AACP REPORTS

Professional Practice Plans: Recommendations from the 2005 Council of Faculties-Council of Deans Task Force

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Objectives. Determine the degree to which AACP member schools have established professional practice plans, characterize the nature of existing practice plans, and provide recommendations on the implementation of practice plans at AACP member schools.

Design. Survey of CEO Deans of AACP member institutions administered via online survey instrument.

Results. Sixty-five schools responded, with 29 (45%) indicating that they had an active practice plan in place. Fifty-two percent of those who do not have practice plans in place anticipate having plans established within three years. A variety of revenue sources are addressed by existing practice plans including sponsored research, patient care, educational activities and consulting.

Conclusions. Academic pharmacy lacks sophistication in regards to developing comprehensive professional practice plans. Colleges of pharmacy should consider differentiating plans that address monies collected from sponsored research vs. professional services. AACP should continue to monitor this topic as increasing participation by member schools is expected.

Keywords: practice plans, faculty consulting, clinical services, faculty-generated revenue

INTRODUCTION

The 2003-2004 Joint Council of Deans-Council of Faculties (COD-COF) *Ad Hoc* Committee on Faculty Recruitment and Retention discussed the role of incentives in faculty recruitment and retention, including the impact of consulting as a means of augmenting faculty income.¹ According to the Committee's report, school policies governing consulting may be inconsistent and details may be open to negotiation. Some schools limit the amount of consulting time, income from consulting, and possible sources of consulting income. Grant income is typically subject to different policies than consulting income. Where practice plans exist, there are questions about appropriate oversight and governing policies. The Committee recommended that AACP examine the issue of professional practice plans to provide guidance to

schools on the development and implementation of these plans.

As a result, the 2005 Task Force on Professional Practice Plans was appointed with the following charges: 1) Obtain information to assess how schools establish policies and provide oversight and management of income from faculty consulting; 2) Suggest specific contract language that may be adopted or revised by individual schools wishing to address faculty consulting; 3) Develop a policy that addresses faculty income derived from consulting that results from clinical practice or research expertise. Address the potential conflict that may arise between faculty contracts and consulting that may occur without the knowledge of the school administration; and 4) Consider developing a survey to determine the extent to which schools encourage participation in professional practice plans. Address issues such as prevalence, types of policies, potential risks and advantages to individuals and institutions, and the voluntary or mandatory nature of participation in practice plans.

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METHODS

In order to establish a baseline regarding the degree to which AACP member schools have created and utilize professional practice plans, an online survey was developed and distributed to CEO Deans in April/May of 2005. Survey questions were developed by the Task Force members, all of whom have had experience developing, administering or working within practice plans at their respective schools. SurveyMonkey, an online survey administration tool, was utilized to administer the survey to participants.

All CEO Deans at US schools of pharmacy received an email invitation to participate in the survey in April, 2005 via the AACP CEO Deans listserve. The invitation included a direct link to the online survey instrument. Two additional follow up emails were distributed via the listserve encouraging participation in the survey.

To assist in developing recommendations for specific contract language, the invitation letter and the survey instrument both requested participants to submit existing professional practice plan policies to the Task Force for review.

RESULTS

Sixty-five survey responses (71% response rate) were received and school practice plans were forwarded by four schools for Task Force review. Demographics of respondents were as described in Table 1. While less than half of responding schools indicated that they had a practice plan implemented at this time, 52% of those that don't currently have a plan indicated that they anticipate that one will be developed within the next three years.

Table 1. Demographics of Practice Plan Survey Respondents (N = 65)

School Type	
Public	57%
Private	28%
Undeclared	15%
Part of Health Sciences Campus	
Yes	46%
No	38%
Undeclared	16%
Active Practice Plan?	
Yes	29 (45%)
Public	16
Private	5
Undeclared	8
No	36 (55%)

One of the charges of the Task Force was to specifically evaluate the degree to which faculty consulting activities are included in existing practice plans. Of the 22 respondents who provided information about the revenue sources addressed by their practice plan, only eight include faculty consulting revenues in the plan (Figure 1).

For all schools that include faculty consulting in the practice plan, all or a portion of the revenue flows back to the faculty member and for seven schools, this revenue can be used to augment the faculty member's salary. At seven institutions, school administration retains a portion of the consulting revenues and at five institutions, the faculty member's department retains a portion.

The issue of defined limitations on the extent of effort allowed for faculty consulting was also evaluated. Of 21 schools completing this question, 13 limit consulting time to 10-20% of the faculty member's effort, two limit consulting to less than 10% effort and six do not have limits established in policy. However, some of these respondents indicated that consulting effort must be approved by the faculty member's department head and was dependent on meeting internal performance expectations.

The issue of mandatory vs. voluntary participation in a school's practice plan was also addressed. Generally, the type of faculty appointment does not affect the nature of practice plan participation, with the exception of part-time or co-funded faculty positions (Figure 2).

