

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

The following report was presented by John H. Armstrong, MD, Chair:

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Reference committee hearing: see report of [Reference Committee F](#).

HOUSE ACTION: RECOMMENDATIONS ADOPTED AND REMAINDER OF REPORT FILED

See Policy [D-605.990](#)

This report by the House of Delegates Committee on Compensation of the Officers recommends no change to officers' compensation for the period July 1, 2014 through June 30, 2015.

BACKGROUND

At the 1998 Interim meeting, the House of Delegates (HOD) established a House Committee on Trustee Compensation, currently named the Committee on Compensation of the Officers, (the "Committee"). The Officers are defined in the American Medical Association's (AMA) Constitution and Bylaws. (Note: under changes to the Constitution previously approved by the HOD, Article V refers simply to "Officer", which includes all 21 members of the Board among whom are President, President-Elect, Immediate Past President, Secretary, Speaker of the HOD and Vice Speaker of the HOD, collectively referred to in this report as Officers). The composition, appointment, tenure, vacancy process and reporting requirements for the Committee are covered under the AMA Bylaws. Bylaw 2.645 provides:

The Committee shall present an annual report to the House of Delegates recommending the level of total compensation for the Officers for the following year. The recommendations of the report may be adopted, not adopted or referred back to the Committee, and may be amended for clarification only with the concurrence of the Committee.

At A-00, the Committee and the Board jointly adopted the American Compensation Association's definition of total compensation which was added to the Glossary of the AMA Constitution and Bylaws. Total compensation is defined as the complete reward/recognition package awarded to an individual for work performance including: (a) all forms of money or cash compensation; (b) benefits; (c) perquisites; (d) services, and (e) in-kind payments.

Since the inception of this Committee, its reports document the process the Committee follows to ensure that the then current Officer compensation recommended for approval is based on sound, fair, cost-effective compensation practices as derived from research and use of independent external consultants expert in board compensation. Reports beginning in December 2002 documented the principles the Committee followed in creating its recommendations for Officer compensation.

At A-08, the HOD approved changes that simplified compensation practices and increased transparency and consistency of same. At A-10, Reference Committee F requested that this Committee recommend that the HOD affirm a codification of the current compensation principle, which occurred at I-10. At that time, the House affirmed that this Committee has and will continue to base its recommendations for Officer compensation on the overarching principle of the value of the work performed, consistent with IRS guidance and best practices as recommended by the Committee's external independent consultant, who is expert in board compensation.

At A-11 the HOD approved aligning the Medical Student and Resident Officer compensation to that of all other Officers (excluding Presidents and Chair) because these positions perform comparable work.

Immediately following A-11, the Committee retained Mr. Don Delves, founder of the Delves Group, to update his 2007 research to provide the Committee comprehensive advice and counsel on Officer compensation. The Committee asked for this update because it had been four years since the last comprehensive review and because the Committee wanted to continue refining its compensation practices for increased simplification and transparency.

The updated compensation structure was presented and approved by the HOD at I-11 with an effective date of July 1, 2012.

At I-11, Reference Committee F requested that the Committee list the specific benefits, perquisites and in-kind payments provided to the Officers and to annually document the taxable value of these benefits. The Committee began reporting this in the A-12 report which documents the values reported to the IRS for the previous taxable year benefits, perquisites, services and in-kind payments.

The Committee's I-12 report referenced discussions and research concerning the Presidents' travel on regional airlines. The A-13 report expanded the travel discussion to include travel on airlines on which the Presidents do not have preferred status. The HOD approved the Committee's recommendation to provide a travel allowance for each President to be used for upgrades, primarily on non-preferred status, because of the significant volume of travel by the Presidents in representing our AMA.

This report recommends no changes to Officer compensation for the period July 1, 2014 through June 30, 2014.

FINDINGS

The Committee recommends no change to Officer compensation for the period July 1, 2014 through June 30, 2015 after completing its due diligence of the current compensation for the President, President-elect, Immediate Past President, Chair and Chair-elect (Leadership) and the 16 other Officers. The Committee's due diligence included consulting with Mr. Delves, and ensuring that all members of the committee attended a Board meeting as observers.

The recommendation of no change to Leadership compensation was based on review of Leadership's travel and assignment days from 2010-2011 term to 2012-2013 term. During this time period, Leadership's average number of travel and assignment days decreased by 12% (17 days). Don Delves also noted that the current compensation continues to be aligned with industry data. The Committee recognizes the decrease in travel and assignment days as a sign of efficiency.

The Committee also reviewed a summary of the travel and assignment days for the other 16 Officers, excluding Board Chairs and Presidents. This data focused on work compensated by the honorarium: board meetings and related travel days and internal governance and related travel days. The Committee compared data from 2012-2013, the first term under the new compensation structure, with 2010-2011 data was used by the then current Committee and its external consultant to establish the HOD approved compensation structure.

The data showed a six-day decrease in the average number of Board meeting days and related travel. However, the average number of governance assignment and travel days is approximately the same as the 2010-2011 average number of governance assignment and travel days (9 days versus 8.6 days). The Committee concluded the current honorarium continues to reflect appropriate levels of compensation for the 16 Officers as does the current per diem.

Additionally, Mr. Delves noted that the existing structure of AMA Officer compensation is aligned with the current trend in public board compensation, which is moving away from paying for each individual board or board committee meeting to one annual fee.

The Committee also reviewed the Presidents' use of the A-13 approved allowance for travel upgrades, typically while traveling on non-preferred status airlines. While the Presidents' have not needed to use the allowance to date, feedback was shared with the Committee that knowing the allowance is available is important.

The Committee commends the Board for its focused, efficient, and deliberate work on behalf of our AMA members and patients.

RECOMMENDATION

The Committee on Compensation of the Officers recommends that the following be adopted and the remainder of the report filed.

That there be no changes to the Officers' compensation for the period beginning July 1, 2014 through June 30, 2015.

Officer Compensation and related definitions

POSITION	HONORARIUM
President	\$279,000
Immediate Past President & President-Elect	\$274,000
Chair	\$269,500
Chair-Elect	\$199,500
Other Officers	\$61,500

Definition of Governance Honorarium Effective July 1, 2012:

The purpose of this payment is to compensate Officers for all Chair-assigned internal AMA work and related travel. This payment is intended to cover all currently scheduled Board meetings, special Board or Board Committee meetings, task forces, subcommittees, Board orientation, development and media training, Board calls, sections, councils or other internal representation meetings or calls, and any associated review or preparatory work, and all travel days related to all meetings as noted above.

Definition of Per Diem for Representation effective July 1, 2012:

The purpose of this payment is to compensate for Board Chair-assigned representation day(s) and related travel. Representation is either external to the AMA, or for participation in a group or organization with which the AMA has a key role in creating/partnering/facilitating achievement of the respective organization goals such as the AMA foundation, PCPI, etc. The Board Chair may also approve a per diem for special circumstances that cannot be anticipated such as weather related travel delays. Per Diem for Chair-assigned representation and related travel is \$1,200 per day.

Definition of Telephonic Per Diem for External Representation effective July 1, 2011:

Officers, excluding the Board Chair and the Presidents, who are assigned as the AMA representative to outside groups as one of their specific Board assignments, receive a per diem rate for teleconference meetings when the total of all teleconference meetings of 30 minutes or longer during a calendar day equal 2 or more hours. Payment for these meetings would require approval of the Chair of the Board. The amount of the Telephonic Per Diem will be ½ of the full Per Diem or \$600.