I am pleased to transmit the U.S. Office of Personnel Management’s (OPM’s) annual report to Congress on physicians’ comparability allowances. Section 5948 of title 5, United States Code, authorizes agencies to use physicians’ comparability allowances as a strategic tool for recruiting and retaining highly-qualified Government physicians. The law also requires an annual report to Congress on agencies use of physicians’ comparability allowances.

As President Barack Obama noted in remarks following his first Cabinet meeting on April 20, 2009, each Federal agency must do its part to ensure “this Government is as efficient as possible and that every taxpayer dollar that is spent is being spent wisely.” My commitment to the President and Members of Congress is to encourage agencies to use human resources flexibilities, such as physicians’ comparability allowances and other discretionary tools, strategically to ensure that the cost of using these flexibilities is commensurate with the benefits gained. Federal agencies must compete with the academic community and private industry for physicians with clinical, research, and other skills needed in a variety of agency programs. Physicians with the needed abilities are often paid highly outside the Government and physicians’ comparability allowances help agencies compete when severe recruitment and retention problems arise.

During fiscal year 2013, 15 agencies reported providing $17.2 million in physicians’ comparability allowance payments to 760 Federal civilian physicians. This represents a more than 4 percent increase in the number of physicians reported receiving the allowances and a more than 5 percent increase in the reported financial investment in this incentive compared to fiscal year 2012. Additional information on agency use of physicians’ comparability allowances is provided in this report.

We will continue to work with agencies to assist them in using physicians’ comparability allowances and other existing recruitment and retention tools, as necessary, to attract and retain well-qualified, high-performing physicians.

Katherine Archuleta
Director
Report to Congress on the Physicians’ Comparability Allowance Program

Introduction

Authority. This report to Congress provides information on the use of physicians’ comparability allowances (PCAs) in the Federal Government. The PCA statute authorizes agencies documenting severe recruitment and retention problems to pay an allowance of up to $14,000 per year to a physician with 24 months or less of service as a Government physician and up to $30,000 per year to a physician with more than 24 months of service as a Government physician. The PCA authority was temporarily authorized by Public Law 95-603 in 1978 (5 U.S.C. 5948) with multiple extensions through 1997. The program was authorized on a permanent basis by Public Law 106-571 in December 2000. The maximum allowable allowance was increased from $20,000 to $30,000 per year in October 1998 by Public Law 105-266.

Reporting Requirement. 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 PCA program. This report must include information as to—

- Which agencies use PCAs;
- The nature and extent of the recruitment or retention problems justifying the use of the allowances by each agency;
- The number of physicians entering into PCA service agreements by each agency;
- The size of the allowances and the duration of the service agreements; and
- The degree to which PCAs alleviate recruitment or retention problems.

The following sections of the report provide a summary of PCA use Governmentwide and for each agency based on the data and information agencies submitted in their agency budget justifications.

Summary of PCA Use Governmentwide

Physicians Receiving PCA. In fiscal year 2013, of the 18,541 full-time civilian physicians employed by the Federal Government¹, 760 physicians received PCA payments. These physicians were generally covered by the General Schedule (GS) or Senior Executive Service (SES) systems. Most of the Federal civilian physicians who did not receive PCAs were covered by the Department of Veterans Affairs physicians pay system (authorized under title 38, U.S. Code).

The weighted average salary in fiscal year 2013 (excluding PCA) of Federal physicians receiving PCA was $147,792, while the weighted average PCA was $22,634. (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 and PCA was

¹ Source: U.S. Office of Personnel Management EHRI-SDM, December 2013 (excludes physicians in the uniformed services and certain agencies or pay systems not reported to EHRI-SDM.)
$170,426 in fiscal year 2013.

Table 1. Number and Compensation of Physicians Receiving PCA
FY 2013

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<table>
<thead>
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<tbody>
<tr>
<td>Number of Physicians Receiving PCA</td>
<td>760</td>
</tr>
<tr>
<td>Weighted Average Salary of PCA Physicians (PCA Excluded)</td>
<td>$147,792</td>
</tr>
<tr>
<td>Weighted Average PCA</td>
<td>$22,634</td>
</tr>
<tr>
<td>Weighted Average Total Salary and PCA</td>
<td>$170,426</td>
</tr>
<tr>
<td>Total PCA Spending (in millions)</td>
<td>$17.2</td>
</tr>
</tbody>
</table>

Source: OPM collection from Federal agencies using PCA.

