

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

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. Physicians' comparability allowances help agencies compete when severe recruitment and retention problems arise.

During fiscal year 2012, 15 agencies reported providing \$16.3 million in physicians' comparability allowance payments to 727 Federal civilian physicians. This represents a 53 percent decrease in the number of physicians reported receiving the allowances and a 33 percent decrease in the reported financial investment in this incentive compared to fiscal year 2011. This decrease is largely attributable to the movement of Department of Defense physicians to a different pay system where they are ineligible for a physicians' comparability allowance. 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.

Elaine Kaplan
Acting 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 2012, of the 20,664 full-time civilian physicians employed by the Federal Government¹, 727 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 2012 (excluding PCA) of Federal physicians receiving PCA was \$160,826, while the weighted average PCA was \$22,465. (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 2012 (excludes physicians in the uniformed services and certain agencies or pay systems not reported to EHRI-SDM.)

\$183,291 in fiscal year 2012.

**Table 1. Number and Compensation of Physicians Receiving PCA
FY 2012**

Number of Physicians Receiving PCA	727
Weighted Average Salary of PCA Physicians (PCA Excluded)	\$160,826
Weighted Average PCA	\$22,465
Weighted Average Total Salary and PCA	\$183,291
Total PCA Spending (in millions)	\$16.3

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 2012, multi-year agreements accounted for about 74 percent of all PCA agreements.

**Table 2. Number of Physicians by Service Agreement Length
FY 2012**

Service Agreement Length	Number of Physicians
1-Year	186
Multi-Year	541

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 2012 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 2012:

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. Salary data from 2008 – 2012 indicates that physicians' salaries in occupational medicine and family practice range from \$145,000 to \$204,000. Offering a PCA brings closer parity with these figures to ensure retention of the physician currently employed.

As APHIS has only one physician 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 incumbent.

In fiscal year 2012, 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 2012, 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)

DOD experiences a number of physician recruitment and retention problems, among them a lack of candidates who will relocate to geographically remote areas, salary scales that do not compete with or match civilian rates, and increased mission requirements that call for expanded staff.

The FY 2011 PCA report shows that DOD provided PCA to 821 employees (physicians and dentists). This number dropped sharply to only 11 employees in FY 2012. 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. Ten of the eleven physicians who continue to receive PCA did not convert to PDPP because they are in a DOD scientific and technical lab demonstration project and cannot transition within current law.

In fiscal year 2012, DOD provided PCA payments to 11 eligible physicians. The average PCA allowance was \$18,797, and the average salary (not including the allowance) of physicians receiving PCA payments was \$145,792.

Environmental Protection Agency (EPA)

EPA uses PCAs primarily as a retention tool to support the stability of its small research physician population. As an agency with a small number of physician positions and a low turnover rate among them, EPA relies on the allowance authority to maintain the stability of the small physician population. If not for the PCA, EPA could potentially lose some of its physicians to other Federal agencies that offer the allowance, creating vacant positions.

In fiscal year 2012, EPA provided PCA payments to six eligible physicians. The average allowance was \$23,486 and the average salary (not including the allowance) of physicians receiving PCAs was \$137,661.

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. 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 2012, HHS provided PCAs to 341 eligible physicians. The average PCA was \$22,848 and the average salary (not including the allowance) of physicians receiving PCA payments was \$169,835.

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 limited specialty, such as occupational medicine, is made 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 2012, 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 \$153,015.

Department of Justice (DOJ)

Most DOJ facilities that have physician positions are in remote locations in the Bureau of Prisons (BOP), which make it difficult to recruit. DOJ's national recruitment office has attended several physician-related recruitment functions and posted ads, but despite efforts, BOP currently has 73 vacant physician positions which average 27 months unfilled. PCAs have been part of inducement packages to attract and recruit physicians. 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 2012, DOJ provided PCA payments to 210 physicians. The average allowance was \$21,000, and the average salary (not including the allowance) of physicians receiving PCA was \$152,200.

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 2012, DOL provided PCA payments to eight physicians. The average allowance paid was \$20,456 per physician, and the average salary (not including the allowance) was \$143,381.

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 two clinical positions in FY 2012 and the ability to offer PCA was an important factor in the candidates' accepting the employment offers.

NASA paid PCA payments to 29 eligible physicians in fiscal year 2012. The average PCA payment was \$17,049, and the average salary (not including PCA) was \$155,568.

National Science Foundation (NSF)

In fiscal year 2012, NSF employed one PCA eligible physician. This physician was on military leave without pay, and, as such, did not receive an allowance during 2012. NSF intended to resume PCA coverage of this position upon the incumbent's return in October 2012.

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 2012, the Peace Corps provided PCA payments to five physicians. The average allowance was \$17,000, 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 2012, SSA provided PCA payments to six physicians. The average allowance was \$21,833, and the average salary (not including the allowance) for physicians receiving PCA payments was \$150,897.

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 2012, 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 2012, USAID provided PCA payments to three physicians. The average allowance was \$22,667, and the average salary (not including the allowance) was \$139,309.

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.

In fiscal year 2012, VA made PCA payments to eight physicians of \$29,000 per physician. The average salary (not including the allowance) was \$166,281 for a physician receiving PCA.