



Physicians and Dentists Pay Plan (PDPP)

The Easy Desktop Tutorial

for

**NSPS Physicians & Dentists
Transitioning to the PDPP**

Bottom Line Up Front



- ❑ **JTF CapMed Physicians and Dentists will be converted from NSPS to PDPP on 23 OCT 2011**
- ❑ **There will be no change in total compensation in the initial conversion**

Background



- DoD strives to pay physicians and dentists competitive salaries
- NSPS was “the solution” in 2006 but Congress directed that it be terminated and employees returned to GS
- General Schedule does not support competitive pay for many specialties
 - Subject to pay cap
 - Rigid GS scale (grades and steps) not geared to market
- PDPP designed as a replacement for NSPS to retain competitive pay for physicians and dentists
 - Law required linkage to General Schedule
 - Separate authority to use VA pay schedules allows additional “market pay” in addition to GS salary
 - Pay scales based on type of specialty and tier of practice.

Background (cont)



- Many physicians and dentists remained in GS from 2006-2011 – they were converted to PDPP in April/May 2011.
 - No change to total pay but significant increase in future potential pay for most
- Conversion of NSPS physicians and dentists will not increase pay potential but will prevent loss of flexibility on paysetting WITHIN market parameters.
- Many NSPS physicians and dentists pay exceed the maximum pay on the General Schedule

**THE PAYSETTING PROCESS WILL REDISTRIBUTE
TOTAL PAY – NO REDUCTION OR INCREASE**

Conversion Process: Example



NSPS Family Practice Physician.
NSPS Total Annual Pay prior to conversion: \$160,000

Step #1: NSPS → GS

$$\begin{array}{c} \text{NSPS Annual Pay:} \\ \$160,000 \end{array} = \begin{array}{c} \text{GS-15, Step "00"} \\ \$129,517 \end{array} + \begin{array}{c} \text{Retained Pay} \\ \$30,483 \end{array}$$

Step #2: GS → NSPS

$$\begin{array}{c} \text{GS-15, Step "00"} \\ \$129,517 \end{array} + \begin{array}{c} \text{Retained Pay} \\ \$30,483 \end{array} = \begin{array}{c} \text{GS-15, Step 10} \\ \$129,517 \end{array} + \begin{array}{c} \text{Market Pay} \\ \$30,483 \end{array}$$
$$= \begin{array}{c} \text{PDPP Annual Pay} \\ \$160,000 \end{array}$$

Future Pay Decisions



- Activity Compensation Panels (ACP) will recommend pay for new hires
- After the initial conversion (no change in pay) and conversion to DoD, the ACP will recommend adjustments to market pay for individual physicians and dentists
- Market pay for all physicians and dentists must be reviewed every 24 months
- There will be separate Panels at WRNMMC, FBCH and JPC pending a decision to have single JTF CapMed regional panel

What Changes, What Stays the Same

What WILL Change from NSPS



❑ NO performance pay component to the PDPP

- Return to the GS for Basic Pay component
- GS position descriptions (PDs)
- New Pay Element – “Market Pay”
- No locality pay or targeted local market supplement (TLMS)
- Market Pay can be adjusted without NSPS controls
- GS grade becomes GP, e.g. GS-14 becomes GP-14
- Table & Tier will be part of Series & Grade for employee
- Panel of clinicians & HR specialists recommend pay, not HRO

What Will NOT Change



- ❑ **Both NSPS & PDPP based on Veterans' Affairs (VA) model**
- **Total NSPS annual pay will remain intact and become PDPP Annual Pay**
- **Most NSPS "rules" apply to PDPP, for example:**
 - **Relief from Title 5 Pay Cap (pay cap is \$400K)**
 - **No Premium Pay**
 - **No Physicians Comparability Allowance**
 - **PDPP is a Pay Band system**
 - **PDPP Pay Tables (specialty) same a NSPS pay tables**

Steps for HR Office to Convert from NSPS to PDPP

Conversion Process



- The conversion process will be a **two-step** process.
 1. **Step #1 (RPA)**. NSPS physicians and dentists must **first** be converted back to GS.
 2. **Step #2 (RPA)**. Will convert physicians and dentists from GS to the PDPP.

