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**SPECIAL ALLOWANCES TO ENHANCE THE RECRUIT-
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FEDERAL SERVICE**

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON

COMPENSATION AND EMPLOYEE BENEFITS

OF THE

COMMITTEE ON

POST OFFICE AND CIVIL SERVICE

HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

SECOND SESSION

ON

H.R. 4620

A BILL TO AMEND TITLE 5, UNITED STATES CODE, TO PRO-
VIDE SPECIAL ALLOWANCES TO CERTAIN PHYSICIANS EM-
PLOYED BY THE UNITED STATES IN ORDER TO ENHANCE THE
RECRUITMENT AND RETENTION OF SUCH PHYSICIANS

JANUARY 24 AND FEBRUARY 21, 1978

Serial No. 95-55

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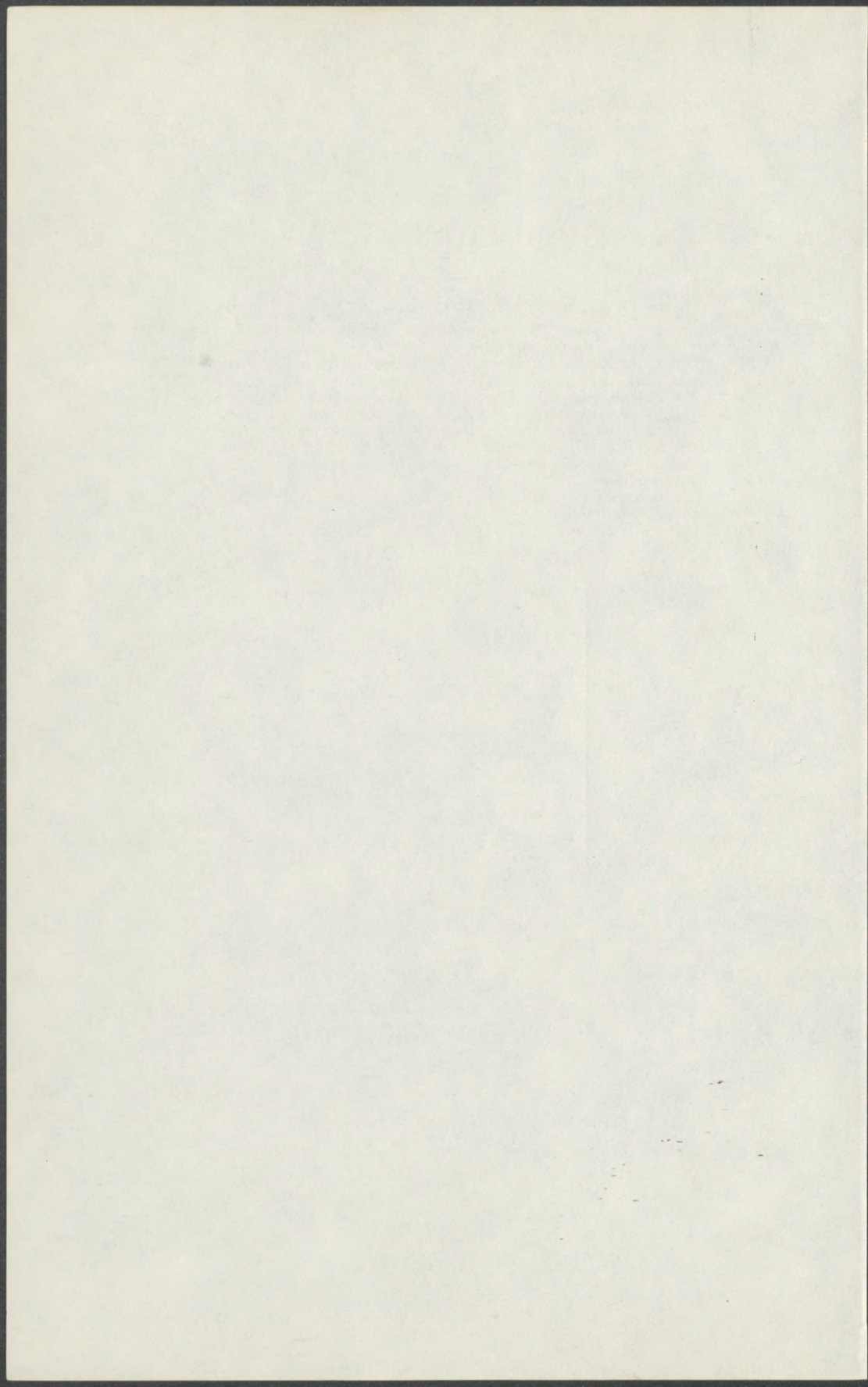
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(Ron McCluskey, Subcommittee Staff Director, Room B-345(d) Rayburn Building—Ext. 56831)