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 fiscal year 2013, multi-year agreements accounted for about 75 percent of all PCA agreements.

Table 2. Number of Physicians by Service Agreement Length
FY 2013

<table>
<thead>
<tr>
<th>Service Agreement Length</th>
<th>Number of Physicians</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Year</td>
<td>190</td>
</tr>
<tr>
<td>Multi-Year</td>
<td>570</td>
</tr>
</tbody>
</table>

Source: OPM collection from Federal agencies using PCA.

Summary of PCA Use by Agency

To comply with the Congressional reporting requirement, agencies were asked to describe their physician recruitment and retention problems during fiscal year 2013 and how PCAs helped to eliminate those problems. Overall, agencies cited the use of PCA most often to help compete with the private sector and other Federal agencies with special pay authorities for physicians for special skills. In addition, some agencies described an increased use of other pay authorities (e.g., physician pay provisions under 38 U.S.C. chapter 74) instead of PCAs to help recruit and retain physicians.

The following are excerpts of agency reports regarding how they used PCAs in fiscal year 2013:

Department of Agriculture (USDA)

Physicians in the Animal and Plant Health Inspection Service (APHIS) in USDA need both occupational health and health and medical administration experience. APHIS reports that it is inherently difficult to recruit physicians for Federal service within the Washington, DC, area due to the high cost of living and the discrepancies in salary levels between private industry and the Federal Government. As APHIS has only one physician eligible for and receiving PCA, staffing difficulties are not a current issue. However, if the incumbent were to leave, it is anticipated that without a PCA, staffing difficulties would ensue. PCA has ensured the retention of the
In fiscal year 2013, APHIS provided a PCA payment to one eligible physician. The PCA allowance was $30,000 and the salary (not including the allowance) was $126,251.

**Armed Forces Retirement Home (AFRH)**

AFRH is the only continuing care retirement community in the Federal Government. Most are in the private sector, and only a small percentage specifically serves veterans. The agencies near the AFRH facility (a Department of Veterans Affairs (VA) medical facility and, until recently, the Walter Reed Army Medical Center) are able to address their recruitment and retention issues through title 38 pay authorities. The use of PCA at AFRH is very limited, but it has been successful in retaining key personnel with knowledge of the agency and mission.

In fiscal year 2013, AFRH paid PCA payments to two physicians. The average PCA was $22,500 and the average salary (not including the allowance) was $151,885.

**Department of Defense (DOD)**

In FY 2012, DOD implemented a title 38 hybrid system known as the Physicians and Dentists Pay Plan (PDPP). Under PDPP, physicians and dentists receive a combination of base and market pay authorized under 38 U.S.C chapter 74, based upon their specialty and level of work and are ineligible for PCA, locality pay, and most premium pays. Because of PDPP, PCA use has been reduced to a minimal level at DOD.

In fiscal year 2013, DOD provided PCA payments to 10 eligible physicians. PCA allows DOD to craft compensation packages that are competitive with local labor markets and has negated DOD’s retention problems for the covered positions. The average PCA allowance was $20,621, and the average salary (not including the allowance) of physicians receiving PCA payments was $151,584. All DOD employees receiving PCA have multi-year agreements.

**Environmental Protection Agency (EPA)**

Historically, the small number of the EPA research physicians varies between five and seven positions. This small population experiences modest turnover. Therefore, the value of the PCA to EPA is as a retention tool. EPA relies on the allowance authority to maintain the stability of the small physician population. If not for PCAs, EPA could potentially lose some of its physicians to other Federal agencies that offer the allowance, creating vacant positions.

In fiscal year 2013, EPA provided PCA payments to five eligible physicians. The average allowance was $24,546 and the average salary (not including the allowance) of physicians receiving PCAs was $131,690.

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

Many of HHS’s physician positions are research positions that require specialized skills. These positions command high salaries in an extremely competitive hiring environment and ongoing recruitment and retention difficulties. For example, one component reported having to pursue other avenues for physicians such as short term Intergovernmental Personnel Act assignments with universities which often result in higher costs. Another component reported using the title 38 physician pay authority more than the PCA authority because PCA does not provide the pay...
flexibility needed to recruit and retain physicians. Most of HHS’s physicians are paid by special pay authorities under title 42 or 38, United States Code, making them ineligible for PCA. However, for those that are eligible, PCA is necessary to compete with other Federal and private sector organizations and to help prevent high turnover.

