



**Physicians/Dentists Pay Plan**  
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# Activity Compensation Panel User's Guide



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Health Professions Civilian Compensation Standing Committee (HPCCSC)

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## Activity Compensation Panel (ACP) User's Guide Physicians and Dentists Pay Plan (PDPP)

### Reference:

- (a) Department of Defense Instruction (DoDI) 1400.25, Vol 543, "DoD Civilian Personnel Management System: Pay Plan for DoD Civilian Physicians and Dentists Covered by the General Schedule," August 18, 2010.

### Attachments

- A. PDPP Clinical Specialty Tables
- B. PDPP Tier Definitions
- C. Tier Salary Ranges
- D. Guidance for Assigning Tables and Tiers
- E. Guide for using the PDPP Pay Setting Worksheet
- F. PDPP Frequently Asked Questions (FAQs)
- G. PDPP Pay Setting Examples

## 1. INTRODUCTION

a. Purpose. The purpose of the PDPP Activity Compensation Panel (ACP) User's Guide (hereafter referred to as "The ACP Guide") is to set clarify policies resulting from Reference (a) and set forth procedures and guidelines for the operation of ACPs in accordance with reference (a) and as established by the DoD Health Professions Civilian Compensation Standing Committee (HPCCSC).

b. Applicability. The ACP Guide applies only to the setting of pay for physicians and dentists who have converted into the PDPP. The following categories of physicians and dentists are not eligible for coverage by the PDPP (Refer to reference (a) for more detailed descriptions.):

- (1) Interns and residents
- (2) Those employed on less than a quarter-time basis or on an intermittent basis
- (3) Covered by the National Security Personnel System (NSPS)
- (4) Reemployed annuitants
- (5) Those in SES positions
- (6) Senior level or scientific or professional positions hired as highly qualified experts
- (7) Foreign nationals

c. Background. The PDPP was originally intended as a temporary alternative pay system for GS physicians and dentists until full conversion to NSPS could be completed. However, with the repeal of NSPS the PDPP is the pay system for both GS and, eventually, NSPS physicians and dentists. The base pay component of the PDPP is based on provisions in title 5, United States Code (U.S.C.), while the market pay component is based on provisions of title 38, U.S.C.

d. Compensation Philosophy. The PDPP compensation philosophy is grounded in the principles of flexibility, consistency, market competitiveness, and internal equity. Newly hired physicians and dentists will be offered a fair salary that addresses the unique qualifications and skills of the employee, is competitive with the market and is appropriately adjusted to meet budget goals and internal equity. The overarching compensation philosophy is to set pay according to defined market targets in consideration of economical feasibility and good business sense. When meeting the market target is not feasible or impractical, the goal will be to address the gap through established criteria and methods that are consistently applied to similarly situated physicians and dentists.

e. Compensation Strategy. The PDPP compensation strategy will be to establish a pay structure that, combined with the Federal employment benefits package, will provide a total compensation package that is competitive with the private sector and other Federal agencies, and, therefore, provides military treatment facility (MTF) commanders with the ability to attract and retain high quality physicians and dentists in order to provide world class health care to uniformed personnel and their families. Authorized Management Officials (AMOs) will have the authority to adjust the market pay of individual civilian physicians and dentists as necessary to address identifiable pay gaps, to recognize superior qualifications, increased scope and complexity of practice, and address recruiting and retention challenges typical of the local healthcare labor market. Market pay adjustments will be made in accordance with guidelines provided by the HPCSC that are designed to ensure a certain level of consistency across the DoD enterprise while at the same time allowing the local commander the discretion to address his or her unique mission requirements and unique market environment.

## 2. RESPONSIBILITIES

### a. Authorized Management Official (AMO)

(1) Under reference (a), it is the responsibility of the heads of Department of Defense (DoD or the Department) Components to function as the AMO with the resulting authority to approve all pay setting decisions under the PDPP. This authority may be delegated in writing to the Component Surgeon General who, in turn, may delegate this authority in writing to a level not lower than the Executive Officer or Deputy Commander (or equivalent) of the Military Treatment Facility (MTF) or activity. If the Component does not have a Surgeon General, then this authority may be delegated in writing to an agency or field activity Director who has appointing authority.

(2) The AMO is the approval authority for table and tier assignments recommended by the ACP and for setting and adjusting market pay under the PDPP. Any assignment to tier 4 requires the AMO to consult, through their chain of command, with the HPCSC.

### b. Activity Compensation Panel (ACP)

(1) Unless otherwise recommended by the HPCSC, each MTF with Federal civilian physicians and dentists covered by the PDPP shall have an ACP comprised of at least three management-level (non-bargaining unit employees) voting members of which two shall be clinicians, i.e. one physician and one dentist or two physicians if there are no civilian dentists at

the command, and one other senior management official. The senior clinician shall be the chairman of the ACP. Also assigned to the ACP shall be a Human Resources (HR) compensation specialist who is a voting member and an administrative assistant who is not.

(2) The ACP will follow established guidelines prescribed by the HPCCSC to recommend to the AMO table and tier assignments, market pay and any applicable incentives for newly hired physicians and dentists. They will also recommend to the AMO any periodic market pay adjustments, promotion increases, and incentives for current employees on an ad hoc basis.

(3) Each MTF will be responsible for establishing a schedule as to when their ACP will convene. The schedule should be based on actual workload and should meet as required in order to provide a timely response to the hiring manager. Every effort shall be made to provide an approved salary offer, including market pay, to a new hire prior to the anticipated appointment date.

c. Human Resources (HR) Compensation Specialist. The HR compensation specialist will provide advice and guidance relative to compensation strategy, market survey data interpretation and compliance with established HR rules and regulations.

d. Administrative Assistant. The role of the administrative assistant to the ACP is to ensure the voting members have all the necessary data pertaining to market surveys, internal equity and any other data and information as may be required.

e. Hiring Manager (HM). The HM (or selecting official) for a new hire will provide the ACP with his or her recommendations concerning salary and incentives. Normally, the HM will initiate the Pay Setting Worksheet (PSW) that will be submitted to the ACP. At the discretion of the ACP Chairman, the HM may be asked to appear before the ACP to provide information on the selectee and rationale supporting the salary recommendation.

### 3. INITIAL CONVERSION

a. The processing actions required to convert the GS physicians and dentists to the PDPP will be performed by the component HR processing center based on Defense Civilian Personnel Data System (DCPDS) data requirements. However, each activity's management officials will need to provide additional information that may not be maintained by DCPDS, such as premium pay information and any decisions concerning incentives. The AMO must insure each physician and dentist being converted into the PDPP is assigned to the appropriate table and tier, as defined in attachments A and B.

b. Upon conversion into the PDPP the individual physician or dentist will not suffer any loss in pay and will be made "whole" for current earnings while retaining his or her current GS grade, step and base pay. The GS grade and step will become the new base pay under the PDPP. The new market pay element under the PDPP will incorporate locality pay, premium pay, Physicians Comparability Allowance, and any special salary rate supplement and, at conversion, will match what is currently being earned. Base pay plus market pay constitutes annual pay. Upon conversion, the physician's or dentist's annual pay will not be less than their current GS

annual base pay plus the following compensation elements, where applicable, which will be recalculated to comprise the market pay portion of the PDPP annual pay:

(1) The annual amount of locality pay or special rate supplement

(2) Current annual amount of Physicians Comparability Allowance (PCA) (NOTE: There is no PCA “buy-in” for those who might have been eligible for a PCA longevity increase within the ensuing 12 months had they remained under the GS system. Management must make it clear to those in this situation that PCA was a GS “pay gap” remedy and that market pay will replace PCA for that purpose.)

(3) Premium pay, representing the amount the physician or dentist earned in the previous 12 months, or the annual amount which could reasonably have been expected to be earned in the ensuing calendar year based on projected changes in clinic hours or projected workload. This amount shall be determined at management’s discretion and approved by the AMO.

(a) Past or anticipated continuing work requirements normally compensated as premium pay for regularly scheduled or irregular overtime work, Sunday premium, or Holiday Pay is included.