Conversion Process (cont'd)



- **Activities must “re-set” the GS grade for all NSPS physicians and dentists at Command**
- **Use former GS PD, or similar PD if one does not exist**
- **Can use NSPS PD, if GS grade is annotated**
- **At Step #1, set GS grade and step level**
- **Assume most employees will exceed step 10**
- **Therefore, at Step #1, step is “00” and all excess pay is categorized as “retained pay” - but only at that moment**
- **At Step #2 (conversion to PDPP) all retained pay amount converted to Market Pay**
- **Basic GS grade. Step 10 (for all with retained pay at Step #1)**

PDPP Governance – Panels and Oversight

PDPP Governance



- Department of Defense Instruction (DoDI) 1400.25-M, Volume 543, dtd 18 August 2011 provides regulations and policy for the PDPP, based on Title 38 law.
- Health Professions Civilian Compensation Standing Committee (HPCCS)
- Joint Compensation Panels (JCP)
- Activity Compensation Panel (ACP)
- Authorized Management Official (AMO)

PDPP Governance (cont'd)



□ HPCCS

- **Chartered to determine architecture, composition, and operational guidelines for compensation panels**
- Senior clinician representatives from three components and HR officials from principle DoD agencies
- **Provides external market survey data for ACPs**
- Approves Tier 4 assignments
- Remains current on pertinent laws, policies, procedures, and market surveys pertaining to market pay and total compensation for physicians and dentists

PDPP Governance (cont'd)



□ Joint Compensation Panels

- Chartered by HPCCSC
- In multi-service regions -- e.g. Wash DC. Currently 10 JCPs
- Members include senior officials from ACPs of activities in the Region
- Meet on annual basis, at a minimum
- **Does not set pay. Ensures consistency among the various medical treatment facilities**

PDPP Governance (cont'd)



□ Activity Compensation Panels (ACP)

- Chartered panel at the activity level
- Primary function: determine pay for new hires
- Recommends Market Pay and Tier and sends to AMO for final approval using Pay Setting Worksheet
- Ensures consistency, internal equity, and external competitiveness of Market Pay and annual pay for all physicians and dentists
- Reviews Market Pay of current employees at least once every 24 months

PDPP Governance (cont'd)



□ **ACP Membership:** Appointed in writing by CO/AMO

- **Chairperson:** Senior clinician (military or civilian).
- **“Junior” Clinician:** 2nd voting member (military or civilian).
- **HR Compensation Specialist:** 3^d voting member. Can be activity HR liaison or from servicing HRO.
- **Administrative assistant:** Non-voting member.
- **Ad Hoc members:** As needed. Representative from comptroller/budget office highly recommended.
- If command has civilian dentists, one of the clinicians should be a dentist (civilian or military).
- Members should be management level.

PDPP Governance (cont'd)



□ **Authorized Management Official (AMO)**

- Commander/Commanding Officer. May delegate to Deputy Commander/Executive Officer, but no lower
- Reviews ACPs recommendations for Market Pay and Tier assignment
- **Final approval authority for Tier and Market Pay**
- Coordinates with HPCCSC for Tier 4 assignments and pay exceeding Tier maximum
- Provides additional guidance to ACP for pay setting

NSPS-PDPP Conversion Summary



❑ Physicians & Dentists who are NOT eligible for PDPP

- Interns and residents
- Employed less than quarter-time basis
- Intermittent employees
- Reemployed annuitants
- SES-level physicians and dentists
- Foreign nationals paid under local nation laws
- Highly qualified experts paid IAW 5 USC 9903
- Senior level/scientific or professional positions paid under 5 USC 5376

Pay Architecture – Base Pay, Market Pay, Tables and Tiers

PDPP Pay Architecture



PDPP Unique Pay System (Hybrid)

- Part Title 5 (GS Base Pay)
- Part Title 38 (Market Pay, Tables, and Tiers)

Base pay: The basic General Schedule (GS), grade and step. Does not include a locality supplement. Based on classified position description under current OPM standards. **Under PDPP GS becomes “GP”**

Market Pay: Market Pay is the component of pay that when added to the Base Pay (grade and step) equals the PDPP **Annual Pay** which is designed to reflect internal equity and allow for competition with the external health care labor market.

PDPP Pay Architecture



Tables and Tiers

- Determines the pay range for the physician and dentist – the minimum and the maximum. **Annual Pay** must be within the range.
- Table & Tier structure established by the VA and published in **Vol 74, No. 151** of the Federal Register

Table

- Based on specialty. All major physician and dental specialties grouped into five (5) Tables. Prescribed by the VA. **DoD required to follow VA Table designations.**

Tier

- A pay range within a Table. Based on multiple factors pertaining to the positions: scope & complexity of assignment, level of responsibility, location of practice, teaching responsibilities, and level of expertise required

PDPP Pay Architecture:

Table Assignments

(most common specialties)



