

OMB Bulletin No. 99-03



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON D.C. 20503

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BULLETIN NO. 99-03

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Physicians Comparability Allowance Data Reporting Requirements

1. **Purpose.** This Bulletin, which includes Attachments A through D, provides detailed instructions on data reporting requirements for the Physicians Comparability Allowance (PCA) program. The Bulletin is issued pursuant to the 1998 edition of OMB Circular A-11, section 13.2(b)(12).

Collection of the data by OMB is required to monitor government-wide PCA usage, physician employment, and physician compensation. The data will be used to evaluate the effect of the PCA on Federal physician recruitment and retention and to issue the 1999 Presidential Report on the Physicians Comparability Allowance in accordance with the Federal Physicians Comparability Allowance Act of 1978 Extension (P.L. 105-61).

Later this fiscal year, agencies are also required to submit to OMB for approval a complete description of their plans for implementing the PCA program for fiscal year 2000.

2. **Background.** On October 10, 1997, the President signed P.L. 105-61, reauthorizing the Federal Physicians Comparability Allowance until September 30, 2000. This Act extends authority to pay annual bonuses for Federal physicians serving in areas or specialties with documented recruitment and retention problems.

Office of Personnel Management (OPM) regulations implementing PCA require OMB approval of agency plans to pay bonuses. OPM regulations implementing the PCA are published in 5 CFR 595.

OMB is collecting data on PCA program operations, as well as on Federal physician recruitment and retention. These data help ensure consistent government-wide implementation and also are used to evaluate the effectiveness of the PCA program.

3. **Changes in This Year's Report:** Reporting requirements for this year's PCA report are substantially the same as last year's. However, the report includes three new features that should be noted:

(a) Within PCA reporting agencies, organizational components that employed more than 100 physicians who received PCA bonuses during FY 1998, are to submit separate reports (Attachment D PCA worksheets) by component, in addition to a composite report for the Department/agency.

(b) To track PCA trends more effectively, this year's report instructs agencies/components to report overall separations, accessions, and unfilled positions in terms of as well as by number of physicians.

(c) This year's report also seeks agency/component responses to three questions that deal with PCA program operations. The questions are listed at the end of the PCA bulletin (Attachment D).

4. **Due Dates.** Agencies must furnish the requested PCA information for the 1999 Presidential Report by May 25, 1999.

In addition, agencies are reminded that PCA plan descriptions for FY 2000 must be submitted by September 10, 1999 in the same format as the FY 1999 PCA plans.

5. **Termination Date.** This Bulletin will terminate as soon as the requested data have been submitted.

Jacob J. Lew

Director

Attachment A

Agencies with currently approved PCA Plans

Department of Defense

Department of Energy

Department of Health and Human Services

Department of Justice

Department of Labor

Department of State

Department of Transportation

Department of Veterans Affairs

Central Intelligence Agency
Environmental Protection Agency
Peace Corps
Social Security Administration

Agencies that have employed or now employ physicians eligible for PCA

Agency for International Development
Department of Agriculture
Department of Treasury
Library of Congress
National Aeronautics and Space Administration
Tennessee Valley Authority
United States Soldiers' and Airmen's Home

NOTE: Agencies not listed that employ physicians eligible for PCA are also covered by this Bulletin.

Attachment B

Physicians Comparability Allowance (PCA) Report and Worksheets

Authority.

5 U.S.C. 5948 authorizes payment of the physicians comparability allowance to eligible individuals paid as physicians under the following pay systems: General Schedule; administratively determined pay for certain specially qualified scientific or professional personnel; Tennessee Valley Authority Act; Foreign Service Act; CIA Act; section 121 of title 2 of the Canal Zone Code; or section 2 of the Act of May 29, 1959, relating to the National Security Agency.

