

**A MESSAGE FROM THE DIRECTOR OF THE  
U.S. OFFICE OF PERSONNEL MANAGEMENT**

I am pleased to present the U.S. Office of Personnel Management's (OPM's) annual report to Congress on agencies' use of the physicians' comparability allowance (PCA) program. During Fiscal Year (FY) 2009, 15 agencies provided approximately \$28 million in PCA payments to 1,274 Federal physicians.

OPM is pleased with its leadership role in assisting Federal agencies to recruit, retain, and develop the employees they need to meet their specific missions. OPM has led the way to encourage agencies to implement effective human resources strategies to build successful, high-performing organizations.

This report was prepared in response to the statutory requirement that OPM prepare, and submit annually to the Congress, information on agencies' use of the PCA program. Section 5948 of title 5, United States Code, authorizes agencies to establish a plan under which they may use the PCA program to recruit or retain highly qualified physicians. Federal agencies must compete with the academic community and private industry for physicians with the research competence and other skills needed in a variety of agency programs. Physicians with the needed abilities are often paid very highly outside the Government, and the PCA program helps agencies compete when severe recruitment and retention problems arise.

Notably, approximately 40 percent of all eligible physicians received PCA payments during FY 2009. We will continue to work closely with agencies to assist them in taking advantage of this program to attract and retain well-qualified, high-performing employees.

John Berry  
Director

# Report to Congress on the Physicians' Comparability Allowance Program

## Introduction

Section 5948(j) of title 5, United States Code, requires the President or his designee to report annually to Congress on the operation of the physicians' comparability allowance (PCA) program, including information on—

- which agencies use the allowance;
- the nature and extent of recruitment and retention problems justifying the use of the allowance by each agency;
- the number of physicians entering into PCA service agreements by agency;
- the size of the allowances and the duration of the agreements; and
- the degree to which the allowance alleviates recruiting and retention problems.

To prepare the PCA report, the U.S. Office of Personnel Management (OPM) asked all agencies with PCA-eligible physicians to provide Fiscal Year (FY) 2009 data on—

- the numbers of physicians eligible for the allowance and how many actually receive it, including identifying the type of work they do (clinical, research, occupational health, disability, or administration);
- average compensation (excluding PCA) for eligible physicians receiving and not receiving the allowance and the amount of the average PCA overall, by category of work and length of PCA service agreement;
- physician recruitment and retention information, including number of accessions and separations the agency experienced, number of unfilled physician positions and average length of time positions were vacant, and descriptions of the physicians' work; and
- organizational components of PCA-reporting agencies that employ more than 100 physicians receiving PCA.

## Background

The material presented below provides background information and trends on the use of PCA payments by Federal agencies and presents FY 2009 PCA data.

The PCA statute authorizes agencies documenting severe recruitment and retention problems to pay an allowance to physicians of up to \$14,000 per year for physicians with 24 months or less of service as a Government physician and up to \$30,000 per year for physicians with more than 24 months of service as a Government physician. The PCA incentive was originally authorized by Public Law 95-603 in 1978 (5 U.S.C. 5948) with simple extensions through 1997. The program was authorized on a permanent basis by Public Law 106-571 in December 2000. The maximum allowable PCA was increased from \$20,000 to \$30,000 per year in October 1998 by Public Law 105-266, the Federal Employees Health Care Protection Act of 1998.

The statute authorizes PCA payments to solve significant physician recruitment and retention problems. For the purposes of this allowance, severe recruitment and retention problems are considered to exist if all of the following conditions apply: long-lasting position vacancies; high turnover rates in positions requiring well-qualified physicians; applicants lacking the superior qualifications necessary for the position; and difficulties in filling existing vacancies with well-qualified candidates without PCA payments.

Of the nearly 18,474 full-time civilian physicians employed by the Federal Government<sup>1</sup>, 3,196, or about 17 percent, were eligible for PCA payments, and 1,274, or nearly 7 percent, actually received PCA payments in FY 2009. These PCA-eligible physicians were generally covered by title 5, United States Code, as General Schedule (GS) employees or Senior Executive Service (SES) members. Most of the non-PCA Federal civilian physicians were covered by the Department of Veterans Affairs physicians pay system (authorized under title 38, U.S. Code). In addition, 942 Federal civilian physicians employed under the Department of Defense National Security Personnel System did not receive PCA payments because they are not eligible for this allowance.