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SPECIAL ALLOWANCES TO ENHANCE THE RECRUITMENT AND RETENTION OF PHYSICIANS IN THE FEDERAL SERVICE

TUESDAY, JANUARY 24, 1978

HOUSE OF REPRESENTATIVES,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS,
Washington, D.C.

The subcommittee met at 9:55 a.m. in room 304, Cannon House Office Building.

Mr. LEACH (acting chairman). The subcommittee will come to order.

The subcommittee is meeting today to consider the merits of H.R. 4620, a bill which provides for special allowances to general schedule physicians in order to enhance the recruitment and retention of such physicians.

Physicians in all services (Department of Defense, Veterans' Administration, and the Civil Service Commission) are paid and promoted under differing systems but are all presently limited to a ceiling pay rate of \$47,500.

Because of recruitment and retention problems, Public Laws 93-274, 94-123, and 95-201, were passed giving temporary legislative authority to grant increments of "special pay" and "bonus pay" amounting to approximately \$13,500 for physicians in Department of Defense and Veterans' Administration.

However, legislative authority to allow incentive pay increments have never been granted to general schedule physicians. General schedule physicians are employed primarily by the Civil Service Commission and Federal Aviation Administration, although there are some scattered throughout many agencies.

These general schedule physicians now claim to have a very serious recruitment and retention problem because they are not only competing against the private sector, but Department of Defense and the Veterans' Administration as well.

Our first witness this morning will be the Honorable Joseph L. Fisher, representing the 10th District of Virginia.

You are certainly welcome, Joe.

STATEMENT OF HON. JOSEPH L. FISHER, REPRESENTATIVE FROM THE STATE OF VIRGINIA

Mr. FISHER. Thanks very much, Mr. Chairman.

I am very pleased that this subcommittee is holding this hearing on H.R. 4620, the Federal Physicians Comparability Allowance Act. This is a bill that I introduced in the 94th Congress and again in this Congress. I hope that this hearing will lead to enactment.

In October 1975 the issue of pay inequities for some Federal physicians was first brought to my attention. At that time special pay allowances for physicians in the Veterans' Administration had just been enacted and special allowances for physicians in the uniformed services had been in effect for about a year.

However, I learned that there are a good many physicians in the Federal service who do not fall into either of these categories and therefore do not receive any special allowances.

I believe that all physicians who are doing essentially the same or comparable work should be compensated equally. Existing law does not permit this equality and this is unfair to 1,000 to 2,000 Federal physicians out of nearly 30,000 in government. To correct this inequity I prepared legislation to authorize a system of pay allowances for Federal physicians along the lines of the allowances already given to uniformed and VA physicians.

The bill establishes two kinds of allowances, called professional and service agreement allowances. The purpose of the allowance is to facilitate recruitment and to provide incentives for the retention of Federal civilian physicians. The professional allowance would provide, above the basic salary \$1,200 a year for the first 2 years of service and \$4,200 a year after that.

The service agreement allowance, the second kind, would provide an additional sum up to a maximum of \$5,800 a year to physicians who sign agreements to stay in Federal service for periods of 1 to 4 years. The service agreement allowances would have to be refunded if the agreement was broken by the physician, except in unusual circumstances.

Although the bill as drafted establishes a permanent program of allowances, I see no problem with limiting the program to 1 or 2 years and then reviewing it when necessary as is done with the uniformed services and Veterans' Administration programs.

The best solution to the problem of unequal pay for equal work would be to establish a uniform compensation schedule for all Federal physicians. Coordinating the different pay systems would not be an easy chore. Until that can be done, the physicians who are not receiving special allowances should not be penalized. The allowances established in this bill would remove the inequity which now exists.

