

Insight Brief

**What are the elements of a successful physician compensation plan?**

The physician compensation plan is much more than a set of equations to calculate pay. It is an organized entity with a governance structure, responsibilities and functions necessary to align organizational goals with compensation plan principles and tactics.

A successful and enduring physician compensation plan is built to achieve organizational goals by translating healthcare system market forces into principles, variables, values and formulas (**Design**) that are assessed under test conditions (**Model**) through a collaboration of physicians and administrators (**Engage**) to create a program of achievement rewards (**Implement**) the results of which are continuously monitored, assessed and shared (**Analyze**) to achieve the desired level of physician recruitment and retention (Figure 1).

FIGURE 1. PHYSICIAN COMPENSATION PLAN ENTITY

