

Physicians and Dentists Pay Plan (PDPP) Implementation Plan (Part I)

Attachment:

1. Implementation Plan Part II, PDPP Implementation Timeline (Gantt Chart)

Appendix:

1. DoDI 1400.25, V543, *DoD Civilian Personnel Management System: Pay Plan for Civilian Physicians and Dentists Covered by the General Schedule*, August 18, 2010.

INTRODUCTION

Purpose

The Physician and Dentist Pay Plan (PDPP) will provide the Department of Defense (DoD) the flexibility to be more sensitive to external labor market conditions while maintaining internal equity agility in its compensation for Physicians and Dentists. This will enhance the Department's ability to effectively recruit and retain the medical talent needed to care for our military members and their families.

This portion of the PDPP Implementation Plan (the Plan) together with attachment 1, the timeline/Gantt Chart, constitutes the Department of Defense (DoD) plan to implement the PDPP. Part I of the Plan provides general information regarding the PDPP within the DoD. Part II of the Plan is the timeline, or Gantt chart. The timeline is a working document which will change as implementation progresses, i.e., as events are successfully completed or new tasks are identified throughout the process.

Applicability

The PDPP applies to General Schedule (GS) and General Management (GM) physicians and dentists currently classified as Medical Officers (0602) and Dental Officers (0680) providing direct patient care services or services incident to direct patient care and who are not in the National Security Personnel System (NSPS) or other non-GS/GM pay plans. Covered positions include GS-602s and GS-680s engaged in research, education, teaching, consulting, and preceptors in entities other than medical treatment facilities, but whose primary work contributes to the quality of patient care or development of health care providers.

Excluded from coverage and conversion are employees who are:

- Serving in an internship or residency training program;
- Employed on an intermittent basis;
- Employed on less than a quarter-time basis (i.e., less than twenty hours in an administrative workweek);
- Reemployed annuitants;
- In the Senior Executive Service;
- In senior level or scientific or professional positions paid pursuant to section 5376 of title 5, U.S.C.;
- Hired as highly qualified experts paid pursuant to section 9903 of title 5, U.S.C.; or

- Covered by the National Security Personnel System (NSPS) or other non-GS/GM pay plans. (Note: NSPS physicians and dentists are to be converted to the PDPP sometime on or before 30 December 2011 under separate guidance and authority.)

PDPP Overview

The PDPP is considered a “hybrid” pay system because it combines pay authorities under title 5, title 10, and title 38, U.S.C. This blend of authorities provides the structure and authority to establish a compensation system for DoD physicians and dentists that enhances DoD’s ability to be competitive in the prevailing labor market. The National Defense Authorization Act for fiscal year 2008, the National Defense Authorization Act for fiscal year 2009, Section 1599c of title 10, U.S.C., and a Delegation Agreement between the DoD and the Office of Personnel Management (OPM) provide the basis for the overarching pay structure which is similar to the VA physician and dentist pay system.

Under the PDPP, physicians and dentists will retain their GS or GM classification and pay grade and step for purposes of determining base pay but are further grouped, for purposes of market pay, into title 38, U.S.C. PDPP Tables. The Tables are based on medical/dental clinical specialty and are further divided into salary Tiers that reflect comparable complexity in salary recruitment and retention considerations and are predicated on the scope of responsibility and type of work environment. This combination of base and market pay becomes the annual pay under the PDPP. Annual pay is basic pay for the purposes of computing civil service retirement benefits; lump sum annual leave payments; life insurance; thrift savings plan; workers’ compensation claims; severance pay; danger pay; recruitment, relocation, and retention incentives; continuation of pay; and authorized advances in pay.

Tables and tiers are defined by Veterans Affairs (VA) as primary components of their physician and dentist pay system. DoD table and tier structure is derived from the VA’s structure. VA evaluates table and tier definitions on a biennial basis, and may make adjustments to accompanying pay ranges as necessary. During this time they also review the assignment of medical specialties to tables. Ultimately, this endeavor results in the assignment of a medical specialty operating at a particular level to a specific pay range.