(b) Once converted to the PDPP the employee will not be eligible to earn any form of premium pay, to include compensatory time (except for religious observances) earned in lieu of overtime, or compensatory time for travel when not otherwise compensated. (NOTE: Another point of emphasis for management is that the exclusion of any type of premium pay is based on the VA and the private sector model. Market pay shall be set appropriately to provide sufficient compensation for overtime work.)

c. The following are **not** included as part of market pay and are not included in annual pay:

(1) Recruitment, Relocation or Retention Incentives

(2) Student Loan Repayment

(3) Performance-based awards

(4) Foreign area post allowance

(5) Foreign area post differentials

(6) Danger pay allowance

(7) Non-foreign area cost-of-living allowance

(8) Non-foreign post differential

(9) Living Quarters Allowance

d. If a physician or dentist is under a service agreement in return for receiving a recruitment, relocation, or retention incentive, the terms of the service agreement will remain in effect unless terminated solely on management needs in accordance with regulations. If the employee is receiving a retention incentive via the bi-weekly payment method without a service agreement, it

will be the decision of the AMO, based on recommendations and rationale provided by the supervisor, whether to continue, reduce or terminate the incentive. Each case should be considered based on its own merits being mindful of internal equity and consistency in approach—particularly for similarly situated employees.

e. Although much of the conversion process will be “automatic,” a Conversion Worksheet shall be completed for each physician/dentist being converted from the GS. The AMO shall review and approve each worksheet prior to processing by the component HR processing center. It will be the AMO's responsibility to approve premium pay additive determinations that are fair, reasonable, realistic, and consistently applied throughout the activity.

#### 4. GENERAL PAY SETTING

##### a. New Hires

(1) General. The primary function of the ACP is to make recommendations to the AMO on the level of compensation a newly hired physician or dentist should receive. It is the responsibility of the ACP to recommend to the AMO the table and tier assignment, market pay amount, and any incentives for the selectee.

##### (2) Process

##### (a) Hiring actions and selection of candidate

i. The HM, or selecting official, normally the department head or director where the position is located, will receive qualified resumes from the HR specialist, make an initial selection of the most desired candidate, and obtain a conditional acceptance from the selectee. The HM or the HR specialist will communicate with the selectee to obtain salary expectations. If possible, current pay documents should be obtained. The HM or the HR specialist will refrain from offering a specific compensation package and provide the salary range information contained in the vacancy announcement instead. Base pay information can always be shared with the candidate.

ii. The HM is responsible for ensuring the Pay Setting Worksheet (PSW) is initiated as soon as the selectee has expressed interest in accepting the position. The ACP will be notified by the HM or the HR specialist that a selection has been made and immediately forward the PSW to the ACP. This will serve as notification to the ACP to begin deliberations as soon as possible.

iii. The HM will ensure the sections of the PSW pertaining to the selectee's information such as personal information, current salary, level of experience (summarized), board certification, and any other unique accomplishments, awards, honors, and recognitions are completed. Copies of all pertinent documents, including the selectee's full resume, must be submitted to the ACP, along with the PSW. **It is not the responsibility of the ACP to obtain these documents.**

(b) ACP Actions. The ACP should make every effort to convene as quickly as possible (virtual meetings are acceptable) to establish the new hire's market pay and annual pay

prior to the effective date of appointment. The ACP will use the PSW to document all recommendations for tier assignment and market pay. In many cases the selectee may withhold acceptance until an approved salary offer is made. Under circumstances in which the selectee accepts the appointment, the ACP must insure that the market pay and annual pay is approved within the same pay period as the appointment. The new hire will receive only base pay until the market pay is approved.

i. Setting Base Pay. Base pay will be set based on the classified position description and in accordance with section 5332 of title 5, U.S.C. The maximum base pay rate for a physician or dentist under the PDPP is GS-15, step 10, exclusive of additional pay of any kind. When establishing the base pay of a new hire, the default step will be step 1 of the GS grade. Superior qualifications (SQ) may be applied to allow base pay to be set at a higher step within the grade. This will normally be a recommendation from the HM as indicated on the PSW. The use of SQ to set base pay at a higher step upon initial appointment will be evaluated on a case-by-case basis. The concept of internal equity must be kept in mind to ensure consistency of application for similarly situated clinical specialists.

ii. Table and Tier Assignment

(1) The clinical specialty table assigned to the physician or dentist will be based on the assignment. In almost all cases, the provider will be working in the area of his or her residency or fellowship-trained specialty. However, if a physician is trained in two specialties, such as through advanced fellowship training, he or she will be assigned to the table of the functioning position, even if his or her other specialty appears in a different table with higher rates of pay. Attachment A contains the PDPP Clinical Specialty Tables.

(2) The tier assignment will be made in accordance with established tier definitions in reference (a), attachment B, and HPCCSC guidance. In most cases the classified PD will have already identified the appropriate tier; however, the ACP will review the current assignment to ensure no changes have occurred and that the assigned tier is consistent with other positions assigned to that tier.

(3) Table and tier assignment will determine the total annual pay range—the minimum and maximum pay structure within which the candidate's pay will be set. **The ACP may not set the annual pay of a new hire to exceed the maximum rate of the assigned tier range, except for very specific circumstances discussed in section 6.**

(4) Table and tier structure could be subject to change based upon market conditions and/or Departmental mission requirements.

## 5. MARKET PAY: NEW HIRES

a. Determining the market pay of a physician or dentist is the most important responsibility of the ACP in the pay setting process. When determining market pay, the ACP will consider various criteria including guidance provided by the HPCCSC, the seven criteria listed below, and as prescribed by reference (a). There are no set matrices or tables that correlate the criteria to a certain amount of market pay. Rather, the candidate's position and personal qualifications will be compared to similar positions and skill sets using external market survey data and internal salary

structures. ACPs and AMOs will evaluate each physician's or dentist's qualifications on an individual basis. The guiding principle is consistency based on internal equity and external market competitiveness for similarly situated employees with similar levels of experience and qualifications. The seven criteria to be used by the ACP and AMO to evaluate individual candidates in order to set market pay are:

(1) ***The physician's or dentist's level of experience in the specialty or assignment, whether with the Department of Defense, another government entity, or a private concern.*** Level of experience should be evaluated not only on length of time but on scope, depth, breadth, and complexity of experience. A detailed resume is essential for this purpose.

(2) ***The need for the specialty at the MTF to which the physician or dentist is assigned.*** Need can vary from a need for a certain critical specialist, such as a pediatric oncologist, for example, to the need to fill vacant family practice positions due to deployment of the active duty staff or due to high turnover.

(3) ***The healthcare labor market for the specialty or assignment, which covers the geographic area the authorized management official deems appropriate. Labor market information will be based on health professional salary surveys obtained by DoD for this purpose.*** Labor market data is one area that seems to draw the most attention because of the goal to "manage to market," that is to manage pay in relation to the 50<sup>th</sup> percentile, or midpoint, of the average salary range for a given specialty in a specific geographic region. However, for many specialties in certain locations, the average salary far exceeds the maximum of the pay range. Market survey averages are ***only reference points*** and not necessarily the point at which physicians or dentists in that specialty in that location are required to be paid as soon as practicable. Other Federal physician and dentist salary information should also be evaluated.

(4) ***The physician's or dentist's board certifications, if any.*** Board certification is a clear and well-established measure of achievement, capability, and quality of practice that is a nationally recognized measure of quality. All things being equal, a board certified practitioner will almost always have a higher salary than one who is not board certified in the same specialty.

(5) ***The accomplishments of the physician or dentist in the specialty or assignment.*** Accomplishments should be something in which there is tangible proof, such as being published in a nationally recognized medical/dental publication, or involvement in a research protocol that achieved a recognized benefit for the practice of medicine. Additional education and training, i.e., Continuing Education Units (CEUs), would fall in this category.

(6) ***Other unique circumstances, qualifications, or credentials the compensation panel considers appropriate.*** An example might be someone who is bi-lingual assigned to a foreign country and speaks that language.

(7) ***Compliance with merit systems principles.***

b. Merit System Principles are codified in Chapter 23 of title 5, U.S.C. Each member of the ACP should be familiar with these principles in order to fairly execute pay setting responsibilities under PDPP. The ACP administrative assistant and/or the HR compensation

specialist will normally be responsible for ensuring current and valid internal and external market data are available for the ACP. Market survey data will be provided by the HPCCSC. Internal salary information will be obtained from DCPDS or internal databases maintained by the activity.

c. Based on the PDPP compensation philosophy and strategy, the ACP should always begin with a salary reference point for each specialty, operating at a specific tier level, at a particular location. Internal equity is of paramount consideration and compares the current annual salaries of physicians or dentists at the activity. External competitiveness data compares annual salaries of physicians and dentists in the region, component-wide, and across the Federal sector.

d. When determining market pay for physicians and dentists in areas where employees receive either a foreign post allowance or a non-foreign cost of living allowance, the ACP should consider the allowance to ensure adequate, but not excessive, compensation.

e. The market pay of a newly appointed physician or dentist will be effective at the beginning of the pay period immediately following AMO approval. Adjustments in market pay may not be approved retroactively unless the delay is due to administrative error. If the ACP and AMO are delayed in reaching agreement on the tier assignment and/or market pay of a newly appointed physician or dentist, or in cases where the employee receives an appointment prior to a market pay decision by the ACP/AMO, the physician or dentist will receive base pay only until a decision has been reached.

