

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

The following report was presented by John H. Armstrong, 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, 2012 thru June 30, 2013. This report also includes the 2012 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 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 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, 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-13 report details officer compensation paid for the period July 1, 2012-- June 30, 2013, and provides the 2012 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. Total compensation 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. Detailed definitions are location in the Appendix.

The summary covers July 1, 2012 to June 30, 2013.

Officer	Position	Total Compensation	Total Days
Joseph P Annis, MD	Officer	\$ 66,300	47.5
Maya A Babu, MD, MBA	Resident Officer	\$ -	2
Susan R Bailey, MD	Vice Speaker, House of Delegates	\$ 63,900	34.5
David O Barbe, MD, MHA	Chair-Elect	\$ 201,300	78.5
Peter W Carmel, MD	Immediate Past President	\$ 274,000	101
Malini P Daniel	Medical Student Officer	\$ 71,100	43.5
Alexander Ding, MD, MS	Resident Officer	\$ 66,900	48
Julie K Goonewardene	Public Board Member Officer	\$ 61,500	37.5
Andrew W Gurman, MD	Speaker, House of Delegates	\$ 99,900	77.5
Gerald E Harmon, MD	Officer	\$ -	2
Patrice A Harris, MD	Officer	\$ 80,100	57.5
Ardis D Hoven, MD	President-Elect	\$ 276,400	138.5
William E Kobler, MD	Officer	\$ 72,300	48.5
Jeremy A Lazarus, MD	President	\$ 279,000	195.5
Barbara L McAneny, MD	Officer	\$ 68,700	60
Mary Anne McCaffree, MD	Officer	\$ 90,900	71.5
Albert J Osbahr, III, MD	Officer	\$ 90,300	60.5
Steven R Permut, MD, JD	Secretary	\$ 105,900	82.5
Ryan J Ribeira	Medical Student Officer	\$ -	2
Carl A Sirio, MD	Officer	\$ 97,500	67
Steven J Stack, MD	Chair & Young Physician Officer	\$ 269,500	105
Georgia A Tuttle, MD	Officer	\$ 69,900	44
Robert M Wah, MD	Immediate Past Chair	\$ 83,700	70
Monica C Wehby, MD	Officer	\$ 61,500	40

President, President-Elect, Immediate Past President and Chair

In 2012-2013, each of these positions received an annual honorarium which was paid in monthly increments. These four positions spent a total of 540 days on approved Assignment and Travel, or 135 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 974.5; this 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 $\frac{1}{2}$ of the current per diem rate. During this reporting period, there were 22 reimbursed calls, representing 11 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, 2012–June 30, 2013, were \$797,642 compared to \$864,097 for the previous period, representing a 7.69% decrease while air travel costs continued to increase during the same period.

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 April 2012. These non-taxable business expense items are provided to assist the officers in performing their duties:

- AMA standard laptop computer
- Black Berry or cellular telephone
- 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 2012 taxable benefits, perquisites, services and in-kind payments reported to the IRS totaled \$38,214. Secretarial services totaling \$4,750 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. 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 Chair 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 $\frac{1}{2}$ of the full Per diem or \$600.

REPORT OF THE COMMITTEE ON RULES AND CREDENTIALS

The following report was presented by Brigitta J. Robinson, MD, Chair:

POLICY ON CAMPAIGN ANNOUNCEMENTS

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

**HOUSE ACTION: RECOMMENDATIONS ADOPTED AS FOLLOWS AND
REMAINDER OF REPORT FILED**

See Policy [G-610.020](#)

At the Annual Meeting, the Committee on Rules and Credentials reviews delegates' credentials and authorizes individuals to vote in AMA elections. In reviewing the election rules, which are enumerated in Policy G 610.020, your Committee has become aware of two elements of current policy that merit change. The full, current wording of Policy G-610.020 appears in the appendix.

Section 4 includes the following statement:

An announcement of candidacy includes only the candidate's name, email address, and URL, the office sought and a list of endorsing societies.

The Committee believes this portion of the rule to be generally unknown, and many announcements include additional information, in technical violation of the rule. The Committee could identify no adverse effects from the inclusion of this additional information and consequently believes the rule should be changed to be less prescriptive. Rather than specify the content of announcements, the Committee believes that calling for a simple announcement is sufficient.

In addition, the current policy states (in Section 11):

Publication of candidate interviews in AMNews will be featured prior to AMA elections.

In light of the fact that AMNews is no longer published, the Committee recommends that the section be stricken.

RECOMMENDATION

The Committee on Rules and Credentials recommends that Policy G-610.020 be amended by addition and deletion to read as follows and the remainder of this report be filed.

Policy G-610.020, Election Campaigns

AMA policy on election campaigns includes the following:

...