P.L. 100-140, the Federal Physicians Comparability Allowance Amendments of 1987, amended 5 U.S.C. 5948 to provide a maximum PCA of \$14,000 per year for physicians with less than 24 months' Federal service, and \$20,000 per year for physicians with 24 or more months' Federal service. P.L. 100-140 also allows physician service in the Department of Veterans Affairs and the Public Health Service Commissioned Corps to be creditable towards 24 months Federal civilian service when calculating maximum PCA allowance eligibility. P.L. 105-61 reauthorized PCA until September 30, 2000. Public Law 105-266, the Federal Employees Health Care Protection Act of 1998, authorized an increase in the maximum annual amount of the Physicians' Comparability Allowance from \$20,000 to \$30,000.

Executive Order No. 12109 delegates authority granted the President under 5 U.S.C. 5948 to the Directors of the Office of Personnel Management and the Office of Management and Budget.

5 CFR 595 sets additional requirements for agency implementation of 5 U.S.C. 5948, including agency reporting requirements.

OMB Circular A-11, 13.2(b)(12), requires agencies to reflect approved plans to pay bonuses in annual budget estimates in accordance with P.L. 100- 140 and P.L. 105-61.

Coverage.

This Bulletin covers all agencies that employ physicians eligible for PCA. This includes both agencies with currently approved PCA plans that are eligible to pay PCA bonuses, whether or not they actually do pay the bonuses, and agencies without approved plans that employ physicians eligible for PCA. Attachment A lists those agencies that currently have an approved PCA plan, as well as agencies that do not currently have an approved plan but which are known-to have employed physicians eligible for PCA based on past experience. Agencies not listed that employ physicians eligible for PCA are still covered by this Bulletin.

Submission Requirements.

(1) Each agency should review and update the 1998 PCA reporting worksheet submitted by that agency. (Copies of the 1998 PCA worksheets have been given to the appropriate OMB staff. Agencies should contact their OMB examiners if they need a copy of the 1998 data.) Please verify that all FY 1995 - FY 1998 figures in the worksheet are correct. The latest corrected data for 1995-1998, along with estimates for 1999, should be included in the PCA reporting worksheet (Attachment D of this bulletin). Electronic versions of Attachment D are available from your OMB examiner. More detailed instructions on how to complete the PCA worksheets are included below.

(2) Review the attached copies of the 1998 Presidential Report on the PCA (Attachment C). Verify and update the text for your agency that appears in the section entitled "Summary of Agency PCA Reports," pp. 6 to 11.

(3) Submit the revisions to the 1998 Presidential Report and the updated PCA worksheets to the OMB examiner responsible for your agency by May 25, 1999.

Information Contact: Inquiries should be addressed to Frank Seidl, telephone (202) 395-5146.

Instructions for Preparing Worksheets

General guidance

The data requested should be supplied for all Federal physicians *eligible* for PCA, and as a subset, all Federal physicians actually *receiving* PCA. Eligibility for PCA is defined in 5 U.S.C. 5948 and 5 CFR 595.

Data for the budget year should be the estimates included in budget formulation where applicable (e.g., average PCA per physician, average compensation, etc.) or the agency's best estimate (e.g., number of accessions anticipated). Agency estimates may simply be the average of the previous fiscal years. All dollars should be on an obligational basis, and all employment numbers should be on a full-time equivalent (FTE) basis unless otherwise noted.

Several sections of the worksheet request data by physician category. Some agencies may not employ physicians in all categories, but complete data should be provided for those physician categories applicable to the agency.

Definitions-General

Government Physician. 5 U.S.C. 5948(g)(1) defines Government physician as any individual paid as a physician under the following pay systems: General Schedule; administratively determined pay for certain specially qualified scientific or professional personnel; Tennessee Valley Authority Act; Foreign Service Act; CIA Act; section 121 of title 2 of the Canal Zone Code; or section 2 of the Act of May 29, 1959, relating to the National Security Agency.