## **6. AUTHORITY TO SET PAY ABOVE TIER MAXIMUM**

a. The AMO may approve an ACP recommendation to set the annual pay (base pay plus market pay) above the assigned tier maximum under circumstances in which the failure to set the pay in excess of the tier maximum would significantly impair the ability of the MTF commander to recruit or retain a well-qualified physician or dentist to fill a specific position. This situation would most likely occur for an extremely critical specialty that is in high demand in the public and private sectors and the market salary would indicate the need to pay at that level.

b. The process to exceed the maximum may begin with the HM, or it may be a recommendation of the ACP after a full analysis of the data. A separate written request must be attached to the PSW with a full explanation for the need to exceed the tier maximum prior to forwarding to the AMO for approval. The request must present supporting evidence, such as current market survey data, that the rates of pay in that market area exceed the maximum rate for the specialty or assignment. The request must include full justification why the higher pay is needed to recruit and retain the physician or dentist and that the loss of the provider would have a demonstrable adverse impact on the MTF. The AMO will consult with the HPCCSC to obtain their concurrence.

c. Physicians or dentists who have their pay set above the maximum assigned tier under this provision will remain eligible for any future market pay increases, as well as any future General Pay Increases (GPIs), step increases, and Quality Step Increases (QSIs). Also, if for any reason, the exception is no longer required and is therefore terminated by the AMO, the individual's pay

will not be reduced below the tier maximum as long as the physician or dentist did not change positions or assignments at the time the exception was terminated.

d. The sum of payments subject to the Executive Level I annual limitation plus market pay cannot exceed the annual salary of the President of the United States, excluding expenses.

## 7. PAY SETTING APPROVAL PROCESS

a. Upon completion of a full analysis of the selectee's resume and pay setting criteria, the ACP will document the base pay, recommendations regarding table and tier assignment, market pay, annual pay, and any incentives on the PSW and forward to the AMO for approval via the Comptroller or Budget Officer to ensure availability of funds.

b. Authorized Management Official (AMO). The AMO will either approve or disapprove the ACP proposal and coordinate with the HPCSC if the proposed total annual pay exceeds the tier maximum. Upon final approval by the AMO, the signed, dated, and approved PSW is returned to the ACP. The ACP will provide a copy to the HM.

c. Disapproval/Appeals. If disapproved, the AMO will provide an alternate proposal for pay, document it on the PSW and return to the ACP for their acceptance. The AMO has final decision making authority over the ACP.

d. Offer and Acceptance.

(1) Upon final approval of the salary offer, the HM or the HR specialist (whatever is standard practice) should immediately contact the selectee with the offer, which the selectee, if not already appointed, may or may not accept. If the selectee does not accept the offer, the HM has two choices: (a) he or she may ask the ACP to consider amending the offer (with AMO approval) in accordance with the selectee's desires, or (b) make another selection. The HM is not authorized to negotiate with the selectee under these circumstances without an AMO approved counter-offer.

(2) Once there is a final approved and accepted offer, the HM must coordinate with the HR specialist to complete the Request for Personnel Action (RPA), SF-52, attach the PSW and forward all materials to the appropriate HR office. The HR office will usually make the official employment offer and coordinate with the activity to complete the pre-employment requirements (i.e., drug testing and credentials review and confirmation).

## 8. GENERAL PAY ADMINISTRATION

a. Tables and Tiers (Attachments A, B and C)

(1) The PDPP is comprised of five tables in which physician and dentist clinical specialties are grouped reflecting comparable complexity in salary, recruitment, and retention considerations. For the most part, salaries directly correlate to the scope and complexity of practice, normally, but not exclusively, defined by the level of invasiveness required in the practice (e.g., radiology and anesthesiology). The more complex specialties typically require a longer residency period and/or advanced fellowship training.

(2) The four tiers describe the medical working environment, complexity, scope of practice, duties, and responsibilities. The higher the tier, the greater the scope and complexity of the health care environment. The first four tables contain a pay range for each of the four tiers. The most advanced table, number five, has only two tiers. Each tier has a minimum and a maximum rate of pay.

(3) Physicians and dentists shall have their annual pay set within the current and published rate range of the applicable tier in consideration of the local market values for their respective clinical specialty. At least once every two years the VA analyzes national market survey data and may make adjustments to the tier pay ranges. This normally results in an increase to the minimum and/or maximum amounts for each pay range.

(4) Annual pay shall not exceed the maximum of the applicable tier unless it results from an increase in base pay due to the annual GPI, permanent or temporary promotion, within-grade increase, QSI, or was set in accordance with section 6.

(5) When warranted, incentive payments, allowances, special pay, and cash awards paid to a physician or dentist may cause the annual pay to exceed the tier maximum. The sum of all payments paid to a physician or dentist, including GS base pay but excluding market pay, is subject to the annual aggregate pay limitation set at Executive Level I.

(6) Attachment D provides additional guidance on assigning tables and tiers.

b. Market Pay Adjustments

(1) The ACP will review the market pay of each physician or dentist upon change in assignment and for specific achievements and accomplishments of the physician or dentist such as attainment of board certification in their practicing specialty, achievements in research, or being published in a nationally recognized medical journal. At a minimum, the market pay for each Physician and Dentist shall be accomplished every 24 months. The ACP may recommend a market pay adjustment to the AMO as a result of the review. Each physician and dentist whose market pay is reviewed shall receive written notice of the results of the review. Once set, an individual's market pay may not be reduced unless there is a change in the physician's or dentist's assignment, including a change in duty station, change in facility, or reassignment to a different position in the same facility.

(2) Market pay adjustments, after initial pay setting, will be in accordance with reference (a) and HPCSC guidelines. One of the primary purposes of subsequent market pay increases is to address pay gaps between the annual pay of physicians and dentists under the PDPP and the average annual pay of other Federal and private sector physicians and dentists in comparable clinical specialties performing similar work in similar work settings using health care labor market data. Reconciling pay with those gaps will be a deliberate effort with consistently applied processes for specialists in the same market category both internal and external to the MTF.

(3) If, as a result of their bi-annual salary survey review, the VA increases the pay ranges of the tiers, a physician or dentist whose total annual salary is set at the minimum of the tier will receive a market pay increase if the VA increases the minimum rate of that tier.

(4) A physician or dentist will also receive a market pay increase to at least the minimum of a pay range if he or she is reassigned or promoted, on a permanent or temporary basis, to a clinical specialty table with a higher minimum pay amount than his or her current salary.

(5) The AMO may approve a market pay increase for a physician or dentist reassignment, a non-competitive temporary promotion not to exceed 120 calendar days, or a permanent competitive promotion within the same commuting area. A reassignment to a position with the same GS grade but with a higher tier assignment is an example of when the AMO may approve the recommendation for a market pay increase.

(6) The AMO may approve a market pay increase of the employee's current market pay, exclusive of the base pay, for a reassignment, a non-competitive temporary promotion not to exceed 120 calendar days or a permanent competitive promotion outside the commuting area requiring relocation to a duty station for which permanent change of duty station orders are or would be authorized. If there is an operating ACP at the new duty station, the gaining AMO will be the approving authority.

c. Base Pay Increase. A physician's or dentist's rate of base pay will be adjusted by the same percentage and on the same effective date as the GS annual adjustments (GPI) under section 5303 of title 5, U.S.C. The AMO may not reduce the employee's market pay to offset base pay increases, whether due to the annual GPI, within grade increase, quality step increase, or promotion.

d. Pay Limitations

(1) The annual aggregate compensation from all sources, to include base pay, market pay, recruitment and retention incentives, and monetary awards may not exceed that which is equal to the rate payable under section 102 of title 3, U.S.C., the salary of the President.

(2) The sum of base pay (less market pay) and other payments authorized under title 5 U.S.C., such as recruitment and retention incentives and monetary awards, may not exceed the annual Executive Level I amount at the end of any calendar year.

(3) Physicians and dentists under the PDPP are ineligible for Physicians Comparability Allowance and premium pay, which includes compensatory time off for overtime hours worked. These elements are included in market pay.

e. Incentives and Flexibilities. In addition to base pay and market pay, physicians and dentists under the PDPP are eligible for the following incentives under the same rules as other title 5, U.S.C. GS employees and such amounts are not constrained by the tier maximum but *are* subject to the annual aggregate pay limitation at Executive Level I.

- (1) Recruitment, Relocation and Retention incentives
- (2) Federal Student Loan Repayment
- (3) Chapter 45 of title 5, U.S.C.— Incentive Awards
- (4) Within Grade Increases

- (5) Quality Step Increases

## 9. PAY AND BENEFITS

a. Annual pay (base pay plus market pay) is considered basic pay for the following benefits and purposes:

- (1) Retirement deductions and benefits
- (2) Life insurance premiums and benefits
- (3) Thrift Savings Plan (TSP) contributions
- (4) Workmen's Compensation Claims
- (5) Danger Pay
- (6) Severance pay
- (8) Overseas allowances and differentials
- (9) Recruitment, relocation, and retention incentives
- (10) Lump-sum payment for accumulated and accrued annual leave
- (11) Any other provisions for which DoD specifically treats annual pay as basic pay.