Similar to the VA system, the regulations governing the PDPP do not authorize premium pay, locality pay or Physician Comparability Allowance (PCA). Under the PDPP, PCA is assimilated into the market pay portion of annual pay at the time of conversion in order to maintain the incumbent’s level of pay. Where regular or pervasive overtime work (one form of premium pay) is required, an adjustment is made at the time of conversion in order to provide sufficient compensation for services rendered.

The PDPP is designed with the flexibility to consider subsequent pay adjustments as recommended by the Health Professions Civilian Compensation Standing Committee (HPCCSC) and approved by the Assistant Secretary of Defense, Health Affairs (ASD(HA)) and the Deputy Under Secretary of Defense, Civilian Personnel Policy (DUSD(CPP)) to reduce strategically relevant pay gaps, both internally and externally, for like positions in the local labor market.

IMPLEMENTATION, CONVERSION and PDPP COMPENSATION

1. Conversion of GS/GM physicians and dentists to the new pay system is contingent upon a number of events being completed successfully; however, a target date of February 27, 2011 is considered to be reasonable assuming all required steps have been fulfilled (refer to Part II of the Plan for details). Local military treatment facilities will be responsible for keeping their employees apprised of progress toward implementation and when their physicians and dentists can anticipate converting into the PDPP.

2. There will be no loss in pay upon conversion. Physicians and dentists moving into the PDPP will receive the same annual pay as their current earnings and retain their current GS or GM grade, step and base pay. Market pay will integrate locality pay, PCA, any special salary rate, and other forms of compensation, as listed below. The employee's base pay plus the market pay constitute the employee's new annual pay. Upon conversion, annual pay will be equal to current GS annual pay.

3. The following are included in the initial market pay element upon conversion:

- a. The locality pay supplement or special salary rate supplement (whichever applies);
- b. Physician Comparability Allowance (PCA);
- c. An adjustment for the loss of premium pay which is normally additional compensation earned, on an annual basis, for regular and recurring overtime, on-call, or duty performed during holidays, weekends or nights. The adjustment accounts for premium pay the employee was receiving or would have received under subchapter V, chapter 55 of title 5 U.S.C. It is the responsibility of each activity to calculate and determine the appropriate annual premium pay adjustment for conversion purposes, with final approval by an authorized management official. Annual pay computations (e.g., base pay + locality or special salary rate supplement + PCA + premium pay) shall be documented on a PDPP Conversion Worksheet.
- d. If the new annual pay (base pay + market pay) is less than the minimum salary of the tier assigned, the annual pay will be adjusted to the tier minimum salary.

4. Physicians and dentists under the PDPP are eligible for:

- a. Periodic adjustments to the General Schedule such as the general pay increase (GPI). (Note: GPIs and other adjustments to the General Schedule do not generate an increase to market pay.)
- b. Increases other than GPI attributable to the General Schedule pay structure changes which have the effect of increasing range minimums and requiring adjustment of pay to at least the new minimum.
- c. Discretionary pay adjustments to market pay, as recommended by local Activity Compensation Panels (ACPs) and/or the HPCSC and approved by the Under Secretary of Defense (Personnel & Readiness) (USD(P&R)) for reasons such as:

(1) Structural adjustments as a result of cyclical VA labor market surveys which have the effect of increasing range minimums and requiring adjustment of pay to at least the new minimum.

(2) Pay parity adjustments for the purpose of closing the gap between an incumbent's annual salary and salaries of similar work both internal and external to the organization.

(3) Completion of additional board certification in the medical clinical specialty field of the position for which the employee's market pay was initially set.

(4) Achievements in the clinical medical field that reflect positively on the Department of Defense, the component, or medical activity through publication in recognized medical journals, development of copyright materials, and development of trademarks or patents for medical procedure, protocol, products, or materials.

5. Annual pay (base pay plus market pay) may not exceed the maximum of the assigned tier for the clinical specialty. However, a physician's or dentist's total annual compensation, (i.e., annual pay plus one or more of the following compensation elements) may exceed the assigned tier maximum.

