900	57.5
Russell WH Kridel, MD	Officer	\$65,100	52.5
Omar Z Maniya, MBA	Medical Student Officer	\$72,300	57.5
Barbara L McAneny, MD	Officer	\$87,900	71.5
William A McDade, MD, PhD	Officer	\$75,900	56
S Bobby Mukkamala, MD	Officer	\$-	2.5
Albert J Osbahr, III, MD	Officer	\$84,300	62.5
Stephen R Permut, MD, JD	Immediate Past Chair	\$95,700	81.5
Jack Resneck, Jr, MD	Secretary	\$83,700	67.5
Ryan J Ribeira, MD, MPH	Resident Officer	\$-	2
Karthik V Sarma, MS	Medical Student Officer	\$-	2
Bruce A Scott, MD	Vice Speaker, House of Delegates	\$63,900	41
Carl A Sirio, MD	Officer	\$104,100	77
Steven J Stack, MD	Immediate Past President	\$274,000	96.5
Georgia A Tuttle, MD	Officer	\$84,900	64
Kevin W Williams	Public Board Member Officer	\$61,500	48

President, President-Elect, Immediate Past President and Chair

In 2016-2017, each of these positions received an annual Governance Honorarium which was paid in monthly increments. These four positions spent a total of 510.5 days on approved Assignment and Travel, or 127.6 days each on average.

Chair-Elect

This position received a Governance Honorarium of approximately 75% of the Governance Honorarium provided to the Chair.

All other Officers

All other Officers received cash compensation, which included a Governance 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 were 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 1061; 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 27 reimbursed calls, representing 13.5 per diem days.

EXPENSES

Total expenses paid for the period, July 1, 2016 – June 30, 2017, \$844,506 compared to \$881,137 for the previous period, representing a 4.2% decrease. This includes \$730 in upgrades for Presidents' travel per the approved Presidential Upgrade Allowance of \$2,500 per position per term.

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 \$27,558 and \$30,500 respectively for 2016. An additional \$7,500 was paid to third parties for secretarial services during 2016.

FINDINGS

As stated earlier, Officers are eligible for \$300,000 term life insurance. This insurance is provided by AMA Insurance Agency. The Agency offered a global medical emergency assistance program to physicians, including AMA Officers, who are participants in specific Agency sponsored group plans which include the Life Insurance Plan. The Agency will no longer be providing this offering as part of its insurance and service package for physicians effective January 1, 2018.

Given the amount of travel Officers make in representing our AMA, global medical emergency assistance is important to have should the need arise. As such, an alternative was sought. The Standard, the group life insurance provider for AMA employees offers Travel Assistance when traveling more than 100 miles from home or internationally. The Standard is willing to extend this coverage to AMA Officers provided the Officers enroll in a \$5000 term life insurance policy. The total cost of a \$5000 term life insurance coverage for each of our 21 Officers totals \$150 per year for all Officers. This will increase the total term life insurance available to all Board members to \$305,000.

RECOMMENDATIONS

The Committee on Compensation of the Officers recommends the following recommendations be adopted and the remainder of this report be filed:

1. That there be no change to the current Definitions effective July 1, 2017 as they appear in the Travel and Expenses Standing Rules for AMA Officers for the Governance Honorarium, Per Diem for External Representation and Telephonic Per Diem for External Representation
2. That the Travel and Expense Standing Rules for AMA Officers, Rule I Section C9, Standard Benefits Package be changed to \$305,000 term life insurance.
3. Except as noted above, there be no other changes to the Officers compensation for the period beginning January 1, 2018.

APPENDIX

POSITION	GOVERNANCE HONORARIUM
President	\$279,000
Immediate Past President & President-Elect	\$274,000
Chair	\$269,500
Chair-Elect	\$199,500
Other Officers	\$65,000

Definition of Governance Honorarium Effective July 1, 2017:

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 up to eleven (11) Internal Representation day.

Definition of Per Diem for Representation effective July 1, 2017:

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. or for Internal Representation day above eleven (11). 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 \$1,300 per day.

Definition of Telephonic Per Diem for External Representation effective July 1, 2017:

Officers, excluding the Board Chair and the Presidents, who are assigned as the AMA representative to outside groups as one of their specific Board assignments or assigned Internal Representation days above eleven (11), 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 $\frac{1}{2}$ of the full Per Diem or \$650.