

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

The following reports were presented by Evelyn Lewis, 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 THE REPORT FILED

See Policy 605.990

This report by the committee at the November 2024 Interim Meeting includes several recommendations and documents the compensation paid to Officers for the period July 1, 2023 through June 30, 2024, including 2023 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, 2023 to June 30, 2024.

| AMA Officers | Position | Total Compensation | Total Days |
|-------------------------------------|----------------------------------|--------------------|------------|
| David H Aizuss, MD | Secretary | \$ 72,600 | 61 |
| Toluwalase A Ajayi, MD | Officer | \$ 71,900 | 55 |
| John H. Armstrong, MD | Vice Speaker, House of Delegates | \$ 80,300 | 59.5 |
| Geralyn R. Breig | Officer | - | 2 |
| Madelyn E. Butler, MD | Officer | \$ 81,000 | 55 |
| Alex Ding, MD, MS, MBA | Officer | \$ 90,100 | 70 |
| Willarda V Edwards, MD, MBA | Officer | \$ 85,900 | 52.5 |
| Lisa Bohman Egbert, MD | Speaker, House of Delegates | \$ 119,500 | 91 |
| Jesse M Ehrenfeld, MD, MPH | President | \$ 290,160 | 194 |
| Scott Ferguson, MD | Officer | \$ 76,100 | 50 |
| Sandra Adamson Fryhofer, MD | Immediate Past Chair | \$ 115,300 | 87 |
| Melissa J. Garretson, MD | Officer | - | 2.5 |
| Marilyn Heine, MD | Officer | \$ 76,800 | 58 |
| Lynn Jeffers, MD, MBA | Officer | - | 3 |
| Pratistha Koirala, MD | Officer | \$ 71,900 | 41.5 |
| Ilse R Levin, DO, MPH & TM | Officer | \$ 81,700 | 50.5 |
| Thomas J Madejski, MD | Officer | \$ 91,500 | 61 |
| Bobby Mukkamala, MD | Officer | \$ 89,400 | 61.5 |
| Harris Pastides, PhD, MPH | Officer | \$ 67,000 | 40 |
| Jack Resneck, Jr, MD | Immediate Past President | \$ 284,960 | 134 |
| Bruce A Scott, MD | President-Elect | \$ 289,160 | 113.5 |
| Aliya Siddiqui, MS | Officer | \$ 106,200 | 88.5 |
| Michael Suk, MD, JD, MPH, MBA | Chair-Elect | \$ 207,480 | 83 |
| Willie Underwood, III, MD, MSc, MPH | Chair | \$ 280,280 | 134.5 |
| David Welsh, MD, MBA | Officer | - | 2 |

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

In 2023-2024, each of these positions received an annual Governance Honorarium which was paid in monthly increments. These four positions spent a total of 576 days on approved Assignment and Travel, or on average, 144 days each.

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 1,074.5.

EXPENSES

Total expenses paid for period, July 1, 2023 – June 30, 2024, was \$1,131,759, 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 \$32,741.

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. Calendar year taxable life insurance and taxable secretarial fee reported to the IRS totaled \$28,914 and \$28,875 respectively for 2023. An additional \$16,625 was paid to third parties for secretarial services during 2023.

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.

METHODOLOGY

In June 2024, the Committee commissioned Ms. Becky Glantz Huddleston, a consultant expert in board compensation with WTW, to update the 2019 research on compensation of non-leadership Officers. The purpose of the review was to ensure our non-leadership roles are compensated appropriately for their work performed on behalf of the AMA.

The Committee’s review and subsequent recommendations for non-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 non-leadership compensation for the past two terms so that the data reflects more of a ‘normal’ post-Covid schedule.
- Pay practices for non-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 Officers continue to make significant time commitments in supporting our AMA in governance and representation functions. Given the amount of time required of Board members, it is important that individuals seeking a position on the Board be aware of the scope of the commitment and the related compensation.

To assess the current compensation structure, the consultant reviewed the time commitment of Officers during the 2023/24 term and found that the time commitment for honorarium days is generally consistent with the number of internal representation days being more variable and external representation the most variable. The Per Diem addresses this variability for both Internal and External Representation days. Internal Representation days greater than 11 are compensated via the Per Diem. External Representation reflects the unique skillset and expertise of each Officer. Officers are compensated for each External Representation Day via the Per Diem. The current structure continues to be an appropriate approach to compensating Officers.

However, modest increases are recommended to both the Honorarium and Per Diem considering the last adjustment was in 2019 and the compensation for not-for-profit boards has increased 4.8% at the median. As such, the Committee is recommending increasing the Honorarium by \$1500, increasing the Per Diem by \$150 and increasing the telephonic per diem by \$75.

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, 2018 as they appear in the Travel and Expenses Standing Rules for AMA Officers for the Governance Honorarium, Per Diem for Representation and Telephonic Per Diem except for the Governance Honorarium and Per Diem amounts as recommended in 2, 3 and 4 below.
 - Definition of Governance Honorarium effective July 1, 2017:
The purpose of this payment is to compensate Officers, excluding Board Chair, Chair-Elect and Presidents, 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, subcommittee and task force meetings, Board orientation, Board development and media training, and Board conference calls, and any associated review or preparatory work, and all travel days related to all such meetings. The Governance Honorarium also covers Internal Representation, such as section and council liaison meetings (and associated travel) or calls, 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 for Officers, excluding Board Chair, Chair-Elect and Presidents. 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.
 - Definition of Telephonic Per Diem for Representation effective July 1, 2017:
Officers, excluding the Board Chair, Chair-Elect and 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.
2. That the Governance Honorarium for all Board members excluding, Board Chair, President, President-elect, and Immediate Past President be increased effective July 1, 2025 to \$68,500.
3. That the Per Diem for Chair-assigned representation for all Board members excluding the Board Chair, and Presidents and related travel be increased effective July 1, 2025 to \$1,550 per day.
4. That the Per Diem for Chair-assigned Telephonic Per Diem for Representation be increased effective July 1, 2025 to \$775 as defined.

APPENDIX

Board Leadership Compensation

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

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