

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

The following report was presented by Diana E. Fite, MD, Chair:

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

Reference committee hearing: see report of Reference Committee F.

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

This report by the committee at the November 2020 Special Meeting of the House of Delegates presents one recommendation. It also documents the compensation paid to Officers for the period July 1, 2019 thru June 30, 2020 and includes the 2019 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 the 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 work performed, consistent with IRS guidelines and best practices 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 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 HOD approved the Committee's recommendation of modest increases to the Governance Honorarium and Per Diems for Officer Compensation, excluding the Presidents and Chair, effective July 1, 2017. At A-17 the HOD approved modifying the Governance Honorarium and Per Diem definition so that Internal Representation, greater than eleven days, receives a per diem.

At A-18, based on comprehensive review of Board leadership compensation, the HOD approved the Committee's recommendation to increase the President, President-elect, Immediate Past-President, Chair, and Chair-elect honoraria by 4% effective July 1, 2018.

At A-18 and A-19, the House approved the Committee's recommendation to provide a Health Insurance Stipend to President(s) who are under Medicare eligible age when the President(s) and his/her covered dependents, not Medicare eligible, lose the President's employer provided health insurance during his/her term as President. Should the President(s) become Medicare eligible while in office, he/she received an adjusted Stipend to provide insurance coverage to his/her dependents not Medicare eligible.

The Committee's I-19 report recommended and the HOD approved the Committee's recommendation to increase the Governance Honorarium and Per Diem for Officers, excluding Presidents and Chair, by approximately 3% each effective July 1, 2020.

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 990s because Form 990s are based on a calendar year. The total cash compensation in the summary is compensation for the days these officers spent 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 assigned groups outside of the AMA or assigned Internal Representation days above 11 when the total of all teleconference meetings during a calendar day equal 2 or more hours approved by the Board Chair. Detailed definitions are in the Appendix.

The summary covers July 1, 2019 to June 30, 2020.

AMA Officers	Position	Total Compensation	Total Days
David H Aizuss, MD	Officer	\$ -	0.5
Grayson W Armstrong, MD, MPH	Resident Officer	\$ 65,000	40
Susan R Bailey, MD	President-Elect	\$ 288,860	92
Willarda V Edwards, MD, MBA	Officer	\$ 72,800	41
Lisa Bohman Egbert, MD	Vice Speaker, House of Delegates	\$ 68,900	46.5
Jesse M Ehrenfeld, MD, MPH	Chair & Young Physician Officer	\$ 280,280	86.5
Scott Ferguson, MD	Officer	\$ 68,900	38
Sandra Adamson Fryhofer, MD	Officer	\$ 78,000	43
Gerald E Harmon, MD	Officer	\$ 85,800	58.5
Patrice A Harris, MD, MA	President	\$ 290,160	187
William E Kobler, MD	Officer	\$ 83,200	53
Russ Kridel, MD	Chair-Elect	\$ 207,480	44.5
Ilse R Levin, DO, MPH & TM	Officer	\$ -	0.5
Thomas J Madejski, MD	Officer	\$ -	0.5
Barbara L McAneny, MD	Immediate Past President	\$ 284,960	92.5
William A McDade, MD, PhD	Officer	\$ 71,500	38.5

AMA Officers	Position	Total Compensation	Total Days
Mario E Motta, MD	Officer	\$ 72,150	39
Bobby Mukkamala, MD	Secretary	\$ 74,100	50
Blake Elizabeth Murphy	Medical Student Officer	\$ -	2
Harris Pastides, PhD, MPH	Public Board Member Officer	\$ -	0.5
Jack Resneck, Jr, MD	Immediate Past Chair	\$ 108,550	72
Bruce A Scott, MD	Speaker, House of Delegates	\$ 83,850	51.5
Sarah Mae Smith	Medical Student Officer	\$ 91,650	58.5
Michael Suk, MD, JD, MPH, MBA	Officer	\$ 72,150	35
Willie Underwood, III, MD, MSc, MPH	Officer	\$ 71,500	39.5
Kevin W Williams, MSA	Public Board Member Officer	\$ 65,000	25

President, President-Elect, Immediate Past President, and Chair

In 2019 – 2020, each of these positions received an annual Governance Honorarium which was paid in monthly increments. These four positions spent a total of 458 days on approved Assignment and Travel, or 114.5 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 \$65,000 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 and for Internal Representation days above 11. These days were compensated at a per diem rate of \$1,300.

Assignment and Travel Days

The total Assignment and Travel Days for all Officers (excluding the President, President-Elect, Immediate Past President and Chair) were 777.5.

EXPENSES

Total expenses paid for period, July 1, 2019 – June 30, 2020, \$744,035 compared to \$882,074 for the previous period, representing a 15.7% decrease. This includes \$3,320 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 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 stationary, business cards, and biographical data for official use

Additionally, all Officers are eligible for \$305,000 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. Also, travel assistance is available to all Officers when traveling more than 100 miles from home or internationally.

Secretarial support, other than that provided by the 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 conjunction 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, except for 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 \$42,984 and \$23,875 respectively for 2019. An additional \$17,250 was paid to third parties for secretarial services during 2019.

FINDINGS

The Cash Compensation Summary, with the exception of 2019 calendar year taxable compensation, reflects the impact of the Coronavirus on the Officers in representing our AMA. Effective March 17, 2020 all travel ceased, and all in-person meetings were canceled or moved to a virtual format. Our AMA leadership quickly pivoted to continue representing the AMA, both internally and externally, in a completely virtual environment. This pivot, while appearing seamless, required significant flexibility and behind-the-scenes planning of our Officers. As you know, both our Annual and Interim Meetings were suspended, and all Board meetings since March 17 have been virtual. This environment also necessitated changes in reporting for the term ended June 30, 2020 as evidenced by suspending the tracking of telephonic representation meetings since all meetings were and continue to be conducted virtually.

Based on the data reported it would appear that the President, President-Elect, Immediate Past-President and Chair-Elect had a lighter workload, which would be an incorrect conclusion. These individuals, while relieved of their travel burdens, worked tirelessly representing the AMA in podcasts, on Facebook, Zoom, Microsoft Teams and other media to advocate on behalf of physicians and patients. In addition, the Speaker and Vice Speaker have expended an extraordinary amount of effort to plan both the June and November Special Meetings.

This Committee commends and thanks our Officers for their representation of the AMA.

RECOMMENDATIONS

The Committee on Compensation of the Officers recommends that there be no changes to the Officers' compensation for the period beginning July 1, 2021 through June 30, 2022 and the remainder of the report filed.

APPENDIX

POSITION	GOVERNANCE HONORARIUM
President	\$290,160
Immediate Past President	\$284,960
President-Elect	\$284,960
Chair	\$280,280
Chair-Elect	\$207,480
Officers	\$67,000

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 days.

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 days 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 \$1,400 per day.

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

Officers, excluding the Board Chair and the President(s) 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 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 those 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 which is \$700.