## Summary of PCA Usage in the Federal Government

The recruiting and retention needs that justify use of PCA payments vary widely across the Government. Some agencies require physicians with special expertise in areas such as biomedical research or oversight of medical disability program criteria. Some agencies require physicians to live and work in remote areas. Other agencies face challenges because local non-Federal competition for physicians has pushed compensation requirements above the rates provided by the GS and SES pay systems.

***Physicians Eligible for and Receiving PCA.*** As of FY 2009, 1,274 physicians in Federal employment, out of 3,196 who were eligible, received PCA payments. This means approximately 40 percent of all eligible physicians received PCA payments. The weighted

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<sup>1</sup> Source: U.S. Office of Personnel Management Central Personnel Data File, December 2009 (excludes physicians in the uniformed services)

average salary in FY 2009 (excluding PCA) of those Federal physicians receiving PCA was \$150,331, while the weighted average PCA was \$21,859. (The averages used in this report are characterized as “weighted” averages because each agency reported the average salary and average PCA payment for all of its physicians. We use the term “salary” to mean basic pay, including any locality rate or special rate.) The weighted average total salary (including PCA) for PCA physicians was \$172,190 in FY 2009. The FY 2009 PCA represented an average supplement of approximately 13 percent.

**Table 1. Number and Compensation of Federal Physicians Receiving PCA**

	FY 2009
Physicians Eligible for PCA	3,196
Physicians Receiving PCA	1,274
Percent of Eligible Receiving PCA	40%
Weighted Average Salary of PCA Physicians (PCA Excluded)	\$150,331
Weighted Average PCA	\$21,859
Weighted Average Total Salary and PCA	\$172,190
Total PCA Spending (in millions)	\$28

**Service Agreements.** To receive PCA payments, physicians are required to sign a 1-year or multi-year service agreement with their agency. Most PCA physicians sign multi-year agreements. In FY 2009, multi-year agreements accounted for about 73 percent of all PCA agreements.

**Table 2. Physicians Signing 1-Year and Multi-Year PCA Agreements**

	FY 2009	
Signing 1-Year Agreements	Physicians	342
	Weighted Average PCA	\$17,503
Signing Multi-Year Agreements	Physicians	932
	Weighted Average PCA	\$21,610

Source: OPM collection from Federal agencies using PCA.

Agencies often offer a multi-year service agreement to secure a longer work agreement in exchange for a higher PCA supplement. It should be noted that the weighted average PCA amount for a multi-year agreement in FY 2009 was \$21,610, about \$4000 above the \$17,503 weighted average PCA amount for a 1-year agreement.

**Recruitment and Retention Information.** In FY 2009, the 15 percent accession rate for PCA-receiving physicians was slightly higher than the 14 percent accession rate for PCA-eligible physicians.

In FY 2009, the 6 percent separation rate for PCA-receiving physicians was significantly lower than the 11 percent separation rate for PCA-eligible physicians.

**Table 3. Federal Physicians Accessions and Separations**

		FY 2009
Physicians Eligible for PCA		3,196
Physicians Receiving PCA		1,274
Percent of Eligible Receiving PCA		40%
Accessions	Eligible Physicians	450
	Percent of Eligible	14%
	PCA Receiving	187
	Percent of Receiving	15%
Separations	Eligible Physicians	341
	Percent of Eligible	11%
	PCA Receiving	81
	Percent of Receiving	6%

Source: OPM collection from Federal agencies using PCA.

**Largest PCA Users.** Agencies reported additional information on organizational components that employ more than 100 physicians receiving PCA. Table 4 summarizes information on the largest users of the PCA incentive.

The largest users of PCA in FY 2009 were five sub-agency components of the Departments of Defense, Justice, and Health and Human Services, as follows: Department of the Army (333), Bureau of Prisons (BOP) (202), National Institutes of Health (NIH) (172), Indian Health Service (IHS) (105), and Centers for Disease Control and Prevention (CDC) (73). These five sub-components accounted for nearly 70 percent of all PCA recipients. (See Table 4.)

**Table 4. Comparative Data on the Five Largest Users of PCA in FY 2009**

FY 2009					
	Number Physicians Receiving PCA	Avg. PCA Amount	Avg. Comp. (PCA+Salary)	Accession Rate	Separation Rate
Army	333	\$20,291	\$177,371	34%	10%
BOP	202	\$21,378	\$170,461	9%	11%
NIH	172	\$26,024	\$191,858	6%	0%
IHS	105	\$24,845	\$169,739	9%	2%
CDC	73	\$21,041	\$146,032	8%	4%
Weighted Average		\$22,255	\$175,118	18%	7%

Source: OPM collection from Federal agencies using PCA.