The need for H.R. 4620 is shown in the words of a physician who lives in my district and works for the Food and Drug Administration. He asks for equity in the pay of federally employed physicians without discrimination based on the subject matter of the field of work.

In his letter to me, this doctor points out that physicians in the private sector can expect great financial advantages. He says that because of the financial alternatives offered in the private sector the prospect is not good for attracting and retaining career physicians in Government with adequate experience and interest, unless appropriate compensation is provided for them.

In closing, he adds that rancor is the inevitable consequence of the pay discrepancies for different Federal physicians. This kind of feeling is counterproductive and not conducive to the best possible work effort.

The feelings expressed by this doctor are fairly typical of the comments I have received in meetings and other communications with physicians who work for the Government. I hope that this subcommittee will act quickly to approve H.R. 4620 and put all physicians in the Federal service on an equal pay footing again.

Thank you.

Mrs. SPELLMAN. Thank you very much, Mr. Fisher.

I want to apologize to you. I think that you and Herb Harris would fully understand when I say that before coming to this meeting, I had to take care of a constituent to keep her out of jail.

You don't have those problems since you don't have your district right here, Mr. Leach, but we do.

There was a woman with three children who was depending on my getting to the judge before she went before him.

I know that you understand.

I think that we have been able to help her.

Mr. HARRIS. You may want to fill this record out a little more completely.

[Laughter.]

Mrs. SPELLMAN. I did not bribe the judge. No, it was perfectly open and above board; a question of being able to say we will help her get a job so that she won't violate a probation which calls for paying back some money. We will work on helping her find a job, and I will call on my two colleagues here to help me find something for her.

I do thank you very much.

I think this legislation is certainly worthwhile and needed, in my opinion at any rate.

I might tell you that the Civil Service Commission is battling OMB at the moment. We had hoped that they would be down to testify in favor of this legislation.

I talked with Scotty Campbell last night. OMB has still not agreed to back the legislation, but we hope that in meetings with them on other things, we also will bring this matter up and see if we can bring them around.

I did want to ask you; I notice the dentists are not included in this bill. Is that intentional?

Mr. FISHER. No; it is not intentional.

Mrs. SPELLMAN. Are we having the same kinds of comparability problems with dentists, or do they not exist?

Mr. FISHER. I am not aware of any dentist having brought this to my attention. And this was not intentional, leaving them out. It simply hasn't been brought to my attention.

Mrs. SPELLMAN. I see.

They haven't been in touch with our staff here, and I wondered if there was some reason.

Mr. FISHER. Assuming that the situations are comparable, as I imagine they are, certainly I would then hope that you would consider adding that.

Mrs. SPELLMAN. Yes.

Your bill as it is now written provides for these allowances on a permanent basis. But I think we would have more success in getting it through if we followed the recommendations that you made in here, that it be something that would be renewable.

Mr. FISHER. Yes.

Mrs. SPELLMAN. And reviewed.

Mr. FISHER. We concluded that also; yes.

Mrs. SPELLMAN. Right.

OMB, of course, is looking at the fact that with a health insurance program coming up, that they don't want to set a pattern right now. They want to be able to have some flexibility.

So the idea of having this measure on a renewable basis would find far more favor with them, I am sure. Thank you very much.

Do you have any questions, Mr. Leach?

Mr. LEACH. I have no questions. I do thank the gentleman for his outstanding testimony.

Mrs. SPELLMAN. Mr. Harris?

Mr. HARRIS. Thank you, Madam Chairwoman.

I want to compliment my colleague for taking the time to come over here on this.

I think that this is an important bill, and I think it is a shame that we have waited quite as long as we have to try to move this, but then I know the subcommittee as usual, has been most active.

I think this bill has been in here since last session, hasn't it?

Mr. FISHER. Yes.

Mr. HARRIS. And I think it is one that deserves attention, because it simply brings equity to a field where people in the same category are getting one level of pay as really, people with similar qualifications who are getting a different level of pay.

This is certainly an appropriate area for this subcommittee to consider. I would just like to compliment the chairperson and Mr. Fisher for bringing this before us.

Mr. FISHER. Thank you.

