

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

The following reports were presented by Claudette Dalton, MD, Chair:

**1. REPORT OF THE HOUSE OF DELEGATES COMMITTEE ON THE 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 November 2023 Interim Meeting includes one recommendation and documents the compensation paid to Officers for the period July 1, 2022 through June 30, 2023, including 2022 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 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.

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, 2022 to June 30, 2023.

AMA Officers	Position	Total Compensation	Total Days
David H Aizuss, MD	Officer	\$ 69,800	46
Toluwalase A Ajayi, MD	Officer	\$ 70,500	42.5
John H. Armstrong, MD	Officer	-	2.5
Madelyn E. Butler, MD	Officer	\$ 79,600	54
Alex Ding, MD, MS, MBA	Officer	\$ 69,800	53
Willarda V Edwards, MD, MBA	Officer	\$ 81,000	52.5
Lisa Bohman Egbert, MD	Vice Speaker, House of Delegates	\$ 141,200	97
Jesse M Ehrenfeld, MD, MPH	President-Elect	\$ 284,960	93
Scott Ferguson, MD	Officer	\$ 74,700	53
Sandra Adamson Fryhofer, MD	Chair	\$ 283,080	99.5
Gerald E Harmon, MD	Immediate Past President	\$ 284,960	111
Drayton Charles Harvey	Officer	\$ 74,000	49
Marilyn Heine, MD	Officer	\$ 73,300	48
Pratistha Koirala, MD	Officer	\$ 67,000	42
Ilse R Levin, DO, MPH & TM	Officer	\$ 74,700	46.5
Thomas J Madejski, MD	Officer	\$ 83,800	60
Bobby Mukkamala, MD	Chair	\$ 97,100	68.5
Harris Pastides, PhD, MPH	Public Board Member Officer	\$ 69,800	37.5
Jack Resneck, Jr, MD	President	\$ 290,160	141.5
Bruce A Scott, MD	Speaker, House of Delegates	\$ 113,900	92.5
Aliya Siddiqui, MS	Officer	-	3
Michael Suk, MD, JD, MPH, MBA	Secretary	\$ 79,600	75
Willie Underwood, III, MD, MSc, MPH	Chair- Elect	\$ 207,480	92.5

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

In 2022-2023, each of these positions received an annual Governance Honorarium which was paid in monthly increments. These four positions spent a total of 445 days on approved Assignment and Travel, or 111.3 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.

Assignment and Travel Days

As defined, these are Travel Days that are approved by the Board Chair to externally represent the AMA and for Internal Representation above 11 days. These days were compensated at a per diem rate of \$1,400. The total Assignment and Travel Days for all Officers (excluding the President, President-Elect, Immediate Past President and Chair) were 1,015.

EXPENSES

Total expenses paid for period, July 1, 2022 – June 30, 2023, was \$967,741, 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 \$28,166.

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 \$41,394 and \$44,750 respectively for 2022. An additional \$6,625 was paid to third parties for secretarial services during 2022.

METHODOLOGY

Early in 2023, the Committee commissioned Ms. Becky Glantz Huddleston, an expert in board compensation with WTW, to review and update the 2018 research on compensation of the Officers focusing on the leadership positions: President, President-Elect, Immediate Past President, Chair and Chair-Elect. The purpose of the review was to ensure the leadership roles are compensated appropriately for the work performed on behalf of the AMA.

The Committee’s review and subsequent recommendations for leadership compensation are based on the principle of the value of the work performed as affirmed by the HOD. In addition, the following additional guidelines were followed:

- Compensation should take into account that the AMA is a complex organization when comparing compensation provided to Board members by for-profit and by complex not-for-profit of similar size and complexity.
- Compensation should be aligned with long term interests of AMA members and fulfillment of the fiduciary responsibilities of the Officers.
- Officers should be adequately compensated for their value, time and effort.
- Compensation should reinforce choices and behaviors that enhance effectiveness.

The process the Committee followed along with the principles previously noted, is consistent with IRS recommended guidelines for determining reasonable and competitive levels of compensation.

The Committee, with the assistance of Ms. Huddleston developed their recommendations based on:

- The current compensation structure.
- Review and analysis of leadership compensation for the past two terms so that the data reflects more of a 'normal' post-Covid schedule.
- Pay practices for leadership positions at for-profit and not-for-profit organizations similar to the AMA who pay and their Board members.
- A collaborative, deliberative and objective review process.

FINDINGS

The Committee notes that the Board leadership roles President, President-Elect, Immediate Past President, Chair, and Chair-Elect continue to make significant time commitments in supporting our AMA in governance and representation function and that representations work is unique to AMA leadership and officer roles.

AMA's leadership roles have a significant level of responsibility, resulting in a time commitment well above that required by other not-for-profit boards. As a result, to assess AMA compensation levels versus the not-for-profits compensation levels, a two-year average hourly rate was determined for each AMA leadership position aligned with the hourly rate for the Chair position at other not-for-profit organizations and associations. The three President and Chair-Elect positions are unique to the AMA and as such, these roles were also aligned to the external data of the Chair position.

The report concluded that while leadership compensation structure is generally aligned with the external market data, modest increases are appropriate to better align AMA leadership compensation to the market median hourly rate of the peer group. In determining its recommendation, the Committee considered the importance of the President's role in externally representing the AMA while keeping in mind the AMA's Compensation Philosophy for Officers that requires a consideration of a volunteerism component in their compensation while fairly compensating leadership for the level of fiduciary responsibilities and the time commitment required of the roles. As such, the Committee is recommending a modest increase of 3% for the President's honorarium and 2% for all other leadership honoraria, recognizing that this will be the first increase in six years.

RECOMMENDATIONS

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

1. That the President honorarium be increased by 3% and that the President-Elect, Immediate Past-President, Chair and Chair-Elect honoraria be increased by 2% effective July 1, 2024. These increases result in the following Honoraria:

POSITION	GOVERNANCE HONORARIUM
President	\$298,865
Immediate Past President	\$290,659
President-Elect	\$290,659
Chair	\$285,886
Chair-Elect	\$211,630

APPENDIX

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 the 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.