Respondents were asked to indicate the degree to which revenue generated by their practice plans (all sources) contributed to school or departmental operations or creating competitive salaries. Respondents were most positive about the affect of practice plans on salaries (Figure 3).

DISCUSSION

Based on review of these results, the Task Force identified the following issues:

Figure 1. Revenue sources addressed by practice plans.

Figure 2. Faculty participation in practice plans.

The existence of active practice plans is expected to increase over in the next three years. Nearly 75% of survey respondents could have established plans within this time frame. In addition, several schools with existing plans have indicated that they anticipate making changes to their plans during this time. Thus, the issue of practice plans is likely to continue to be a topic of interest to AACP member schools.

Schools of pharmacy lack sophistication with respect to developing comprehensive professional practice plans. The majority of schools do not have plans at this time and for those that do, their plans vary widely in scope and formulas for distribution of revenues. Revenues from funded research are most frequently accounted for in existing plans and other sources are addressed sporadically.

Practice plans are, for the most part, not viewed to be a significant source of revenue for schools of pharmacy. Schools were split regarding the significance of practice plan revenue on operations, but most agreed that such revenue was, or could be, very important to

Figure 3. "Our practice plan is an important source of revenue for..."

providing competitive salaries. The majority of respondents did not see activities within a practice plan as a significant source of departmental revenue.

Due to the lack of consistency among plans as well as the small number of responding schools that actually have active practice plans, the Task Force believes the survey results can not be used to provide guidance to AACP or member schools. However, the survey results do provide useful information regarding the current state of practice plans in US pharmacy schools. The discussion and recommendations that follow are based primarily on the experience and observations of the Task Force members.

Clearly Establishing Revenue Sources

In considering the role of practice plans for schools, particularly as it relates to funding faculty salaries, the Task Force suggested that this activity must be considered within the full scope of revenues garnered by the institution. As a result, schools would be encouraged to clearly identify the following three revenue sources from which salary may generate:

Institutional revenue. Examples include state allocations, tuition dollars or funding received from a partnering institution as part of a co-funded or shared faculty position. These monies would generally be recurring dollars and can create a faculty member's recurring base salary.

Revenue from sponsored research. This could include salary offset dollars from grants or contracts. This is a non-recurring funding source.

Revenue from professional services. This would include revenues generated by individual faculty members from consulting, continuing education presentations, expert testimony, clinical practice, etc. In the case of clinical practice revenue, this refers to dollars received from provision of patient care only and would not include monies contributed by partnering institutions as part of a co-funded or shared faculty positions. It is assumed that monies provided via a contractual relationship between institutions is not categorized as revenue by the academic institution; however, it may be possible that clinical services provided by the co-funded faculty member at the partnering institution may generate revenue that would be subject to the academic institution's professional services plan, depending on the agreement between institutions.

In this categorization of revenues, monies garnered from sponsored research are recognized differently than other faculty-generated revenues. This recommendation differs from many of the practice plans that are currently in place, which often address all sources of faculty-generated revenue with a single policy and a single distribution process.

Through the survey and Task Force discussion process, it was observed that the term “practice plan” can have many different interpretations and in order to establish clarity on this subject, the Task Force adopted the term “professional service plan” when referring to faculty-generated revenues outside of sponsored research. This terminology will be employed for the remainder of this report.

Related to this proposed categorization of revenues, the Task Force discussed establishing a clear goal for each of these sources. For example, an institution’s goal for salary offset from sponsored research may not be the same compared to professional services revenues. It is possible that an institution’s goal for salary offset would be to create revenue primarily for the institution and not necessarily to support faculty salaries, whereas the goal of creating a professional services plan may be primarily to address issues related to conflict of interest or workload transparency rather than expecting to create significant revenues for school operations. One Task Force member suggested that a realistic goal for a professional services plan would be for the plan to “create a pool of non-recurring funds for non-recurring salary increases.” Regardless of the goal stated, the Task Force agreed that clearly articulating a goal is necessary in order to ensure that faculty and administration understand the philosophy of the professional services plan and can identify its level of success over time.

Justification for School Development of a Professional Services Plan

After reviewing these results, the Task Force considered the question, “Why should a school develop a professional services plan?” The results of the survey suggest that, for most schools, existing professional service plans do not significantly contribute to funding school operations. Furthermore, as stated in the previous section, the focus of a professional services plan may not be the dollars that are subject to the plan. In general, the Task Force agreed that establishing professional services plans was worthwhile for schools and identified four issues supporting this position.

Transparency. The lack of a professional services plan can create an environment where some faculty question the institutional commitment of their colleagues or develop misconceptions regarding the magnitude of supplemental income earned by their faculty colleagues. This environment can grow out of a lack of clear and open communication. A professional services plan can provide the transparency necessary to prevent a negative atmosphere from developing.