(4) ... An announcement of candidacy includes only the candidate's name, photograph, email address, ~~and~~ URL, the office sought and a list of endorsing societies.

...

(11) ~~Publication of candidate interviews in AMNews will be featured prior to AMA elections.~~

CURRENT AMA POLICY

G-610.020 Election Campaigns

AMA policy on election campaigns includes the following:

(1) Active campaigning for AMA elective office may not begin until the Board of Trustees, after its April meeting, announces the nominees for council seats. Active campaigning includes mass outreach activities directed to all or a significant portion of the members of the House of Delegates and communicated by or on behalf of the candidate. If

in the judgment of the Speaker of the House of Delegates circumstances warrant an earlier date by which campaigns may formally begin, the Speaker shall communicate the earlier date to all known candidates;

(2) A campaign manual containing information on all candidates for election shall continue to be developed and distributed;

(3) Campaign expenditures and activities should be limited to prudent and reasonable levels necessary for adequate candidate exposure to the delegates. The Speaker of the House should meet with all announced candidates and campaign managers at each meeting of the House of Delegates to agree on general campaign procedures;

(4) At the Interim Meeting, campaign-related expenditures and activities shall be discouraged, and there shall be no large campaign receptions, luncheons, or other formal campaign activities. This rule does not preclude distribution of a declaration of candidacy on the last day of the Annual Meeting, last day of the Interim Meeting, or one announcement of candidacy by a mailing prior to the Interim Meeting. An announcement of candidacy includes only the candidate's name, email address, and URL, the office sought and a list of endorsing societies. This rule prohibits campaign parties at the Interim Meeting and the distribution of campaign literature and gifts at the Interim Meeting. It is permissible at the Interim Meeting for candidates seeking election at the next Annual Meeting to engage in individual outreach, such as small group meetings, including informal dinners, meant to familiarize others with a candidate's opinions and positions on issues;

(5) The AMA believes that: (a) specialty society candidates for AMA House of Delegates elected offices should be listed in the pre-election materials sent to the House and on the ballot as the representative of that society and not by the state in which the candidate resides; (b) elected specialty society members should be identified in that capacity while serving their term of office; and (c) nothing in the above recommendations should preclude formal co-endorsement by any state delegation of the national specialty society candidate, if that state delegation should so choose;

(6) A coalition or a state or specialty delegation may finance only one big party at the Annual Meeting irrespective of the number of candidates from the society or coalition. This rule limits a candidate to only one big party at the Annual Meeting whether financed by a coalition or a state or specialty delegation. This rule also limits a state or specialty society or coalition to one big party irrespective of the number of candidates from that society or coalition. At these events, alcohol may be served only on a cash or no-host bar basis;

(7) Displays of campaign posters, signs, and literature in public areas of the hotel in which Annual Meetings are held are prohibited. Displays of campaign posters, signs, and literature in public areas of hotels in which Annual Meetings are held detract from the dignity of the position being sought and are unsightly. Campaign posters may be displayed at campaign parties and campaign literature may be distributed in the non-official business folder for members of the House of Delegates. No campaign literature shall be distributed and no mass outreach electronic messages shall be transmitted after the opening session of the House of Delegates;

(8) A reduction in the volume of telephone calls from candidates, and literature and letters by or on behalf of candidates is encouraged. The use of electronic messages to contact electors should be minimized, and if used must allow recipients to opt out of receiving future messages. The Election Manual serves as a mechanism to reduce the number of telephone calls, mailings and other messages members of the House of Delegates receive from or on behalf of candidates. The Election Manual provides an equal opportunity for each candidate to present the material he or she considers important to bring before the members of the House of Delegates and should relieve the need for the additional expenditures incurred in making non-scheduled telephone calls and duplicative mailings;

(9) Campaign gifts can be distributed only at the Annual Meeting in the non-official business folder and at one campaign party. Campaign gifts should only be distributed during the Annual Meeting and not mailed to Delegates and Alternate Delegates in advance of the meeting. Campaign memorabilia are limited to either a button, pin, sticker, or other low-cost item, the maximum cost of which shall be determined by the Speaker of the House. No other campaign memorabilia shall be distributed at any time;

(10) The Speaker's office will coordinate the scheduling of candidate interviews for general officer positions (Trustees, President-Elect, Speaker and Vice Speaker);

(11) Publication of candidate interviews in AMNews will be featured prior to AMA elections;

(12) Candidates for AMA office should not attend meetings of state medical societies unless officially invited and could accept reimbursement of travel expenses by the state society in accordance with the policies of the society; and

(13) Every state and specialty society delegation is encouraged to participate in a regional caucus, for the purposes of candidate review activities.