## 10. PROMOTIONS

a. Promotion in Grade. Setting pay for promotions under the PDPP is in accordance with section 5334 of title 5, U.S.C. For example, if a physician is promoted from GS-14 to GS-15, he or she will have his or her base pay set by adding the equivalent of a two-step increase to base pay. Base pay is set at the lowest step of grade 15 that at least equals a two-step increase. If the promotion results in an increase that is less than step 1 of the new grade, the individual's pay will be set at step 1 unless the maximum payable rate rules in section 531.221 of title 5, Code of Federal Regulations (CFR) apply. The physician's or dentist's market pay will be reviewed using the established criteria under section 5 of this guide and the assigned table and tier. The market pay rate may or may not change depending on the results of the review.

b. ACP Review. All promotion salary recommendations will be reviewed by the ACP with final approval by the AMO. The supervisor of the physician/dentist is responsible for submitting the revised and classified position description, pay setting worksheet, and request for personnel action to the ACP. The ACP and AMO will review and concur with promotion actions primarily for purposes of managing pay consistency.

c. Temporary Promotions. Management may make time-limited promotions to fill temporary positions for specific mission requirements for a specified period of time. Management must give the physician or dentist advance written notice of the conditions of the time-limited promotion, including the time limit of the promotion, the reason for a time limit, the requirement for competition for promotion beyond 120 days, where applicable, and the possibility the physician or dentist may be returned at any time to the position base pay level from which temporarily promoted. A temporary promotion could be to a higher grade within the same tier, or to higher grade at a higher tier.

## **11. LATERAL MOVES (REASSIGNMENT OR TRANSFER)**

a. A reassignment or transfer of a physician or dentist from one PDPP position to another PDPP position of the same GS grade without a break in service, will result in the individual's base pay remaining at the grade and step in effect before the move. The appropriate ACP will review the physician's or dentist's market pay using the same criteria used for new hires as stipulated in section 5 of this guide.

b. The ACP will determine the table and tier of the new assignment and depending on the review of table, tier, and other market pay considerations described in section 5 of this guide, the ACP may or may not recommend a market pay adjustment. It is the responsibility of the ACP to evaluate each reassignment on its own merits, based on the establishment of criteria and guidelines that support consistency and equity across similarly situated positions within the activity, regional area, and component.

c. A reassignment outside the commuting area may result in a pay increase or decrease, depending on geographic differences in pay and the level and complexity of the position.

## **12. REDUCTION IN PAY OR DEMOTION**

a. Market pay may be reduced, as recommended by the ACP and approved by the AMO, if, for example, a reassignment is to a position in the same tier with a significantly reduced scope of duties. Reductions in pay should be initiated only in cases where such changes are dramatic. It is anticipated that reductions in market pay under these circumstances will be rare, but the rules suggest it is possible.

b. Demotion would also be rare for a physician or dentist. However, if a demotion does occur, the employee is entitled to the minimum payable rate of base pay for the lower grade unless the maximum payable rate rules in section 531.221 of title 5, CFR apply. If the employee's base pay from the previous position exceeds the top step of the grade to which demoted, the remaining excess base pay will be added to the employee's market pay. The employee's market pay (including any increase caused by the recalculation of the employee's base pay as a result of the demotion) will be reviewed using the criteria provided in section 5 of this guide and the table and tier to which assigned. The market pay rate may or may not change depending on the results of the review.

## **13. MOVING TO ANOTHER PAY SYSTEM**

a. If a PDPP physician or dentist moves to another pay system, the pay setting rules of the gaining system apply. An employee on a temporary reassignment or temporary promotion will be returned to his or her permanent position of record prior to movement. Any personnel or pay action occurring on the date of movement must be processed under the rules of the gaining system.

## **14. ADDITIONAL GUIDANCE**

b. Attachment E contains detailed guidance on the use of the Pay Setting Worksheet (PSW) and Attachment F presents some commonly asked questions about the PDPP.



## PDPP CLINICAL SPECIALTY TABLES<sup>1</sup>

Pay Table One Clinical Specialties	
Allergy & Immunization	Pediatrics
Endocrinology	Preventive Medicine
Family Practice	Primary Care
General Practitioner	Psychiatry
Geriatrics	Rheumatology
Hospitalist	General Practice-Dentistry
Infectious Diseases	Endodontics
Internal Medicine	Periodontics
Neurology	Prosthodontics
Other Assignments (Specialties not listed for Tables 2-4)	

Pay Table Two Clinical Specialties	
Aerospace Medicine	Obstetrics
Critical Care (Board Certified)	Occupational Medicine
Emergency Medicine	Pathology
Gynecology	Physical Medicine & Rehabilitation/ Physiatry/Spinal Cord Injury
Hematology-Oncology	Pulmonary
Nephrology	Undersea Medicine

Pay Table Three Clinical Specialties	
Cardiology (Non-Invasive)	Ophthalmology
Dermatology	Oral Surgery
Gastroenterology	Otolaryngology
Nuclear Medicine	

Pay Table Four Clinical Specialties	
Anesthesiology	Refractive Surgery
Colorectal Surgery	Therapeutic Radiology
General Surgery	Trauma/Critical Care Surgery
Plastic Surgery	Urology
Radiation Oncology	Urologic Surgery
Radiology	Vascular Surgery

Pay Table Five Clinical Specialties	
Cardio-Thoracic Surgery	Neurosurgery
Cardiology (Interventionalist)	Orthopedic Surgery
Radiology (Interventionalist)	

<sup>1</sup> Tables may be revised periodically to conform to mission requirements and/or labor market conditions.



## PDPP TIER DEFINITIONS

Tier	Coverage
<b>Tier 1</b>	<p><b>Positions:</b> Nonsupervisory direct patient care services.</p> <p><b>Scope:</b> Clinic, dispensary, ambulatory care or ambulatory military treatment facility.</p> <p><b>Definition:</b> Tier 1 physician and dentist positions involve the full range of cases, from those where the patients have common ailments to the very difficult, in a medical specialty. The most difficult and complex diagnostic cases may be referred to consultants at specialized facilities. Tier 1 positions may be responsible for medical students, interns, or residents assigned for training in their specialty. They may also engage in some research projects. This level is appropriate for most clinical and dispensary assignments.</p>
<b>Tier 2</b>	<p><b>Positions:</b> Direct patient care services and medical program managers. May involve program responsibility for Tier 1 facilities. All Tier 1 and Tier 2 supervisory positions are considered Tier 2 positions.</p> <p><b>Scope:</b> Full patient care hospital.</p> <p><b>Definition:</b> Tier 2 physician and dentist positions involve the full range of cases, from those where the patients have common ailments to the very difficult, in a medical specialty and are located in full patient care hospitals. They serve as consultants on the most difficult cases and perform the most advanced diagnostic and treatment procedures at their facility. The most difficult and complex diagnostic cases may be referred to consultants at special facilities. Tier 2 positions may be responsible for medical students, interns, or residents assigned for training in their specialty. They may also engage in some research projects. This level is appropriate for most hospital assignments.</p>
<b>Tier 3</b>	<p><b>Positions:</b> Direct patient care services and medical program managers or researchers at medical centers and research facilities.</p> <p><b>Scope:</b> Headquarters of major commands, medical centers, or medical research facilities.</p> <p><b>Definition:</b></p> <p>(A) Patient Care. Tier 3 physician and dentist patient care positions are typically located at specialized medical centers and are responsible for the most difficult cases where they routinely diagnose rare and difficult-to-identify symptoms and are responsible for developing a full-treatment regimen using emerging techniques and/or prolonged or complicated procedures. Cases are often critical and require immediate decisions because patients have failed to respond to previously-tried regimens. Within the Department of Defense, this level is typically found at medical research facilities and special DoD medical facilities (e.g., Walter Reed Army Medical Center for prosthesis, Brooke Army Medical Center for burn treatment, etc.).</p> <p>(B) Research and Administration. Tier 3 physician and dentist positions are typically located at headquarters of major medical commands with responsibility for medical program development and/or oversight of significant Command and/or Component or DoD level programs. Program development and/or oversight at this level do not require the physician and/or dentist to perform direct patient care functions. Tier 3 may also be appropriate for positions performing significant medical research.</p>
<b>Tier 4</b>	<p><b>Positions:</b> Component- or Department-wide specialty expert, specialty program manager, or nationally recognized researcher.</p> <p><b>Scope:</b> Typically Command/Component headquarters or medical research facilities.</p> <p><b>Definition:</b> Tier 4 physician and dentist positions are typically located at Command and/or Component headquarters and are Component- or Department-wide specialty experts, program managers of unique medical specialties, or nationally recognized researchers. Tier 4 positions do not require the physician and/or dentist to perform direct patient care functions.</p>