### Summary

The physicians' comparability allowance is an incentive payment that is provided to approximately 40 percent of the eligible Federal physician workforce. In FY 2009, about 73 percent of PCA-receiving physicians signed multi-year service agreements to work for their agencies. This helped retain and stabilize the PCA physician workforce. Holding down the outflow of physician talent is a critical purpose of the PCA program, and the PCA incentive plays a key role in achieving that objective.

The PCA incentive is an important factor in retaining and compensating physicians in a variety of programs across the Government. More specifically, the allowance helps ensure that Federal agencies can continue to be competitive in attracting and retaining skilled physicians.

Attached to this report is an Appendix that contains more detailed descriptions of the status and use of PCA payments on an agency-by-agency basis.

## **Appendix: Summary of Agency PCA Reports**

### **Department of Health and Human Services (HHS)**

HHS employs the largest number of physicians eligible for PCA payments. Physicians perform a variety of tasks and possess skills of considerable value outside Federal employment. For example, NIH, as a leader in biomedical research, competes with the academic community to recruit physicians with outstanding research competence. Similarly, the Food and Drug Administration competes with pharmaceutical companies for physicians to support its mission of regulating food, prescription and over-the-counter drugs, and medical devices. Additionally, IHS provides clinical care to a large population, much of which is in remote areas.

In FY 2009, HHS provided PCA to 415 out of 2,135 eligible physicians. The number of PCA payments provided to HHS physicians is lower than the number reported in FY 2008 primarily due to HHS's increased use of its authority to pay physicians under title 38, United States Code (38 U.S.C 7431, Physician and Dentist Pay). The average PCA was \$24,188, and the average salary (not including the allowance) of physicians receiving PCA payments was \$157,719. Among physicians receiving PCA payments, HHS had 17 accessions, 6 separations, and 104 unfilled positions.

### **Department of Defense (DOD)**

In FY 2009, DOD provided PCA payments to 521 out of 692 eligible physicians. The average PCA allowance was \$19,907, and the average salary (not including the allowance) of physicians receiving PCA payments was \$144,754. In the same year, DOD had 138 accessions and 44 separations among its PCA physicians. In addition, 942 Federal civilian physicians employed under the Department of Defense National Security Personnel System did not receive PCA payments because they are not eligible for this allowance. Physicians paid under the DOD National Security Personnel System do not receive PCA payments because their pay ranges are similar to the pay ranges for physicians paid by the Department of Veterans Affairs under title 38, United States Code.

### **Department of Justice (DOJ)**

DOJ's Bureau of Prisons employs physicians to provide health care services to inmates. These physicians work under difficult conditions, including close contact with a potentially dangerous and violent population, potential for above-average exposure to infectious disease, and rigid work schedules.

In FY 2009, DOJ provided PCA payments to 202 physicians out of 218 who were eligible. The average allowance was \$21,378, and the average salary (not including the allowance) of physicians receiving PCA was \$149,083.

### **Department of State**

State Department physicians working overseas advise diplomatic staff on foreign policy questions having medical importance, provide medical care for American employees and their dependents, provide emergency medical support to foreign posts, monitor quality of care in embassy health units, and maintain liaison with local physicians, hospitals, and public health

officials. Physicians working at headquarters oversee the State Department's Medical Program, determine medical clearances, coordinate and oversee medical evacuations, and provide occupational health services to headquarters employees.

According to the State Department, recruiting and retaining physicians is difficult because Government service overseas, with its disruptive elements, threats of personal security, separation from family, reduction in income, and intellectual and professional isolation, is an unattractive option for most experienced physicians.

In FY 2009, the Department of State provided PCA payments to all 70 of its eligible physicians. The average allowance was \$28,523, and the average salary (not including the allowance) of physicians receiving PCA was \$153,375. In the same year, the Department had 11 accessions and 5 separations of physicians receiving PCA. The average length of a vacancy was 5 months.

#### **Department of Homeland Security (DHS)**

The Coast Guard, a subcomponent of DHS, did not provide a PCA payment to its one eligible physician in FY 2009.

#### **National Aeronautics and Space Administration (NASA)**

NASA paid PCA payments to 28 of its 34 eligible physicians in FY 2009. The average PCA payment was \$13,299, and the average salary (not including PCA) was \$148,698.