- **Table 1**
 - Family Practice
 - Pediatrics
 - Internal Medicine
 - Psychiatry
 - Neurology
 - Preventive Medicine
 - *All Dentists (except O/S)
- **Table 2**
 - Emergency Medicine
 - Occupational Medicine
 - Physical Rehab Medicine
 - Obstetrics
 - Gynecology
 - Hematology/Oncology
- **Table 3**
 - Dermatology
 - Gastroenterology
 - Oral Surgery
 - Ophthalmology
 - Otolaryngology
- **Table 4**
 - Radiology
 - Urology
 - General Surgery
 - Anesthesiology
- **Table 5**
 - Orthopedic Surgery
 - Interventional Radiology
 - Cardiovascular Surgery
 - Neurosurgery

*DoD is working with VA to have dental specialists assigned to higher table.

PDPP Pay Architecture: Tier Ranges



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

PDPP Pay Architecture



□ Example Only

Family Practice Physician – Table 1

Assigned to Ambulatory Clinic – Tier 1

(less complex assignment)

- Pay Range for Table 1, Tier 1: \$96,539 - \$195,000
- Grade level: GS– 15 = **GP-15**
- Step level: 05
- Under PDPP Becomes:
- **Physician (Family Practice) GP-15-05, Table 1, Tier 1**
- **Base Pay: \$112,912**
- **Market Pay: \$40,000**
- **Annual Pay: \$152,912**

PDPP Pay Architecture (cont'd)



□ Market Pay

- Reflects previous amounts under the legacy GS that represented locality pay, Physicians' Comparability Allowance, and premium pay.
- **Market Pay plus Base Pay equals Annual Pay and is pay for all benefits.**
- Market Pay can be "adjusted" by ACP/AMO as needed to meet recruitment and retention needs.
- ACP must analyze **seven (7)** criteria when setting Market Pay for new hires, and when considering Market Pay adjustments.
- Market Pay must be reviewed, at a minimum, once every 24 months for all physicians and dentists. Coincides with VA bi-annual pay review cycle.

PDPP Pay Architecture (cont'd)



Market Pay (cont'd): The “Seven” Criteria

1. Level of experience in the specialty or assignment.
2. The need for the specialty at the military treatment facility to which the physician or dentist is assigned.
3. The health care labor market for the specialty or assignment, which covers the geographic area the AMO deems appropriate.
4. Board certifications.
5. Accomplishments of the physician or dentist in the specialty or assignment.
6. Other unique circumstances, qualifications, or credentials the compensation panel considers appropriate.
7. Compliance with merit systems principles.

PDPP Pay Architecture, cont.



□ Tier Definitions

- A Tier is a pay range within a pay Table. It reflects the professional responsibilities, scope, or duties of the physicians or dentists assigned to the Tier. Each tier is a broad pay band with minimum and maximum pay ranges.
- A physician or dentists Annual Pay can't exceed the Tier maximum, except under certain circumstances. For example, a general pay increase (GPI) when added to annual pay may exceed Tier maximum.
- At least once every two years, the Secretary of the Veterans' Affairs reviews and may adjust pay ranges based on very extensive nationwide physician and dentist salary surveys. The new rates are published in the Federal Register. DoD will adjust PDPP Tier ranges accordingly.

PDPP Pay Architecture



□ **Tier Definitions: Tier 1**

- **Positions:** Nonsupervisory direct patient care services.
- **Scope:** Typically Tier 1 positions are found at clinics, dispensaries, and ambulatory care facilities. But, Tier 1 positions are commonly found at the community hospital level.
- **Definition:** Tier 1 physician /dentist positions involve the full range of cases, from those where the patients have common ailments to the very difficult, within a medical specialty. Difficult and complex cases at the Tier 1 level are often referred to more specialized care. Although not GME program managers, Tier 1 positions may be involved with medical students, interns, or residents assigned for training in their specialty. This would normally occur at a primary care training environment.

PDPP Pay Architecture (cont'd)



□ **Tier Definitions: Tier 2**

- **Positions**: 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 Tier 2 positions.
- **Scope**: Typically, Tier 2 positions are located at full patient care hospitals.
- **Definition**: Tier 2 physician/dentist positions involve the full range of cases within a medical specialty -- from common ailments to the more difficult and complex and typically located at full patient care hospitals, i.e. community hospitals. Tier 2 physicians/dentists may serve as consultants for complex cases within their specialty and perform more advanced diagnostic and treatment procedures. Tier 2 positions may be responsible for medical students, interns, or residents assigned for training in their specialty but are normally not program managers. Tier 2 physicians/dentists may be involved in special research activities, although this type of activity normally occurs at the medical center level.

