

# Structured, salary-only compensation plan for physicians is a model for pay equity, study finds

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Gender pay equity in the field of medicine remains elusive. Gender-based pay differences have been shown to persist, even when controlling for experience, clinical productivity, academic rank and other factors. These inequities result insignificantly lower lifetime earnings, job burnout and negative attitudes toward work, and adverse effects on the profession and society. One model for eliminating pay disparities among physicians is a structured, salary-only plan that incorporates national benchmarks, and standardized pay steps and increments, such as the plan that is used at Mayo Clinic.

A Mayo Clinic study set out to assess how well the institution adheres to its own compensation model and achieves pay equity. The study reviewed data for all permanent staff physicians employed at Mayo Clinic in Arizona, Florida and Minnesota who were in clinical roles as of January 2017. Each physician's pay, demographics, specialty, full-time equivalent status, benchmark pay, leadership roles and other factors were collected and analyzed.

Among 2,845 physicians, pay equity was affirmed in 96% of the cases, according to the analysis, which is published in *Mayo Clinic Proceedings*. All physicians whose salaries were not in the predicted range were evaluated further and found to have the appropriate compensation, most often due to unique or blended departmental appointments. Of the 80

physicians—2.8% of the total—with higher compensation than predicted by the model, there was no correlation with gender, race or ethnicity. The same was true of the 35 physicians—1.2% - who had lower-than-predicted compensation.

"Our analysis is unique and to our knowledge the first to demonstrate that a structured compensation model achieved equitable physician compensation by gender, race and ethnicity, while also meeting the practice, education and research goals of a large academic medical center such as Mayo Clinic," says Sharonne Hayes, MD, a Mayo Clinic cardiologist and the study's first author. "The analysis of this long-standing salary-only model was reassuring, not only that it was equitable, but that we as an organization adhere to our own standards."

A structured compensation program has been used for physician salaries at Mayo Clinic for more than 40 years to remove financial incentives to do more than is necessary or less than desired for the patient. The step-based model is designed to ensure that salaries are market-competitive; advance efforts to recruit and retain staff; and support the mission, vision and values of the organization. There are no incentives or bonus pay, and nonsalary compensation and benefits are consistent across Mayo Clinic locations and specialties.

Of the 2,845 physicians whose compensation was analyzed, 861 were women and 722 were nonwhite. More men than women held one of the compensated leadership positions or had past leadership roles—31.4% of men were in that category, compared with 15.9% of women—and more men than women were in the highest compensated specialties.

The study calls for health care organizations to systematically define the drivers and incentives of physician compensation, and assess whether these organizations unfairly exclude or disadvantage certain groups—whether women, racial or ethnic minorities, or medical

specialties—and then develop processes that can achieve equity and values alignment." While solutions to persistent pay inequities are different for each organization, leadership must be committed to addressing those inequities by identifying and consistently tackling biases," says Gianrico Farrugia, MD, president and CEO, Mayo Clinic, and a study co-author. "Furthermore, absolute gender pay equity will only be realized when women achieve parity in the most highly compensated specialties and leadership roles."

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