FACTOR	TIER 1	TIER 2	TIER 3A - Patient Care	TIER 3B - Research and Administration	TIER 4
<b>POSITION</b>	Nonsupervisory direct patient care services.	Direct patient care services and medical program managers.  May involve program responsibility for Tier 1 facilities.  All tier 1 and tier 2 supervisory positions are considered tier 2 positions.	Direct patient care services and medical program managers.	Researchers at medical centers and research facilities.	Component- or Department-wide specialty expert, specialty program manager, or nationally recognized researcher.
<b>SCOPE</b>	Clinic, dispensary, ambulatory care, or ambulatory military treatment facility.  Appropriate for most clinical and dispensary assignments.	Full patient care hospital. Located in full patient care hospitals.  Appropriate for most hospital assignments.	Headquarters of major commands, medical centers, or medical research facilities.  Typically located at specialized medical centers.  Within the Department of Defense, this level is typically found at special DoD medical facilities (e.g., Walter Reed Army Medical Center for prosthesis, Brooke Army Medical Center for burn treatment).	Typically located at headquarters of major medical commands.  Typically found at medical research facilities.	Typically command/DoD Component headquarters or medical research facilities.  Typically located at command headquarters and/or DoD Component headquarters.
<b>DEFINITION</b>	Involves the full range of cases in a medical specialty, from those where the patients have common ailments, to the very difficult.	Involves the full range of cases in a medical specialty, from those where the patients have common ailments to the very difficult.	Cases are often critical and require immediate decisions because patients have failed to respond to previously tried regimens.	Program development and/or oversight at this level does not require the performance of direct patient care functions.	Not required to perform direct patient care functions.

<b>TIER</b>	<b>TIER 1</b>	<b>TIER 2</b>	<b>TIER 3A - Patient Care</b>	<b>TIER 3B - Research and Administration</b>	<b>TIER 4</b>
<b>LEVEL OF COMPLEXITY</b>	The most difficult and complex diagnostic cases may be referred to consultants at specialized facilities.	<p>Serve as consultants on the most difficult cases and perform the most advanced diagnostic and treatment procedures at their facility.</p> <p>The most difficult and complex diagnostic cases may be referred to consultants at special facilities.</p>	<p>Responsible for the most difficult cases where they routinely diagnose rare and difficult-to-identify symptoms.</p> <p>Responsible for developing a full-treatment regimen using emerging techniques and/or prolonged or complicated procedures.</p>	Responsibility for medical program development. And/or oversight of significant command and/or DoD Component or DoD level programs.	DoD Component- or Department-wide specialty experts, program managers of unique medical specialties.
<b>RESEARCH</b>	May also engage in some research projects.	May also engage in some research projects.		May also be appropriate for positions performing significant medical research.	May be nationally recognized researchers.
<b>OTHER</b>	May be responsible for medical students, interns, or residents assigned for training in their specialty.	May be responsible for medical students, interns, or residents assigned for training in their specialty.			

Tier Salary Ranges <sup>2</sup> (as of August 7, 2009)			
Table	Tier	Minimum Total Annual Pay	Maximum Total Annual Pay
Table 1	Tier 1	\$96,539	\$195,000
	Tier 2	\$110,000	\$210,000
	Tier 3	\$120,000	\$235,000
	Tier 4	\$130,000	\$245,000
Table 2	Tier 1	\$96,539	\$220,000
	Tier 2	\$115,000	\$230,000
	Tier 3	\$130,000	\$240,000
	Tier 4	\$140,000	\$250,000
Table 3	Tier 1	\$96,539	\$265,000
	Tier 2	\$120,000	\$275,000
	Tier 3	\$135,000	\$285,000
	Tier 4	\$145,000	\$295,000
Table 4	Tier 1	\$96,539	\$295,000
	Tier 2	\$125,000	\$305,000
	Tier 3	\$140,000	\$325,000
	Tier 4	\$150,000	\$335,000
Table 5	Tier 1	\$96,539	\$375,000
	Tier 2	\$140,000	\$385,000

<sup>2</sup> The DoD may tailor the tier structure to accommodate unique mission requirements.



## Guidance for Assigning Tables and Tiers

Tables relate to clinical specialties while tiers relate to position coverage including location, scope of practice, and level of responsibility.

- *Designating a Table* is a fairly simple process. It involves identifying the clinical specialty for which the position was established and in which the physician or dentist is privileged to practice. The specialty should be clearly designated in the parenthetical title on the position description. Position classification is governed by the standards published by the Office of Personnel Management (OPM) found at <http://www.opm.gov/fedclass/gso6602.pdf> for “Medical Officers” and <http://www.opm.gov/fedclass/gso6680.pdf> for “Dental Officers.” Examples include Medical Officer (Neurology) or Dental Officer (Periodontics). Where no GS parenthetical title is included in the published standards that would serve to identify a medical specialty at a level of specificity needed for compensation purposes, then the medical specialty should be clearly described in the beginning of the position description. Please note that medical specialty as well as table and tier assignments are also to be coded into the Defense Civilian Personnel Data System (DCPDS) at an incumbent level.

- *Designating a Tier* is slightly more complicated. Within each tier there are three criteria that must be considered: namely, position, scope and definition. “Position” addresses the type of positions included (e.g., nonsupervisory direct patient care, medical program managers, researchers, and experts). There is considerable overlap for physicians and dentists involved in direct patient care services and training of medical students, interns, and residents. “Scope” further clarifies the extent of the care and the type of medical facility in which the physician or dentist is practicing. There is an assumed relationship between type of facility, complexity of cases and staff member involvement. The “Definition” provides further clarification and examples within the medical treatment hierarchy of patient services and research responsibilities.

*All three criteria must be considered in designating a tier assignment.* The satisfaction of one of the criteria in isolation does not justify assignment to any particular tier. Consider the breadth of the description, the level of complexity being described and the overall intent of the coverage definition. It is helpful to review all of the tier definitions to understand the gradual increase in complexity and levels of responsibility, recognition and status.

NOTE: All information employed in assigning tables and tiers should be clearly identified within the official position description and the pay setting worksheet.

Example 1: Physician A works as an Internist at an Army Medical Center. However, this physician is assigned to one of the branch clinics located within a troop command. As part of the training and rotational schedule, she is often asked to train a Family Practice resident during a two-month rotation. This position should be assigned to tier 1.

Example 2: Physician B works as an Internist at an Army Medical Center. This physician is assigned to internal medical clinic and sees many of the patients referred from the branch clinics along with a caseload of diabetes patients. As part of the training and rotational schedule, she is

often asked to train Internal Medicine residents rotating through the clinic. Part of her patient load is inpatients with complications from diabetes. This position should be assigned to tier 2.

Example 3: Dentist C is an endodontist practicing out of an Air Force Branch Dental Clinic. She sees a full load of endodontic cases and often receives referrals from the other local Branch Dental Clinics. This position should be assigned to tier 2.

Example 4: Dentist D is an oral surgeon assigned to the Dental Clinic within a Naval Medical Center. She is also an instructor and preceptor with the Navy Dental Residency Program in Oral Surgery. She is responsible for the training of oral surgeon residents during their rotation through the dental clinic. This position should be assigned to tier 3.

Example 5: Physician E is a radiologist who works primarily at a remote work site. The prime focus of her work is reading test results and images. Often she is consulted as an expert on complex oncology cases from facilities throughout the Navy. This position should be assigned to tier 3. Without the national consultation the position would be a tier 1.

## Guide for Using the Pay Setting Worksheet (PSW)

1. A PSW must be prepared for each physician and dentist who:
  - Is a new hire
  - Receives a promotion
  - Receives a reassignment
  - Receives any market pay adjustment
  - Any other reason that may increase or change the employee's pay
  
2. Every effort should be made to have the PSW completed with a final approved salary offer prior to the employee's appointment date. However, if that does not occur and the selectee accepts the appointment, the newly appointed physician or dentist shall receive base pay only until the ACP and AMO have approved the market pay amount. Market pay will be effective at the beginning of the pay period immediately following approval by the AMO. If market pay is approved within the same pay period as the appointment, the effective date may be the same as the appointment date. Consult with the HR office regarding time limitations associated with such actions.
  
