

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

The following report was presented by Ray C. Hsiao, MD, Chair:

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

Reference committee hearing: see report of Reference Committee.

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

This report by the committee at the November 2022 Interim Meeting includes one recommendation and documents the compensation paid to Officers for the period July 1, 2021 through June 30, 2022, including 2021 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 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.

The Committee's A-22 report recommended and the House approved increasing the travel upgrade allowance for President, President-Elect, and Immediate Past-President to \$5,000 and adding an upgrade allowance of \$2,500 for all other Officers to use as each deems appropriate, typically when traveling on an airline with non-preferred status.

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, Per Diem for Representation and Telephone Per Diem for External Representation. Detailed definitions are in the Appendix.

The summary covers July 1, 2021 to June 30, 2022.

AMA Officers	Position	Total Compensation	Total Days
David H. Aizuss, MD	Officer	\$ 67,000	42.5
Toluwalase A. Ajayi, MD	Officer	-	2.5
Susan R Bailey, MD	Immediate Past President	\$ 284,960	62
Madelyn E. Butler, MD	Officer	\$ 67,000	39
Alex Ding, MD, MS, MBA	Officer	-	2
Willarda V. Edwards, MD, MBA	Officer	\$ 74,700	49
Lisa Bohman Egbert, MD	Vice Speaker, House of Delegates	\$ 133,500	104
Jesse M. Ehrenfeld, MD, MPH	Officer	\$ 132,800	86
Scott Ferguson, MD	Secretary	\$ 69,100	46
Sandra Adamson Fryhofer, MD	Chair-Elect	\$ 210,280	69.5
Gerald E. Harmon, MD	President	\$ 290,160	112.5
Drayton Charles Harvey	Medical Student Officer	\$ 67,000	43.5
Marilyn Heine, MD	Officer	-	2.5
Pratistha Koirala, MD	Resident/Fellow Physician Officer	\$ 67,000	34.5
Russ Kridel, MD	Immediate Past Chair	\$ 69,800	46.5

Ilse R. Levin, DO, MPH&TM	Officer	\$ 67,000	36
Thomas J. Madejski, MD	Officer	\$ 78,900	45.5
Mario E. Motta, MD	Officer	\$ 80,300	49.5
Bobby Mukkamala, MD	Chair	\$ 282,380	65
Harris Pastides, PhD, MPH	Public Member Officer	\$ 67,000	35
Jack Resneck, Jr, MD	President-Elect	\$ 291,260	88
Bruce A. Scott, MD	Speaker, House of Delegates	\$ 142,600	96
Michael Suk, MD, JD, MPH, MBA	Officer	\$ 80,300	51.5
Willie Underwood, III, MD, MSc, MPH	Officer	\$ 81,700	61

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

In 2021-2022, each of these positions received an annual Governance Honorarium which was paid in monthly increments. These four positions spent a total of 327.5 days on approved Assignment and Travel, or 81.9 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 \$67,000 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 \$1,400.

Note: The Speaker and Vice Speaker had higher compensation than normal given how much extra time they devoted to planning the virtual and in-person House meetings in November 2021 and June 2022.

Assignment and Travel Days

The total Assignment and Travel Days for all Officers (excluding the President, President-Elect, Immediate Past President and Chair) were 942.

EXPENSES

Total expenses paid for period, July 1, 2021 – June 30, 2022, was \$535,706, without use of upgrade allowance of \$5,000 for Presidents and \$2,500 all other Officers per position per term. Total upgrade allowances used for the period were \$10,763.95.

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
- American Express card (for AMA business use)
- Combination fax/printer/scanner (reimbursable up to \$250)
- 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 \$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, and \$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.

Officers are also eligible to participate in a service provided to AMA employees by Care@Work through Care.com. This service offers referral services at no cost and back-up care for children and adults up to 10 days a calendar year at a subsidized rate. If a Board member uses back-up care, it will be reported to the IRS as taxable income.

Calendar year taxable life insurance and taxable secretarial fee reported to the IRS totaled \$48,132 and \$29,125 respectively for 2021. An additional \$10,500 was paid to third parties for secretarial services during 2021.

FINDINGS

The Cash Compensation Summary, travel expenses, and the suspension of tracking telephonic representation since most meetings were conducted virtually reflect the impact of the Coronavirus on the Officers in representing our AMA. Our AMA leadership quickly pivoted to continue representing the AMA, both internally and externally in virtual and in-person meetings. This pivot, while appearing seamless, required significant flexibility and behind-the-scenes planning of our Officers. As you know, the 2021 Interim Meeting was suspended.

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

RECOMMENDATIONS

1. That there be no changes to the Officers' compensation for the period beginning July 1, 2022 through June 30, 2023.
2. That the remainder of the report be 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.