In fiscal year 2013, HHS provided PCAs to 308 eligible physicians. The average PCA was $22,285 and the average salary (not including the allowance) of physicians receiving PCA payments was $149,872.

**Department of Homeland Security (DHS)**

The National Maritime Center (NMC) of the United States Coast Guard is situated in the National Capital Region commuting area that also includes four private hospitals, a major VA Regional Medical Center, and two additional local VA facilities. Therefore, it is subject to a significant level of competition in the hiring of physicians. In addition, the VA is authorized by title 38, United States Code, to pay market level physician salaries that the Coast Guard cannot compete with as evidenced by the declination of several candidates for physician positions. Therefore, recruiting an experienced physician with a unique specialty, such as occupational medicine, is made that much more difficult by the higher salary paid by VA under current law. Until implementing PCA, NMC experienced three long term vacancies of category III occupational health physicians with few qualified candidates.

In fiscal year 2013, the Coast Guard provided PCA payments to three physicians. The average allowance was $30,000, and the average salary (not including the allowance) of physicians receiving PCA was $141,759.

**Department of Justice (DOJ)**

In the past year, the National Recruitment Office of DOJ has attended at least 19 physician-related recruitment functions and posted ads. Despite local and national efforts to recruit physicians, the Bureau of Prisons (BOP) currently has many vacant positions which average 24 months unfilled. Many of the facilities are in remote locations which make it difficult to recruit to these areas. Historical data shows that physician positions have been among the top five in highest turnover rates at BOP, and the loss of PCA would be devastating to BOP’s efforts to hire physicians.

In fiscal year 2013, DOJ provided PCA payments to 283 physicians. The average allowance was $21,970, and the average salary (not including the allowance) of physicians receiving PCA was $142,700.

**Department of Labor (DOL)**

Because of the unique requirements of DOL’s Office of Workers’ Compensation Programs (OWCP), it has been historically difficult to recruit physicians who are qualified and interested in OWCP work. Most physicians contacted through traditional means declined Federal employment, citing low salary as the main reason for their refusal. Occupational physicians at the Occupational Safety and Health Administration (OSHA) are in unprecedented demand. This demand is exacerbated by the fact that only 39 universities throughout the United States offer specialized training or residency programs in occupational medicine. During the past several years, OSHA has lost the services of 15 full-time physicians (only 3 of which retired), 1 part-
time physician, 2 contract physicians, and numerous highly recruited, well-qualified applicants primarily due to its inability to compete with private sector salaries. All of OSHA’s new physician hires are receiving PCA.

In fiscal year 2013, DOL provided PCA payments to six physicians. The average allowance paid was $25,571 per physician, and the average salary (not including the allowance) was $148,510.

**National Aeronautics and Space Administration (NASA)**
The Johnson Space Center (JSC) in Houston, Texas, is NASA’s largest user of PCA. The Houston area has world-renowned medical facilities with considerably higher salaries than NASA is able to offer. PCA has been very effective at NASA. JSC filled one clinical position in FY 2013 and the ability to offer PCA was an important factor in the candidate’s accepting the employment offer. JSC plans to hire three to four physicians in the next two years in order to fully serve the agency’s needs. However, with limited hiring ability, JSC cannot backfill all vacancies. JSC’s focus will be on retaining current physicians and filling positions that become vacant due to resignations and/or retirement. Being able to offer PCA has become increasingly crucial in competing with the private sector for the most qualified physicians.

NASA paid PCA payments to 23 eligible physicians in fiscal year 2013. The average PCA payment was $19,468, and the average salary (not including PCA) was $153,836.

**National Science Foundation (NSF)**
NSF employs one physician in the occupational health category. This position was covered by at PCA agreement beginning in December 2006 when NSF determined that a PCA was necessary to retain a physician in the position of Head, Polar Environment, Health and Safety. The maximum PCA amount established for this position was $21,588 in FY 2009. The physician was placed in leave without pay status for military service beginning in August 2009 and the PCA stopped. At that point, the PCA paid for FY 2009 totaled $15,382. NSF resumed PCA payments from the interrupted 2009 PCA agreement when the physician returned to duty on December 23, 2012. PCA payments stopped April 6, 2013 upon completion of the 2009 12-month agreement.