- a. Within Grade Increases;
- b. Quality Step Increases;
- c. Performance based awards—awards for superior accomplishments, performance-based cash awards, time-off awards, sustained superior performance awards, special act or service award, honorary awards and other awards as authorized by the component;
- d. Recruitment, Relocation or Retention Incentive (3Rs);
- e. Student Loan Repayment (SLR);
- f. Foreign area post allowances;
- g. Foreign area post differentials;
- h. Danger pay allowances;
- i. Non-foreign area cost-of-living allowances;
- j. Non-foreign post differentials; and
- k.. Living Quarters Allowance.

6. Annual pay is considered basic pay for the following purposes:

- a. Retirement deductions and benefits
- b. Life insurance premiums and benefits
- c. Thrift Savings Plan (TSP) contributions.
- d. Worker's Compensation Claims
- e. Danger Pay
- f. Severance pay
- g. Recruitment, relocation, and retention incentives
- h. Lump-sum payment for accumulated and accrued annual leave
- i. Movement out of the PDPP

j. Any other provisions for which DoD and/or the Office of Personnel Management specifically treats total annual salary as basic pay.

7. Upon conversion, the coding of pay plans for PDPP employees will change from GS to GP or from GM to GR. This coding change gives the Department the ability to identify GS/GM physicians and dentists who are being paid market pay under section 7431(c) of title 38, U.S.C. Grade and step levels will remain the same.

8. General Schedule position descriptions are to be utilized for base pay classification purposes and all title 5, U.S.C. regulations apply. Physicians and dentists are further grouped as shown in Appendix 1 to Enclosure 3 in the PDPP DoDI (Appendix 1 to this document) by clinical specialty. Each position covered by the PDPP is assigned to a Clinical Specialty Pay Table based on the specialty required to perform the job.

9. Clinical Specialty Pay Tables are comprised of up to four “tiers.” Tiers are pay ranges within pay tables that reflect varying levels of professional and administrative responsibilities (i.e., scope of responsibility) required to perform the duties of the physician’s or dentist’s position. Every physician and dentist covered by the PDPP will be assigned to a Clinical Specialty Pay Table (table) and pay range (tier) within that table.

10. The PDPP allows compensation that is higher than the current title 5, U.S.C. (General Schedule) pay cap. At present, under the General Schedule, Base Pay + Locality Pay (or Specialty Salary Rate—whichever is highest) is capped at Executive Level V (2010 = \$145,700) or GS 15 Step 10, whichever is highest. Under GS, the aggregate of Total Cash Compensation (Base Pay + Locality Pay (or Specialty Rate) + Physician’s Comparability Allowance (PCA) + Awards/Incentives and Other) is capped at Executive Level I (2010 = \$199,700). Flexibility to set pay above the current title 5, U.S.C. pay cap could improve the Department’s efforts to secure and retain the medical and dental talent it needs to meet mission requirements. The following are limitations to pay under the PDPP.

a. The PDPP limits base pay plus other payments authorized by title 5, U.S.C. to the annual Executive Level I pay rate (2010 = \$199,700). The total of those payments may not exceed that amount at the end of any calendar year. This pay cap *does not include* the market pay portion of annual pay under the PDPP.

b. An employee’s annual pay (base pay + market pay) is capped by the pay range of the table and tier to which the position is assigned (maximum values range from \$195,000-\$385,000).

c. Total compensation (annual pay + cash awards + all other payments, e.g., 3Rs or Student Loan Repayments) is limited by an annual aggregate amount. Total compensation under PDPP is capped at the aggregate of the sum of all amounts at \$400,000 (the President’s salary).

11. Supervisory officials will provide each employee with his/her assigned Clinical Specialty Pay Table, tier assignment and market pay amount prior to conversion. Each employee converted to the PDPP will receive a Notice of Personnel Action (SF-50) showing a pay

adjustment has been effected; annotating the medical specialty, table and tier to which the employee has been assigned; and recording the market pay and the basis for that pay.

12. After conversion, but no earlier than 1 May 2011, market pay for GS/GM physicians and dentists converted to the PDPP may be reviewed and adjusted as necessary in accordance with the ACP process (Appendix 1, Enclosure 3, Section 4), HPCCSC guidelines, and in consideration of the Military Treatment Facility's (MTF's) compensation strategy and budgetary constraints. Pay setting decisions shall be documented on a PDPP Pay Setting Worksheet.