Creditable Federal Service. For purposes of PCA bonus calculations under 5 U.S.C. 5948, as amended by P.L. 100-140, creditable federal service includes service as a Government physician in any of the personnel systems established under authorities listed immediately above, as well as service as a physician in the Department of Veterans Affairs and the Public Health Service Commissioned Corps.

Definitions-Physician Categories

Category I-Clinical Positions: Positions primarily involving the practice of medicine as a direct service to patients, including the performance of diagnostic, preventive, or therapeutic services to patients in hospitals, clinics, public health programs, diagnostic centers, and similar settings.

Category II-Research Positions: Physician positions primarily involving research and investigative assignments.

Category III-Occupational Health: Physician positions primarily involving the evaluation of physical fitness, the provision of initial treatment of on-the-job illness or injury, or the performance of pre-employment examinations, preventive health screening, or fitness-for-duty examinations.

Category IV-Disability Evaluation and Administration of Health and Medical Programs:

Subcategory IV A: Physician positions primarily involving disability evaluation.

Subcategory IV B: Physician positions primarily involving the administration of health and medical programs, including but not limited to a chief of professional services, senior medical officer, or physician program director position.

Description Worksheets to Be Submitted to OMB

(1) **Total Number Employed:** The total number of agency physicians *eligible* for PCA (includes all eligible physicians, whether or not they actually received PCA bonuses) should be supplied for the fiscal years 1995, 1996, 1997, 1998, and 1999 in Part I. The total number of agency physicians actually receiving or expected to receive PCA should be supplied for the fiscal years 1995, 1996, 1997, 1998, and 1999 in Part II. The same data should be provided by physician category for each of the fiscal years.

(2) **Number of Physicians Signing One-Year and Two-Year PCA.** Under the PCA program, physicians may elect to sign a one-year or two-year PCA service agreement. For those physicians actually *receiving* or expected to receive PCA (Part II), the number of physicians signing one-year and two-year agreements should be supplied for each fiscal year.

(3) **Average Compensation per Physician:** Average annual compensation per physician should *exclude* the PCA bonus, but include base pay and all other bonuses (such as recruitment and relocation bonuses, and retention allowances) and awards. The average compensation for agency physicians *eligible* for PCA should be supplied for the fiscal years 1995, 1996, 1997, 1998, and 1999 in Part I. The average compensation for agency physicians actually *receiving* or expected to receive PCA should be supplied for the fiscal years 1995, 1996, 1997, 1998, and 1999 in Part II. The same data should also be provided by physician category for each fiscal year.

(4) **Average PCA Amount per Physician, by Category:** The average annual PCA bonus paid per physician for all, categories, as well as for each individual category of physician, should be supplied for each fiscal year in Part II.

(5) **Average PCA Amount per Physician, by Length of Service Agreement:** The average annual PCA bonus paid per physician should be supplied for physicians with a one-year service agreement and two-year service agreement and for each fiscal year in Part III.

(6) **Average PCA Amount per Physician, by Length of Federal Service:** The average annual PCA bonus paid per physician with (a) less than two years creditable Federal service, and (b) two or more years creditable Federal service, should be supplied for each fiscal year in Part II.

(7) **Average Number Years Continuous Service:** The average number of years of continuous creditable Federal service as a physician for those eligible (Part I) and actually receiving or expected to receive PCA (Part II) should be supplied for each fiscal year. The average should be calculated as of the end of the fiscal year in question (e.g., for an agency with one eligible physician who began Federal service as a physician under the General Schedule on October 1, 1997, would have one-year creditable Federal service for purposes of PCA for fiscal year 1999).

(8) **Number and Rate of Accessions:** The total number of accessions and accession rates for all physicians (Part I) and for those *receiving* PCA (Part H) should be supplied for each fiscal year. The number of accessions by category for each fiscal year should also be supplied. Accession rates are expressed in percentages as the total number of accessions divided by the total number of physicians (both those eligible for PCA and those receiving PCA). Accession rates need not be supplied for each physician category.