PDPP Pay Architecture (cont'd)



❑ Tier Definitions: Tier 3

- **Positions:** Direct patient care services and medical program managers or researchers at medical centers, research facilities, or major headquarters.
- **Scope:** Typically, Tier 3 positions are located at major command Headquarters, Medical Centers, or medical research facilities.
- **Definition:**
 - **Patient Care.** Tier 3 positions are typically located at medical centers and responsible for 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 DoD, Tier 3 is typically found at medical research facilities and medical centers of excellence.
 - **Research and Administration.** Tier 3 positions are typically located at major command headquarters responsible 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 does 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.

PDPP Pay Architecture (cont'd)



❑ **Tier Definitions: Tier 4**

- **Positions:** Component (military department) or DoD-wide specialty expert, component/DoD specialty program manager, or Nationally recognized researcher.
- **Scope: Typically,** Command/Component headquarters or major medical research facilities.
- **Definition:** 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.

Pay Administration – Rules and Roles

Pay Administration



□ Summary

- The Activity Compensation Panel (ACP) recommends the Tier assignment, Market Pay, and Annual Pay for new hires.
- The Authorized Management Official (AMO) approves the ACP recommendation. The AMO has final authority.
- AMO may recommend alternative compensation strategy.
- **The AMO may not reduce an employee's Market Pay to offset a Base Pay increase.**
- Market Pay may not be reduced unless there is a significant change in assignment.

Pay Administration (cont'd)



❑ Pay Setting Rules & Guidance.

➤ PDPP Annual Pay (Base Pay + Market Pay) may NOT exceed Tier maximum, with the following exceptions:

1. VA reduces the maximum in a Tier range
2. As a result of a general pay increase (GPI)
3. As a result of an incentive (3R)
4. As a result of a promotion
5. As a result of a within-grade increase
6. As a result of a quality step increase
7. When failure to exceed the Tier maximum when setting pay for a new hire would significantly impair an activity's ability to recruit or retain well-qualified physicians or dentists
8. A physician or dentist who's Annual Pay exceeds the Tier maximum will remain eligible for Base Pay increases for any of the above reasons

Pay Administration (cont'd)



☐ PDPP Physicians and Dentists are eligible for the following:

- **General Pay Increases (GPI) to base pay**
- **Recruitment, relocation, retention incentives (3Rs)**
- **Leave Accrual Credit**
- **Quality Step Increases**
- **Within Grade Increases**
- **Student Loan Repayment**
- **Chapter 45 Awards**

Pay Administration (cont'd)



❑ PDPP Physicians and Dentists are INELIGIBLE for the following:

- **Physicians' Comparability Allowance**
- **Premium Pay (except for compensatory time off for religious observances)**
- **Compensatory time off for overtime**
- **Compensatory time off related to official travel**
- **Locality Pay**

Pay Administration (cont'd)



All personnel actions relating to compensation for PDPP physicians and dentists must be evaluated by the ACP to determine if a Tier change or Market Pay adjustment is warranted.

❑ **Promotions.** Promotions for physicians and dentists are a rare occurrence. Under the PDPP, promotions must follow Title 5 rules and regulations. A promotion may or may not result in a Market Pay increase or a Tier change.

❑ **Reassignments.** Reassignments under the PDPP are NOT the same as NSPS, i.e. it is not tied to an automatic pay increase and is not associated with a change in duty station. Under PDPP a reassignment is essentially within the Command. For example, an Internal Medicine physician is reassigned from the hospital (core facility) to a Naval Branch Health Clinic. A reassignment may result in a Tier change (if it is permanent.) Could result in a Market Pay adjustment, but that would be rare.

Pay Administration (cont'd)



□ Pay Limitations

- **Total Annual Pay Cap.** Total annual compensation, to include base pay, Market Pay, incentives, and cash awards may not exceed \$400K.
- **Title 5 Pay Cap.** Base pay, incentives, and cash awards may not exceed Executive Schedule I (\$199K). This annual pay limitation DOES NOT include Market Pay.
- **Table and Tier.** A physician's/dentist's annual pay under PDPP (Base Pay plus Market Pay) may not exceed the assigned Tier maximum, except under circumstances described herein.

Pay Administration (cont'd)



Retention, Recruitment, Relocation Incentives (3Rs)

- Physicians and dentists under the PDPP are eligible for the 3Rs.
- Basic Title 5 rules apply
- Incentive percentages based on Annual Pay (not base pay)
- Annual Pay plus a 3R incentive MAY exceed Tier maximum
- Only Annual Pay counts for retirement and all other benefits