3. It is the responsibility of the hiring manager (HM) to initiate the PSW for the physician or dentist who has been selected and has accepted a tentative job offer. The HM completes the top "Physician/Dentist Information" portion and the "Position Being Filled" section based on a classified position description (PD). If the PD clearly specifies a previously assigned tier assignment and the work situation has not changed, that tier assignment is to be entered as both "Current" and "Proposed." Otherwise, "Current Tier" may be left blank. The "Proposed Tier" must be completed in all cases by the HM as a recommendation for consideration by the ACP and AMO. The HM ensures the selectee's current and complete resume is submitted with the PSW.
  
4. The HM should also have the "Current Annual Pay" information of the selectee in order to complete that portion.
  
5. The HM may or may not have access to the "Internal Salary Data." The ACP administrative assistant will have that information available for the ACP.
  
6. The HM provides his or her own "Proposed Compensation" for the selectee. This provides a starting point for the ACP. Any incentives the HM would like to offer should be indicated and if any of the incentives were provided as a "tentative offer" in prior discussions with the selectee, the HM must ensure the ACP is apprised of the tentative offer.
  
7. If superior qualifications are being considered (i.e., setting base pay above step 1 of the GS grade), the HM also documents this on the PSW. The HM, if at all possible, should be present for at least the initial portion of the ACP meeting in order to provide input on his or her total compensation package desires for the selectee.
  
8. Submitting the PSW to the ACP in electronic format is preferred so adjustments can be made. Only under unusual circumstances will the HM submit a hard copy. The ACP

administrative assistant will ensure proper working documents are maintained and that there is only one official PSW that will be signed and forwarded through the proper channels.

9. The ACP shall deliberate and evaluate all the required criteria to determine the table, tier and market pay. The administrative assistant, who will coordinate with the HM, must ensure that the selectee's resume, board certification documentation, salary information, market survey data, internal equity data, and all other necessary data and information are readily available.

10. The ACP will validate the base pay, which will normally be established by the classified PD. However, the ACP may make a recommendation for superior qualifications in order to set the starting pay above step 1. The superior qualifications decision will be based on many of the same criteria used to set market pay. Compensating for superior qualifications should be based on the command's compensation philosophy and be consistently applied to similarly situated specialists.

11. A similar compensation philosophy shall be used when considering incentives. What is the practice for similar specialists? Is leave accrual credit being given to all physicians and dentists? If the selectee is eligible for a recruitment incentive, what should the criteria be? In many cases a recruitment incentive may be used to help offset a significant market pay gap, such as when the market average far exceeds the tier maximum.

12. Under unusual circumstances, when the criteria under section 6 applies, the ACP may recommend annual pay that exceeds the tier maximum. In such cases, if the AMO approves, he or she must obtain concurrence from the HPCCSC.

13. After the ACP has completed the PSW and has come to agreement among the members with a valid salary offer, the senior member will sign the PSW and forward to the Budget Officer to verify availability of funds. Note: The Budget Officer may or may not be sitting in on the meeting in an ad hoc capacity.

14. If the Budget Officer verifies funds are available, the PSW will be forwarded to the AMO, who may either approve and sign or disapprove the recommendation. If approved, the HM will have a final, valid salary offer for the selectee.

15. If the AMO does not agree with the ACP's recommendation, he or she may either send the PSW back to the ACP for rework, or provide an alternative offer. The AMO's decision is final.

Pay Setting Worksheet (PSW)					
for New Hires, Promotions, Reassignments, Transfers, and Pay Adjustments					
Regulatory and Policy Guidance—This proposed compensation is in accordance with the following:					
(a) Department of Defense Instruction (DoDI) 1400.25, Vol 543, August 18, 2010.					
(b) Health Professions Civilian Compensation Steering Committee (HPCSC) guidance.					
Physician/Dentist Information:					
Name:			Date of Appointment:		
Coded Medical Specialty (Primary and Secondary):			Current Position (Title and Location):		
Aerospace Medicine (T216)					
Current Civil Service (GS/GM) Employee (If applicable)			Prior Civil Service Employee		
GS Grade	GS Step	Other Pay System Band/Level	Highest Grd	GS Step	Other Pay System/Level
Position Being Filled					
Occ Series	Position Title (Including Clinical Specialty)		Location (Primary activity and branch clinic, if applicable):		
Table #:		Current Tier:			
GP Grade:		Proposed Tier:	Clinical Specialty:		
Position Description #:					
<b>Current Annual Pay:</b>			<b>Internal Salary Data:</b>		
<i>Fixed Pay:</i>			Clinical Specialty:		
Base pay:	\$	-	Table number:		
Locality/Spcl Salary Rate Supplement (GS):	\$	-	Tier:		
<i>Variable Pay:</i>			Number of incumbents in		
Market Pay (PDPP):	\$	-	same Specialty and Tier:		
Annualized Incentives:	\$	-	Specialty tier average base salary:		
Bonus (PDPP, GS or private sector):	\$	-	Specialty tier average market pay:		
PCA (GS/GM):	\$	-			
Premium Pay (GS/GM):	\$	-			
<b>Total annual compensation:</b>	\$	-	Table/tier pay range:      \$      -      \$      -		
			<u>Minimum</u> <u>Maximum</u>		
Proposed Compensation					
GP grade:				<b>Incentives:</b>	
GP step*:		Base pay:	\$	<input type="checkbox"/> <b>Recruitment</b> <input type="checkbox"/> <b>Relocation</b>	
Table Number:		Market pay:		Service Period      Method of Payment (Select only one)	
Tier Level:		Annual Pay:	\$	<input type="checkbox"/> Lump Sum-Start <input type="checkbox"/> Installments <input type="checkbox"/> Lump Sum-End	
Market pay as a percentage of base pay:				% of annual pay:      \$      -      Incentive Amt	
Foreign or non-foreign cost of living, post differential, danger pay:				<b>Retention Incentive (Estimated Amounts)</b>	
<b>Total Adjusted Pay (without incentives):</b>	\$	-		Service Period      Method of Payment (Select only one)	
				<input type="checkbox"/> Lump Sum-End <input type="checkbox"/> Periodic Installments <input type="checkbox"/> Bi-Weekly Installments	
				Retention %:      \$      -      Min Incentive	
				Min Bi-weekly	
				Estimate	
				Student Loan Repayment Program (SLRP):      \$      -	
				<b>Total incentives:</b> \$      -	
				Leave Accrual Credit (# of hours):	
*If Superior Qualifications is being considered, provide justification in the "Supporting Narrative" on page 2.					
<b>Note: The total annual adjusted pay (base pay plus incentives/student loan repayments) may not exceed Executive Level I pay.</b>					

Market Pay Criteria	Supporting Narrative
(Reference: DoDI 1400.25-V543, section 4, paragraph d) Check all that apply and discuss in narrative.	
<input type="checkbox"/> HPCSC Guidance	
<input type="checkbox"/> Experience	
<input type="checkbox"/> Critical Need	
<input type="checkbox"/> Healthcare labor market forces	
<input type="checkbox"/> Board Certification	
<input type="checkbox"/> Accomplishments	
<input type="checkbox"/> Other unique circumstances, qualifications, or credentials	
<b>ACP Chair Certification</b>	
I certify this compensation panel recommendation complies with merit system principles, HPCSC guidelines and organizational compensation strategy.	
<b>Printed Name</b>	<b>Title</b>
<b>Signature</b>	<b>Date</b>