(9) **Number and Rate of Separations:** The total number of separations and separation rates for all physicians (Part I) and for those *receiving* PCA (Part II) should be supplied for each fiscal year. The number of separations by category for each fiscal year should also be supplied. Separation rates are expressed in percentages as the total number of separations divided by the total number of physicians (both those eligible for PCA and those receiving PCA). Separation rates need not be supplied for each physician category.

(10) **Number and Rate of Unfilled Full-Time Equivalent Physician Positions:** The number should be equivalent to the total number of physician positions for which the agency has budgeted for the fiscal year in question less the number of physicians on-board during the fiscal year. For example, the agency may have budgeted for 12 full-time equivalent physician positions for the prior fiscal year, but had only 9.5 physicians on-board for the entire year (9 physicians on-board the entire year, and one on-board for six-months of the year). The number of unfilled full-time equivalent physician positions in this case is equal to 2.5.

The total number for all physicians (Part 1) and for those *receiving* PCA (Part II) should be supplied for each fiscal year. The number by category for each fiscal year should also be supplied.

The rates of total unfilled physician positions should be furnished. Using the example in the paragraph above, the rate of unfilled positions would be 21 percent (or 2.5 unfilled positions divided by 12 positions). Unfilled rates need not be supplied by physician category.

(11) **Average Length of Time Physician Positions Remained Unfilled:** The time should be reported in months as of the end of the fiscal year (e.g., as of the end of the prior fiscal year the average length of time vacant physician positions remained unfilled might be 13 months, and for the current fiscal year it may have declined to an average of 8 months). *Only the time during which the agency was actively searching for candidates should be counted.* The total number for all physicians (Part I) and for those *receiving* PCA (Part III) should be supplied for each fiscal year. The number by category for each fiscal year should also be supplied.

12 - 14. **Additional PCA Program Questions.** Agency/component responses may be incorporated in the Attachment D worksheet or, if more convenient, attached separately to the PCA submission.

Attachment C

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415

OFFICE OF THE DIRECTOR

Honorable Newt Gingrich
Speaker of the House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

The purpose of this letter is to transmit a report on Physicians Comparability Allowances (PCAs), as required by section 5948(j) of title 5, United States Code. The report was prepared by the Office of Management and Budget using data gathered from those agencies with approved plans.

The enclosed report describes which agencies have entered into PCA agreements, the recruiting and retention problems justifying their use, the number of physicians entering into PCA agreements and the duration of the agreements, the size of the allowances provided, and the degree to which recruitment and retention problems are alleviated by the allowance.

Sincerely,

/S/

Janice R. Lachance
Director

Enclosure

Presidential Report on the Physicians Comparability Allowance

Introduction

Public Law 103-114 requires the President to report to Congress on the operation of the Physicians Comparability Allowance (PCA), including information on:

- which agencies use the allowance;
- the nature and extent of recruiting and retention problems justifying the use of the allowance by each agency;
- number of physicians with whom agreements were entered into by each agency;
- size of the allowances and duration of the agreements;
- and the degree to which the allowance alleviates recruiting and retention problems.

To prepare this report, the Office of Management and Budget (OMB) asked all agencies with PCA-eligible physicians to provide data on:

- number of physicians they employ, type of work they do (clinical, research, occupational health or disability evaluation), how many are eligible for the allowance and how many actually receive it,
- average compensation (excluding PCA) of physicians receiving and not receiving the allowance, size of the average PCA, and size of allowances provided to eligible physicians by category of work and length of PCA agreement,
- average number of years of continuous service per physician, number of accessions and separations the agency experienced, number of unfilled physician positions and average length of time positions were vacant;
- descriptions of the physicians' work, and recruiting and retention problems justifying payment of PCA.

Using these data, the report describes the use of PCA by Federal agencies. It also addresses the Federal physician recruiting and retention situation and the effectiveness of PCA in improving the situation.

