

## DOD CIVILIAN PHYSICIANS AND DENTISTS PAY PLAN

### INTRODUCTION

This reference guide provides information on the history and structure of the DoD Civilian Physicians and Dentists Pay Plan (PDPP) and provides answers to Frequently Asked Questions.

### BACKGROUND

The PDPP was originally drafted to serve as an interim pay plan for doctors and dentists who could not transition into the National Security Personnel System (NSPS) due to bargaining unit obligations. When NSPS was repealed in 2011, doctors and dentists covered by NSPS were transitioned into the PDPP to better compensate and recruit highly skilled healthcare positions for the Department of Defense (DoD).

The PDPP is a hybrid pay-banded system which utilizes pay authorities under Title 5, Title 10, and Title 38 of the United States Code (U.S.C.). To better align physicians' and dentists' basic pay with the Department of Veterans Affairs (VA) and the prevailing market, DoD operates under two somewhat similar, but different authorities to use Title 38 flexibilities. The first is an OPM delegated agreement that is limited to compensation flexibilities. The OPM delegation agreement has been in existence in various forms since 1992. The latest version, dated 12 June 2012, is extended until 30 June 2022 upon OPM's satisfactory evaluation of the DOD's use of the delegated title 38 authorities. Adoption of the delegation agreement requires participation and cooperation in activities such as the Interagency Committee on Health Care Occupations as well as the Health Professions Civilian Compensation Standing Committee. The second is 10 U.S.C. 1599c which includes enhanced hiring authorities as well as compensation flexibilities.

The VA adjusts the salary ranges for each table no less than every two years. The salary ranges are based on external market data for the various clinical specialties. DoD automatically adopts the adjusted ranges once they are posted in the Federal Register.

### COVERAGE

The PDPP covers General Schedule (GS) and General Management physicians and dentists currently classified as Physicians (0602) and Dentists (0680) providing direct patient care services that are not covered by other pay plans.

### PAY ARCHITECTURE - BASE PAY, MARKET PAY, TABLES AND TIERS

Base pay plus market pay equals the annual pay amount which is designed to reflect internal equity and allow for competition with the external health care labor market.

Base pay includes the GS step and grade, while market pay reflects amounts in lieu of locality pay, the Physicians Comparability Allowance (PCA) and premium pay. Base pay is set based on the classified position description and in accordance with section 5332 of title 5, United States Code. The maximum base pay rate for a physician or dentist under the PDPP is GS-15, step 10, exclusive of additional pay of

any kind. When establishing the base pay of a new hire, the default step will be step 1 of the GS grade. Superior qualifications may be applied to allow base pay to be set at a higher step within the grade.

Market pay for individual employees is determined by evaluating seven criteria: level of experience, need for specialty, healthcare labor market, board certifications, professional accomplishments, unique circumstances, qualifications or credentials and compliance with merit system principles. Market pay for all physicians and dentists must be reviewed, at a minimum, once every 24 months.

Tables are based on specialties as established by the VA. Physicians and dentists shall have their annual pay set within the current and published rate range of the applicable tier in consideration of the local market values for their respective clinical specialty.

Tiers are a pay range within a table based on factors pertaining to the position, such as scope and complexity, level of responsibility, location of practice, teaching responsibilities and level of expertise required. At least once every two years the VA analyzes national market survey data and may make adjustments to the tier pay ranges. This normally results in an increase to the minimum and/or maximum amounts for each pay range. If, as a result of their bi-annual salary survey review, the VA increases the pay ranges of the tiers, a physician or dentist whose total annual salary is set at the minimum of the tier will receive a market pay increase if the VA increases the minimum rate of that tier.

## **PAY LIMITATIONS**

The annual aggregate compensation from all sources, to include base pay, market pay, recruitment and retention incentives, and monetary awards may not exceed that which is equal to the rate payable under section 102 of title 3, U.S.C., the salary of the President (\$400,000).

When warranted, incentive payments, allowances, special pay, and cash awards paid to a physician or dentist may cause the annual pay to exceed the tier maximum. The sum of all payments paid to a physician or dentist, including GS base pay but excluding market pay, is subject to the annual aggregate pay limitation set at Executive Level I.

Annual pay (base pay plus market pay) shall not exceed the maximum of the applicable tier unless it results from an increase in base pay due to the annual GPI, a promotion, a within-grade increase, a quality step increase, a 3Rs incentive, VA reducing the maximum in a tier range or when failure to exceed the tier maximum when setting pay for a new hire would significantly impair an activity's ability to recruit and retain well-qualified physicians or dentists.