Funds Availability																																												
<input type="checkbox"/> Funds are available.		<input type="checkbox"/> Disapproved (Please specify reason in the space below.)																																										
Printed Name	Signature	Date																																										
Approving Official—Authorized Management Official (AMO)																																												
<input type="checkbox"/> Concur with recommended table, tier assignment, market pay, and total compensation package.																																												
<input type="checkbox"/> Non-concur with ACP recommendation. AMO proposal (complete only those elements AMO is changing):																																												
GS Step	Tier	Market Pay	Recruitment/Relocation Incentive	Retention Incentive (Total at proposed annual pay.)																																								
			\$ -	\$ -																																								
			Svc Period	Svc Period																																								
AMO Proposal Justification (If different than ACP recommendation)																																												
Printed Name	Signature	Date																																										
Activity Compensation Panel Certification of Review																																												
<input type="checkbox"/> The ACP members and Chair have reviewed the AMO's recommendation(s) and approval and have discussed the approved compensation package with the AMO and Hiring Manager.																																												
Final Compensation Package (IAW HPCSC guidance)																																												
GS Step	Tier	Market Pay	Recruitment/Relocation Incentive	Retention Incentive																																								
			\$ -	\$ -																																								
			Service Period:	Service Period:																																								
Printed Name	Signature	Date																																										
AMO Approved Total Compensation Package Offer																																												
<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Base Pay:</td> <td style="width: 10%;">\$</td> <td style="width: 10%;">-</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>Market Pay:</td> <td>\$</td> <td>-</td> <td></td> <td></td> </tr> <tr> <td><b>Annual Pay:</b></td> <td><b>\$</b></td> <td><b>-</b></td> <td></td> <td></td> </tr> <tr> <td>Allowances and Differentials:</td> <td>\$</td> <td>-</td> <td></td> <td></td> </tr> <tr> <td>Recruitment/Relocation Incentive:</td> <td>\$</td> <td>-</td> <td></td> <td></td> </tr> <tr> <td>Retention Incentive (at proposed annual pay):</td> <td>\$</td> <td>-</td> <td colspan="2" style="font-size: x-small;">(Product of retention % of annual pay and service period.)</td> </tr> <tr> <td><b>Total Adjusted Annual Pay:</b></td> <td><b>\$</b></td> <td><b>-</b></td> <td colspan="2" style="font-size: x-small;">(Includes an annualized amount of Retention Incentive paid on a bi-weekly basis at proposed rate of annual pay OR an annualized amount of Recruitment/Relocation Incentive.)</td> </tr> <tr> <td><b>Leave Accrual Credit:</b></td> <td></td> <td></td> <td style="text-align: center;">hrs</td> <td></td> </tr> </table>					Base Pay:	\$	-			Market Pay:	\$	-			<b>Annual Pay:</b>	<b>\$</b>	<b>-</b>			Allowances and Differentials:	\$	-			Recruitment/Relocation Incentive:	\$	-			Retention Incentive (at proposed annual pay):	\$	-	(Product of retention % of annual pay and service period.)		<b>Total Adjusted Annual Pay:</b>	<b>\$</b>	<b>-</b>	(Includes an annualized amount of Retention Incentive paid on a bi-weekly basis at proposed rate of annual pay OR an annualized amount of Recruitment/Relocation Incentive.)		<b>Leave Accrual Credit:</b>			hrs	
Base Pay:	\$	-																																										
Market Pay:	\$	-																																										
<b>Annual Pay:</b>	<b>\$</b>	<b>-</b>																																										
Allowances and Differentials:	\$	-																																										
Recruitment/Relocation Incentive:	\$	-																																										
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<b>Total Adjusted Annual Pay:</b>	<b>\$</b>	<b>-</b>	(Includes an annualized amount of Retention Incentive paid on a bi-weekly basis at proposed rate of annual pay OR an annualized amount of Recruitment/Relocation Incentive.)																																									
<b>Leave Accrual Credit:</b>			hrs																																									



## PHYSICIANS AND DENTISTS PAY PLAN (PDPP) FREQUENTLY ASKED QUESTIONS (FAQs)

### CONVERSION

*Q1. Who will convert to the new DoD Physicians and Dentists Pay Plan (PDPP)?*

**A1: Physicians and dentists classified as GS employees who could not be converted to NSPS due to bargaining unit coverage. The current plan is for NSPS physicians and dentists be converted in 2011 at a date to be determined.**

*Q2. How will I benefit from being converted to the PDPP?*

**A2. Upon conversion, annual pay will be set at a level equal to your current GS pay (base plus locality, or special salary supplement), to include Physicians Comparability Allowance (PCA) if authorized. An adjustment will also be made for premium pay hours that would have normally been earned. Annual pay will be adjusted to ensure that incumbents earn no less than the minimum of the pay range for the position assigned, depending on medical specialty and tier assignment. Current authorization for a recruitment, relocation, or retention incentive will not be affected by this conversion. Incumbents' salaries will be adjusted such that there is no loss in the aggregate amount received after conversion.**

**Of note is the fact that after conversion, the GS aggregate pay cap can be effectively supplemented with market pay. Statutory pay limits will be identical to the VA in which total annual aggregate compensation (base pay + market pay + bonus + all other forms of compensation) will be capped by the President's salary vice Executive Schedule IV. Total annual compensation from all sources less market pay may not exceed Level I of the Executive Schedule. PDPP regulations limit annual pay (base pay plus market pay) to the assigned tier maximum.**

*Q3. What assurances do I have that I will not earn less upon conversion?*

**A3. The authorized management official (AMO) at your activity, a very senior official, must certify that your conversion worksheet is correct and ensures that your new total annual salary will be no less than your total annual pay under the General Schedule. Certain base pay supplements that may have been part of your former salary, such as locality pay or physicians comparability allowance, will be converted to market pay which, combined with your base pay, will be your new annual pay—the dollar amount used to establish most benefit entitlements.**

*Q4. Why will I no longer be compensated for premium pay hours of work, such as overtime, compensatory time, compensatory time for travel, weekend and night differentials, and holiday pay?*

**A4. The market pay component of your total annual pay is intended to include the amount of additional compensation a physician or dentist can be expected to receive as premium pay. This PDPP policy is consistent with Veterans' Affairs regulations and the prevailing private sector model. That physicians and dentists may be required to work in excess of the established 40-hour work week, or 80-hour pay period, is considered a "condition of employment". Under the PDPP, physicians and dentists are salaried employees and exempt under the Fair Labor Standards Act and therefore overtime pay is not a legal requirement. However, provisions for ensuring you will be compensated for these additional hours of work is built into the design of the PDPP within the market pay element. Your premium pay is taken into account when your market pay is set and it then becomes part of annual pay for all benefits calculations.**

*Q5. Does this mean that I will be required to work more than 80 hours in a pay period without additional compensation?*

**A5. There are civilian physician and dentist positions that do require or may require work in excess of the normally scheduled tour of duty as a condition of employment. One of the pay adjustments to be made by management officials in the conversion process is increased pay for foreseeable or expected duty outside of normal work schedules.**

*Q6. When and how will I know that my position is being converted to the PDPP?*

**A6. Shortly after your Surgeon General is notified of the common conversion day established by the Deputy Assistant Secretary of Defense for Civilian Personnel Policy (DASD(CPP)), you will be notified via supervisory channels and there will be a general announcement. Your activity will execute the required civilian personnel conversion actions as directed.**

## **PAY SETTING**

*Q7. Who determines which specialties belong in which table? Why can't we make changes to it?*

**A7. The PDPP is based on provisions in title 5 and title 38, U.S.C. DoD normally adopts the table and tier components of that system as established by VA but has the option to make modifications when needed to meet mission demands. VA conducts periodic reviews and makes adjustments when necessary. If these adjustments are inconsistent with DoD's mission needs, the Department has the flexibility to make modifications to the clinical specialties assigned to the tables.**

*Q8. Under the PDPP, why is there no locality pay?*

**A8. The market pay element of the annual pay takes into account salary differentials based on geographical location and clinical specialty. It contains monies that include a form of locality pay that is more closely aligned to salaries being paid in the local medical**

**community than locality pay, which is based on a much broader geographical area and is not occupationally specific.**

*Q9: Will my market pay increase each year in the same manner as GS locality pay?*

**A9. Not necessarily. Market pay has a biennial review requirement which may or may not result in a market increase. Whether or not market pay is adjusted depends on a number of variables including the healthcare labor market, internal equity between Federal sector GS and other Federal pay programs, and budgetary constraints. Pay parity across the Federal government is a desirable feature, yet it may require significant funding to achieve. The PDPP has flexibility built into it that allows for periodic assessment of market pay and follow-up adjustments.**

*Q10. Under the PDPP, base pay is equivalent to the established GS pay system. Some believe that OPM classification standards are outdated. Will standards change and will PDs be revised and/or grade levels changed?*

**A10. It is hoped that there will be an effort to update the outdated medical standards in the future but to date, there has been no OPM standards study announced. Each activity should review PDs on an annual basis to insure both content and classification accuracy.**

*Q11. Will normal longevity step increases, quality step increases, and the annual general pay increase still apply to the base pay element of the PDPP?*

**A11. Yes, and in the exact same manner as all other General Schedule employees.**

*Q12. Will Market Pay be reduced to offset basic pay increases?*

**A12. No.**

*Q13. What if a physician's or dentist's pay is at the top of the pay tier? Will they still receive the base pay increases? In those cases, won't the market pay have to be reduced?*

**A13. Yes, they will still receive the base pay increase, and no, their market pay will not be reduced.**

*Q14. Will the hiring manager/selecting official be allowed to participate in the ACP deliberations?*

**A14. Yes, that should be part of the process. The hiring manager (HM) should initiate the Pay Setting Worksheet and submit it to the ACP along with his or her compensation package recommendations for the candidate. It is important for the HM to present his or her case to the ACP. The HM must also ensure a current and complete resume is attached to the PSW, along with other documents such as proof of board certification or other certifications or awards.**

*Q15. Does market pay count as base pay for retirement and benefits purposes?*

**A15. Yes. Market pay plus base pay equals annual pay, which counts towards retirement and benefits.**

*Q16. If the proposed salary offer for a new hire is at the top of the tier, can incentives like a recruitment bonus or student loan repayment still be offered?*