Background

The Physicians Comparability Allowance authorizes agencies documenting severe recruitment and retention problem to pay an allowance to physicians up to \$14,000 per year for physicians with less than two years Federal service and up to \$20,000 for physicians with more than two years of Federal service. PCA was originally authorized by P.L. 95-603 in 1978 (5 U.S.C. 5943) and has been reauthorized a number of times, including 1979, 1981, 1983, 1987, 1990, 1993, and 1997. Most of the reauthorizations were simple extensions of the PCA authority. The 1987 reauthorization doubled the maximum allowable PCA to the current levels.

PCA is authorized only to solve severe, documented physician recruitment and retention problems. For the purpose of this allowance, severe recruitment and retention problems are considered to exist if *all* of the following conditions exist: long-lasting position vacancies; high turnover rates in positions requiring well qualified physicians; applicants do not have the superior qualifications necessary for the position; and existing vacancies cannot be filled with well qualified candidates without PCA. Some agencies use alternative programs to improve recruitment and retention of physicians, such as the Title 38 physician Special Pay authority, that are not covered by this report.

Summary of PCA Usage Throughout the Federal Government

Table 1: Number and Compensation of Federal Physicians Receiving PCA

Federal Physicians Receiving the Physicians Comparability Allowance					
Fiscal Years 1994 to 1998					
	FY 1994 (Actual)	FY 1995 (Actual)	FY 1996 (Actual)	FY 1997 (Actual)	FY 1998 (Est.)
Physicians Eligible	2,976	2,917	2,402	2,175	2,149
Physicians Receiving	1,891	2,022	1,841	1,616	1,662
% of Eligible Receiving	64%	69%	77%	74%	77%
Average Compensation of PCA physicians (PCA excluded)	\$83,282	\$86,220	\$88,767	\$90,136	\$94,039
Average PCA	\$14,127	\$14,558	\$15,764	\$15,924	\$15,799

Source: OMB data collection from Federal agencies using PCA. Data for FY 1998 are estimated. Some agencies did not provide all of the requested data.

As of FY 1997, the last year for which we have complete data, 1,616 physicians in Federal employment received PCA, out of 2,175 who were eligible. This means that 74 percent of all eligible physicians received PCA. The average compensation in FY 1997 (excluding the PCA) of those federal physicians receiving PCA totaled \$90,136 while the average PCA paid was \$15,924. The largest users of PCA were the Department of Health and Human Services, which gave PCA to 808 physicians, and the Department of Defense, which gave PCA to 467 physicians.

The recruiting and retention problems that justify the allowance vary widely. Some agencies require physicians with special expertise such as aeronautics or agriculture. Other agencies require physicians to live and work in remote areas. Still other agencies suffer difficulties because local non-Federal competition for physicians have driven salaries past the standard government pay scale.

The number of physicians eligible for PCA has declined from FY 1994 through FY 1997. In FY 1994, there were 2,976 physicians eligible for PCA, and in FY 1997 that number dropped to 2,175 physicians eligible for PCA. The percentage of physicians receiving PCA has risen from FY 1994 to FY 1996, but declined in FY 1997 by three percentage points. Estimates for FY 1999 indicate that the percentage of physicians receiving PCA will once again increase.

The average compensation (excluding PCA) for physicians receiving PCA has consistently increased over the years, from \$83,282 in FY 1994 to \$90,136 in FY 1997. Additionally, the average PCA has increased from FY 1994 to FY 1997 from \$14,127 to \$15,924. ON average, PCA represents 17 to 18 percent of the average compensation (excluding the PCA) of physicians receiving PCA.

Table 2: Data on Number and Compensation of Federal Physicians by Length of Agreement

**Physicians Signing One-Year and Two-Year PCA Agreements
Fiscal Years 1994 to 1998**

		FY 1994 (Actual)	FY 1995 (Actual)	FY 1996 (Actual)	FY 1997 (Actual)	FY 1998 (Est)
Signing One-Year Agreements	Physicians	175	275	221	218	110