Recognition by administration. A professional services plan allows school administration to maintain

knowledge of faculty external activity, which can improve the institution’s ability to avoid potentially negative outcomes. For example, issues that could be interpreted as a conflict of interest for the institution, but possibly not for the faculty member, can be proactively recognized and addressed before a negative public relations problem develops.

Workload management. A professional services plan can improve the understanding of a faculty member’s workload by a department head or other supervisor, allowing ongoing recognition of how this may affect institutional expectations.

Framework for faculty oversight. The presence of a professional services plan can create a framework to add clarity to addressing situations when faculty workload issues arise.

Issues for Schools to Consider

The Task Force survey suggests that many schools anticipate creating or making changes to an existing professional services plan in the next three years. With this in mind, the group worked to identify a list of issues that should be considered by administrators and faculty when such a plan is being developed. Some of the issues outlined below include recommendations from the Task Force, while others are simply issues that must be considered within the context of the specific school developing a plan.

Terminology. The Task Force recommends that institutions avoid use of terms such as “bonus” or “reward” when developing a professional services plan. These terms should be avoided because they connote that remuneration is for achieving specified benchmarks, which is not the intent of a professional services plan.

Legal issues. An institution must consider what, if any, state law allows or disallows for implementation of a professional services plan at the institution.

Revenue sources. Administrators should consider which revenue sources will be included and whether each will be addressed in one plan or whether certain revenue sources must be addressed within multiple plans.

Disparities within the faculty. The design of a plan should take into account the potential for disparities to be created among faculty from different disciplines (basic vs. clinical sciences) or appointment types (tenure vs. non-tenure track).

Activity reporting requirements. In situations where the external activities of a faculty member result in monetary compensation, it may be difficult to assure participation in the professional services plan. Institutions should consider the degree to which they can rely on an “honor system” for reporting external income of faculty members.

Related to this, institutions should consider whether there is a need to alter language of employment contracts.

Participation. The survey of institutions with existing practice plans demonstrated a wide variety of models that address faculty participation. Institutions must consider whether participation will be mandatory or voluntary. In the case of mandatory participation, it must also consider whether all existing faculty will be required to participate or only volunteers and new hires.

Effort. An institution should determine how much time faculty will have to commit to activities included in the professional services plan. This could be a defined amount that applies to all faculty or it could be negotiated annually with the dean or department head. If a “percent effort” is used to define this (eg, a faculty member can dedicate 20% effort to professional service plan activities), it is likely important to define how this effort will be calculated. For example, 20% effort could be interpreted as 1 day per week based on a five day work week, or it could be interpreted as 12 hours or 1.5 days per week by a faculty member who considers their effort to equate to 60 hours per week. This issue has been recognized as a potential source of confusion and may benefit from clarity.

Plan administrative costs. The institution should consider administrative costs related to professional service plan operations and whether an “administration fee” will be retained from revenues flowing through the plan. In considering the institution’s ability to retain a portion of these funds, the Task Force highlighted a recognition that faculty have expanded opportunities for professional services secondary to their affiliation with the institution as well as the fact that institutional resources are often utilized (space, supplies, support staff, etc.) to support faculty professional service activities.

Examples of Plans

Through this process, the Task Force had the opportunity to review practice plans/professional service plans from five different institutions. Some of these plans addressed multiple forms of faculty-generated revenue while others only addressed revenue created by sponsored research. The Task Force felt that it would be advantageous to make these plans available to AACP schools so that interested parties can recognize the style, scope and terminology employed. Three de-identified plans are available as part of the Task Force report available on the Association website.² Two are examples of policy for addressing sponsored research dollars and the third represents an example of a “professional services plan.”

These documents are provided simply for demonstration purposes and their availability does not represent any form of endorsement by the Task Force.

RECOMMENDATIONS FOR AACP

The Task Force has suggested that the Association consider incorporating information related to professional service plans into its institutional data collection process. This could include creating a framework to allow for institutional “benchmarking” in this area. Examples of data elements that member schools may find useful include: Amount of funds created from faculty revenue-generating activities (separating sponsored research dollars from “professional service revenues”) and the degree to which a school’s professional service plan contributes to faculty salaries and/or institutional or departmental operations. Furthermore, the Task Force has recommended that the Association should consider the degree to which member schools would benefit from having continued development of this topic. Potential areas of monitoring or development might include, but are not limited to implications for private vs. public institutions and growth opportunities for patient care to contribute to professional services plan.

CONCLUSION

The majority of US schools of pharmacy do not have professional practice plans in place, however, a significant number of institutions anticipate developing plans within the next three years. There is notable disparity among existing plans, including the specific sources of revenue addressed by each plan. Survey results and review of existing plans allowed the Task Force to highlight a number of issues important for institutions to consider as they modify or develop plans in the future. Additionally, because of the expected growth in this area, it is recommended that the Association continue to monitor this topic in order to enhance the application of practice plans within the Academy.

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