PCA payments in FY 2013 totaled $6,206 from the previously interrupted 2009 agreement.

**Peace Corps**
The Peace Corps vies with agencies such as the Public Health Service in HHS and the State Department for physician candidates, but is not able to offer incentives like relocation expenses to its headquarters staff as the other agencies do. This limits the applicant pool to those within the Washington, DC, commuting area. Competing agencies in the Washington area also offer other incentives including education allowances for dependent children, posing even more recruiting challenges. The Peace Corps also recruits physicians for overseas positions in Africa and Thailand, thereby appealing to a select segment of the physician applicant pool and eliminating those who may have family or other responsibilities that keep them in the United States. PCA provides an incentive to remain with the Peace Corps past the initial 30-month tour, with most physicians staying more than 30 months and many staying beyond 60 months.

In fiscal year 2013, the Peace Corps provided PCA payments to four physicians. The average
allowance was $15,500, and the average salary (not including the allowance) was $150,000.

**Social Security Administration (SSA)**
At SSA, the PCA authority helps to compensate for the decrease in salary that a physician accepts when becoming a Federal employee. SSA’s physicians accept a reduction in income under the GS pay scale, which is capped at the GS-15, step 10. PCAs continue to be a point of importance among SSA’s medical officers (MOs) and are a key factor in SSAs ability to retain its current MOs and recruit new ones. If SSA did not offer the PCA, its MOs may elect to find employment in other areas or agencies where PCAs are not only offered, but also offered at higher amounts than SSA offers.

In fiscal year 2013, SSA provided PCA payments to five physicians. The average allowance was $23,400, and the average salary (not including the allowance) for physicians receiving PCA payments was $155,500.

**Department of State**
Government service, especially service overseas entailing disruptive moves, threats to personal security, separation from family, and possible reduction of household income, remains an unattractive career for most experienced, qualified physicians. The gap between what State Department physicians are paid and what is paid to physicians in the private sector has steadily increased. Unfilled positions continue to be a challenge as its physicians must have advanced training and years of medical practice. With PCA, the State Department is better positioned to recruit qualified and experienced physicians to serve both home and abroad in all categories.

In fiscal year 2013, the Department of State provided PCA payments to 94 physicians. The average allowance was $26,000, and the average salary (not including the allowance) of physicians receiving PCA was $156,000.

**U.S. Agency for International Development (USAID)**
USAID has particular difficulty in attracting physicians in its Washington, DC, headquarters because of its need for physicians with highly specialized skills. Specific expertise is required in such areas as epidemiology, technical leadership in population, family planning clinical training, HIV/AIDS/STDs leadership and technical assistance, malaria, tuberculosis, health service delivery, child survival, preventive medicine, international health, tropical medicine, infectious disease, pediatrics, obstetrics, gynecology, emerging diseases, maternal health, and nutrition. In competing for such physicians, USAID is at a serious financial disadvantage compared to the Public Health Service in HHS and international agencies such as the World Health Organization. With the unprecedented explosion of new medical technologies and the emergence of deadly new diseases, the need for at least a small number of experienced physicians to be part of the USAID/Washington workforce is particularly critical.

In fiscal year 2013, USAID provided PCA payments to seven physicians. The average allowance was $22,286, and the average salary (not including the allowance) was $135,069.

**Department of Veterans Affairs**
VA’s Office of Inspector General (OIG) uses PCA because its physicians are covered by compensation authorities under title 5, United States Code, unlike other VA components, which
pay physicians using title 38 authorities. Title 38 physicians receive significantly higher salaries than title 5 physicians, even with PCA and performance bonuses included. With PCA, OIG has retained 100 percent of its physicians over the past two years. VA OIG’s physicians are largely located in the greater Washington, DC, metropolitan region and coordinate independent and highly complex quality reviews of VA health care operations. Based upon the need for physicians with extensive clinical experience, VA OIG’s physicians have served as practicing medical professionals for more than 30 years.

In fiscal year 2013, VA made PCA payments to eight physicians of $30,000 per physician. The average salary (not including the allowance) was $166,403 for a physician receiving PCA.