**A16. Yes. As long as total annual aggregate compensation does not exceed the President's salary and the combination of base pay plus incentives does not exceed Executive Level I salary.**

### **PROMOTIONS**

*Q17. Will a promotion in GS grade level automatically result in a move to a higher tier level?*

**A17. Not necessarily. Movement to a higher tier only occurs if the promotion results in a significant increase in scope and complexity of the position and meets the higher tier criteria.**

*Q18. Will a promotion, for example, from a GS-14 to a GS-15, without movement to a higher tier, result in a reduction in market pay, especially if the physician/dentist is now at the tier maximum?*

**A18. No.**

*Q19. Is there a requirement that all promotions and changes to a higher tier level be reviewed and approved through the ACP and AMO?*

**A19. Yes.**

### **REASSIGNMENTS**

*Q20. Will a reassignment always result in a pay increase?*

**A20. Again, not necessarily. If the reassignment results in increased scope and complexity of work, then a market pay increase upon reassignment may be warranted. Likewise, a change in location may serve as the impetus for compensation changes.**

*Q21. Will a reassignment increase affect base pay or market pay?*

**A21. Only market pay is affected.**

*Q22. What are the pay limits on reassignment increases?*

**A22. The ACP will evaluate each reassignment action for market pay adjustment on its own merits and in accordance with prevailing practices associated with market pay.**



## PDPP PAY SETTING EXAMPLES

### SETTING PAY

***EXAMPLE 1:*** CAPT Johnson, Head of the Primary Care Medicine Department at Naval Hospital X, has a hiring action to fill a vacant Family Practice position in the Primary Care Clinic. Using direct hire, he has made a selection to fill the position - Dr. Smith, a retired Navy medical officer with 20 years of prior active duty service as a Family Practitioner. CAPT Johnson has had initial conversations with Dr. Smith, and obtained his salary expectations for the position. CAPT Johnson's next step is to begin filling out the Pay Setting Worksheet and submitting a copy to the NHX PDPP Activity Compensation Panel (ACP). The ACP meetings are scheduled weekly and the next meeting is to take place in two days. CAPT Johnson, as the hiring manager, is Ad Hoc participant for that day. CAPT Johnson's primary concern for the proposed salary for Dr Smith is internal equity, since he has three other civilian, board certified, Family Practitioners in his Primary Care Clinic. They had their pay set upon conversion to the PDPP and are all categorized in table 1, tier 2 for pay purposes. The January 2009 salary range for table 1, tier 2 is \$110k - \$200k. These physicians are assigned to tier 2 because NHX has a robust Family Practice residency program and the experienced civilian providers are all involved in some aspect of teaching, reviewing and co-signing the work of the residents. The range of salaries for existing physicians in this unit is \$165k - \$180k. External market data depicts median total cash compensation at a national 2009 level of approximately \$188k (base pay plus cash incentive.) No salary differential for location is appropriate due to the fact that this location is commensurate with national averages in physician pay. The 9.0% range difference in the pay of incumbents is primarily due to time in the job and is a direct result in the variance in Physician's Comparability Allowance. The PCA was converted to market pay when these physicians came into the PDPP and increases significantly with longevity.

CAPT Johnson would like to offer a salary in the range of \$175K for Dr. Smith. The ACP reviews the seven criteria for setting market pay, concurs with the tier 2 designation, and the proposed total annual salary of \$175 for Dr. Smith. The position is classified as a GS-15 due to the experience expertise levels required to support the GME. Dr. Smith's superior qualifications can justify a Step 8. The command views the assignment of Step 8 as appropriate, and commensurate with allowing some room for an automatic pay increase due to the passage of time or a Quality Step Increase (QSI). The base pay for Dr. Smith is set at GS-15, step 8 and market pay is added to increase the total compensation to \$175k. Market pay in this case amounts to 30.8% of the total annual salary. The ACP forwards the completed PSW to the Authorized Management Official (AMO), the Executive Officer, via the Director of Medical Services (DMS), CAPT Mary Johnson. Since all of the civilian physicians at NHX are under auspices of the Director of Medicine, the Commanding Officer ensures that the DMS concurs with the offer. CAPT Johnson approves the pay proposal. CAPT Johnson discusses the salary proposal with Dr. Smith and learns that he will be likely to accept such an offer. The PSW and SF-52 are sent to the HRSC. They contact Dr. Smith with the formal offer, and receive his formal acceptance. An entry on duty (EOD), or appointment date is now set.

*EXAMPLE 2:* COL Williams, the Chief of Dental Services, Army Medical Center Y, has a vacant periodontist position, which was previously a uniformed billet but has been converted to a Federal civilian position. Using direct hire authority, COL Williams has made a selection and now needs to develop a compensation package that will be acceptable to Dr. Peterson. Dr. Peterson is a board certified periodontist who has been in private practice for just over 15 years. He wants a change and has a desire to support the military. He has stated that he is willing to make less in annual salary in order to serve. Over the last several years Dr. Peterson's annual income, after expenses, has been in the \$280K range. External pay surveys depict total cash compensation for a periodontist (base pay plus cash incentive) to have a national median of approximately \$288k.

COL Williams initiates the Pay Setting Worksheet (PSW) and appears Ad Hoc before the Activity Compensation Panel (ACP). Since periodontists are currently categorized as a table 1 specialty. COL Williams expresses his desire that Dr. Peterson be assigned to tier 2, with a annual pay of \$200,000 (the maximum) plus a recruitment incentive of 25% of annual pay. The ACP non-concurs. Dentist positions are currently assigned to tier 1 – direct patient care with no program or teaching responsibilities. Under salary range rules, the maximum total annual salary available is \$175,000.

The position is classified as GS-14 (the highest grade for dentists under current OPM standards) and therefore 2009 base pay is set at \$108,483 (the maximum). Market pay is initially set at an additional \$66,517. The ACP concurs with the 25% recruitment incentive, which brings the total compensation package to \$218,750. The breakdown is as follows: base pay = \$108,483, market pay = \$66,517, and recruitment incentive = \$43,750. The PSW is completed and forwarded to the Deputy Commander (AMO) via COL Stevens, the Director of Surgical Services, who is responsible for dental services. COL Stevens non-concurs with the ACP proposal, discusses with the AMO who agrees then sends back an alternative proposal. His view is that periodontists are undervalued in the current table structure and therefore this situation meets all of the criteria to exceed the tier maximum. (NOTE: The VA table structure is currently under study and is likely to be modified in July of 2009.)

COL Steven's counter proposal is \$190,000 total annual salary (base plus market = \$108,483 + \$81,517, with a 25% recruitment incentive (\$47,500). This equals to a total compensation package of \$237,500. The ACP concurs with the AMO counter offer. The AMO forwards the PSW over to the HPCCSC to obtain their concurrence for exceeding the tier maximum. Concurrence is obtained. COL Williams now has a more competitive salary to offer Dr. Peterson, and informs him of such. At first, Dr. Peterson is hesitant, but then COL Williams informs him of a very strong benefits package including total access to a state-of-the-art fitness center, at no cost. Dr. Peterson accepts.

*EXAMPLE 3.* Lt Col Ames, USAF, Department Head, Emergency Medicine Department, USAF Hospital Z, has a requirement to fill a vacant emergency medicine physician position. Using direct hire authority, Lt Col Ames selected a candidate, Dr. Phillips, who is board certified in Emergency Medicine and is currently employed with a Federal agency in a distant city. At that agency, Dr. Phillips is equivalent to a table 2, tier 1 physician, earning annual pay of \$190,000. She is, however, of the opinion that she is underpaid. Her pay does not include a retention incentive.

Lt Col Ames believes the market value of the USAF position is higher than that of the position previously held by the applicant (approximately \$252k on a national basis), and would like to offer Dr. Phillips a competitive salary. Lt Col Ames also believes the position at USAF Hospital Z is not a tier 1 position but rather is a tier 2 position because of the scope of the emergency room and that the notion that the environment involves the teaching of ER nurses, EMTs, and medics. As a result, Lt Col Ames is proposing an annual salary of \$230,000, the 2010 maximum for table 2, tier 2. The position is classified as a GS-15 and step 10 is commensurate with the applicant's experience and level of expertise. The pay breakdown for this proposal would therefore be \$127,604 for base pay and \$87,396 for market pay. The ACP agrees with Lt Col Ames and forwards the proposal on the PSW to the Authorized Management Official (AMO) who is the Deputy Commander of USAF Hospital Z.

The AMO non-concurs and returns the PSW to the ACP with an alternative proposal. The position has been properly assigned to tier 1. A counter offer of \$200,000 in annual pay (\$127,604 for base pay and \$72,396 market pay) is made with a \$20,000 relocation bonus for the first three years, contingent on a work agreement. The ACP agrees, as does the new hire.