## **PAY ADMINISTRATION**

Physicians and dentists are eligible for general pay increases to base pay, recruitment, retention and relocations incentives (3Rs), leave accrual credit, quality step increases, within-grade increases, student loan repayment and Chapter 45 awards. For the 3Rs, the title 5 rules apply. Incentive percentages are based on annual pay, not base pay. Annual pay plus a 3Rs incentive may exceed the tier maximum for the specialty. Only annual pay is considered for computing retirement and all other benefits.

Physicians and dentists under the PDPP are ineligible for PCA, premium pay (except for compensatory time off for religious observances), compensatory time off for overtime hours worked, compensatory time off related to official travel and locality pay. These elements are included in market pay.

Promotions for physicians and dentists are a rare occurrence. Under the PDPP, promotions must follow title 5 rules and regulations. A promotion may not result in a market pay increase or a tier change.

Reassignments under the PDDP may not be associated with a change in duty station and is essentially with the Command. For example, an Internal Medicine physician is reassigned from the hospital (core facility) to a Naval Branch Health Clinic. A reassignment may result in a tier change (if it's permanent). In rare circumstances, a reassignment could also result in a market pay adjustment.

## **FREQUENTLY ASKED QUESTIONS AND ANSWERS**

### **1. Who determines which specialties belong in each table? Why can't we make changes to it?**

DoD normally adopts the table and tier components of that system as established by VA but has the option to make modifications when needed to meet mission demands. VA conducts periodic reviews and typically adjusts the salary ranges for each table no less than every two years. If these adjustments are inconsistent with DoD's mission needs, the Department has the flexibility to make modifications to the clinical specialties assigned to the tables.

### **2. Under the PDPP, why is there no locality pay?**

The market pay element of the annual pay takes into account salary differentials based on geographical location and clinical specialty. It contains monies that include a form of locality pay that is more closely aligned to salaries being paid in the local medical community than locality pay, which is based on a much broader geographical area and is not occupationally specific.

### **3. Will my market pay increase each year in the same manner as GS locality pay?**

Not necessarily. Market pay has a biennial review requirement, which may or may not result in a market increase. Whether or not market pay is adjusted depends on a number of variables including the healthcare labor market, internal equity between Federal sector GS and other Federal pay programs, and budgetary constraints. Pay parity across the Federal government is a desirable feature, yet it may require significant funding to achieve. The PDPP has flexibility built into it that allows for periodic assessment of market pay and follow-up adjustments.

### **4. Will normal longevity step increases, quality step increases, and the annual general pay increase still apply to the base pay element of the PDPP?**

Yes, and in the exact same manner as all other GS employees.

### **5. Will market pay be reduced to offset basic pay increases?**

No.

**6. What if a physician’s or dentist’s pay is at the top of the pay tier? Will they still receive the base pay increases? In those cases, won’t the market pay have to be reduced?**

Yes, they will still receive the base pay increase, and no, their market pay will not be reduced.

**7. Does market pay count as base pay for retirement and benefits purposes?**

Yes. Market pay plus base pay equals annual pay, which counts towards retirement and benefits.

**8. If the proposed salary offer for a new hire is at the top of the tier, can incentives like a recruitment bonus or student loan repayment still be offered?**

Yes. As long as total annual aggregate compensation does not exceed the President’s salary (\$400,000) and the combination of base pay plus incentives does not exceed Executive Level I salary.

## REFERENCES

- 5 U.S.C. 5371
- 10 U.S.C. 1599
- 38 U.S.C. chapter 74
- Delegation Agreement between the Office of Personnel Management and the Department of Defense, “Concerning the Use of Certain Personnel Authorities for Healthcare Occupations,” July 1, 2014
- Department of Defense Instruction 1400.25, Volume 543, “DoD Civilian Personnel Management System: DoD Civilian Physicians and Dentists Pay Plan(PDPP)”
- Department of Defense Instruction 1400.25, Volume 540, “DoD Civilian Personnel Management System: Additional Pay Pursuant to Title 38—Additional Pay for Certain Healthcare Professionals”

## POINTS OF CONTACT

For additional information: 703-882-5194 or [dodhra.mc-alex.dcpas.list.pay@mail.mil](mailto:dodhra.mc-alex.dcpas.list.pay@mail.mil).