#### **Environmental Protection Agency (EPA)**

In FY 2009, EPA provided PCA payments to all of its eight eligible physicians. The average allowance was \$14,165 and the average salary (not including the allowance) of physicians receiving PCA payments was \$142,815. EPA reported no accessions and no separations of physicians receiving PCA payments in FY 2009.

#### **Armed Forces Retirement Home (AFRH)**

In FY 2009, AFRH paid PCA payments to one of its five eligible physicians. The PCA allowance was \$30,000 and the average salary (not including the allowance) was \$153,200.

#### **Department of Labor (DOL)**

DOL uses PCA payments in hiring physicians for the Office of Workers' Compensation Programs (OWCP) and the Occupational Safety and Health Administration (OSHA). Because of OWCP's unique requirements (e.g., development of medical standards for determinations of disability and delivery of treatments), it has been difficult to retain physicians who are qualified and interested in this type of work. OSHA uses PCA payments to attract and retain physicians needed to provide medical and epidemiological expertise in clinical investigations. There continues to be a high demand for occupational physicians in the United States. Consequently, the private sector recruits most graduates by offering salaries above the Government rate.

In FY 2009, DOL provided PCA payments to seven out of nine eligible physicians. The average allowance paid was \$19,600 per physician, and the average salary (not including the allowance) was \$144,798. In FY 2009, DOL had two accessions and no separations of physicians receiving PCA.

### **Social Security Administration (SSA)**

Most of SSA's physicians receiving PCA are medical specialists who establish the criteria used to evaluate the severity of medical impairments of applicants for, and beneficiaries of, payments under the disability program administered by SSA. The specialists conduct studies, keep abreast of modern medicine, and work with the medical community to ensure that the medical criteria for the SSA disability program reflect the latest advances in medicine.

In addition, SSA uses PCA payments for the Medical Director and Medical Officer positions in the Office of Human Resources. SSA's Medical Director serves as its chief medical professional for a diverse, nationwide workforce with primary responsibility for ensuring that employees and management are provided with high quality medical support. SSA's Medical Officer provides support to the Medical Director to help keep pace with current and emerging developments in medical technology and treatment programs and services.

Without PCA, SSA would not be able to recruit and retain qualified physicians (who must be American Board Certified and experienced in their specialties), since many physicians are not attracted to administrative medicine, especially in SSA, where it is not possible to integrate physicians into academic, research, or clinical fields.

In FY 2009, SSA provided PCA payments to all five of its eligible physicians. The average allowance was \$20,200, and the average salary (not including the allowance) for physicians receiving PCA payments was \$150,655. SSA had no accessions or separations in FY 2009.

### **U.S. Agency for International Development (USAID)**

USAID recruits physicians with highly specialized skills. Specific expertise is required in areas such as epidemiology, preventive medicine, international health, tropical medicine, and infectious disease. These technical skills are often combined with management/administrative skills and a knowledge of international development as well as interpersonal skills and the ability to interact with developing-country colleagues. USAID indicates that it is at a serious financial disadvantage in competing for these types of physicians as compared to international agencies such as the World Health Organization.

With only a few physicians working for USAID, the workload is demanding and the difficulty in retaining staff is directly related to these demands. In FY 2009, USAID provided PCA payments to all three of its eligible physicians. The average allowance was \$27,000.

### **Peace Corps**

In FY 2009, the Peace Corps provided PCA payments to all seven of its eligible physicians. There was one accession and two separations of PCA physicians in FY 2009. The average allowance was \$15,535, and the average salary (not including the allowance) was \$142,998.

### **Department of Veterans Affairs (VA)**

While physicians working in VA hospitals are paid under a separate pay system, VA does employ some physicians who are paid under the General Schedule. These physicians may be eligible for PCA payments. In FY 2009, VA provided PCA payments to all five eligible physicians. The average allowance was \$26,800 per physician. The average salary (not including

the allowance) was \$173,654 for a physician receiving PCA. In FY 2009, the Department had no accessions or separations of physicians receiving PCA.

**Department of Agriculture (USDA)**

In FY 2009, USDA provided a PCA payment to one of three eligible physicians. The PCA allowance was \$25,000 and the salary (not including the allowance) was \$120,351.

**National Science Foundation (NSF)**

In FY 2009, NSF employed one PCA eligible physician. The PCA allowance for this physician was \$21,588 and the salary (not including the allowance) was \$173,938.

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