Sometimes, or frequently even, it is difficult to find precisely what equity is. But in this case, it seems to be easy. And I hope very much that this can be moved along and enacted.

Mrs. SPELLMAN. Thank you.

I am always prejudiced toward any legislation that you introduce. I know that it is good sound legislation when it comes from you.

Mr. FISHER. The other sponsor is admirable.

Mrs. SPELLMAN. I approach this with an open mind since it comes from the two of us. I think you very much.

Mr. FISHER. Thank you.

Mrs. SPELLMAN. Our next witness is Mr. Raymond Jacobson, Executive Director—oh, that's right; he won't be here.

Mr. HARRIS. Madam Chairwoman, why is Mr. Jacobson not here?

Mrs. SPELLMAN. I talked with Mr. Campbell yesterday. He was having difficulty getting OMB to sign off on this, and, we will be meeting with OMB later.

Mr. HARRIS. Madam Chairwoman, I will file my 30-minute statement for the record, then.

This is just another blatant example of this committee trying to get information on a very important subject and the Civil Service Commission saying: We know all about this, but the OMB doesn't let us tell you.

I just think it is a lousy way to run Government. I think we have had example after example of this. And I had thought that we had sort of moved in the direction of correcting this.

But if this committee, the Civil Service Committee, Compensation and Employee Benefits Subcommittee, thereof, is supposed to continue to kiss through a picket fence with the Civil Service Commission with the OMB being the picket fence, then I don't see how this Government can operate correctly.

This is absolutely ridiculous. It has been going on interminably. We have had all kinds of promises that there was a way that we we could work together with the Commission.

And I, for one, would like to tell the Commission and the OMB and the new administration that it is about time that they understood that this committee and the Commission should work together and not in some sort of a screened manner, with the OMB telling the Commission what they can tell us and what they can't tell us.

End of my 30-minute speech.

Mrs. SPELLMAN. Very good.

We will have a discussion with OMB. I wrote to Bert Lance back in the end of June of last year, telling him over and over again we had found that for one reason or another, witnesses were unable to come before us because they hadn't been able to get their testimony cleared through OMB, and asking that he correct that situation.

Of course, we know that Mr. Lance had problems of his own.

Mr. HARRIS. Well, Madam Chairwoman, I would like to make clear, because I realized after I kept going that there are people here, there may be people here who don't understand the problem.

There is nothing wrong at all with the Commission, or an agency coming over here in testimony where they have made it clear that they haven't cleared it through the OMB, and have made it clear this is not necessarily administration policy. We can understand this and it has been a common practice for years.

What we have run into, I think, really peculiarly with our relationship with the Commission, is not a question of their coming over here and saying: This isn't administration policy; it is just that we can't come over yet because the OMB hasn't told us what we can say. And, I think it makes them valueless as far as their advice to this committee is concerned.

Mr. LEACH. If the gentleman would yield.

Mr. HARRIS. I would be happy to yield to my colleague from Iowa.

Mr. LEACH. I think it would be fair to request of this administration that they go on record, and I do not think that informal conversations are sufficient.

A record does not always imply testimony, but at least there should be strong written statements. If there is not going to be further testimony on this, I would hope before we go forth that we have a written statement from this administration of its position on this bill. It just seems to me that there is a lack of leadership; there is a lack of willingness to take a stand.

I completely share the sentiments of the gentleman from Virginia.

Mr. HARRIS. I would make this last comment and then I will stop. This is the third time I will stop.

This bill, Madam Chairman, has been filed since March 8, 1977. And I would suggest that the Civil Service Commission and OMB and the administration had time to clear this legislation. The legislation itself runs three pages, two and a half pages, and they could have gotten a position on it by now.

Mrs. SPELLMAN. I might point out that OMB and the General Accounting Office have in the past both issued statements indicating that something needs to be done about this problem. That was about 1 year ago. And now we have a little dragging of the feet. I frankly think that we are going to get this problem taken care of within the

next couple of weeks. I don't expect to have any problems after that. We will send a letter to the Office of Management and Budget and let them know how the subcommittee feels about it.

Mr. HARRIS. I am just warming up for the Thursday and Friday hearings on the White House staff.

Mrs. SPELLMAN. I would say, Mr. Harris, that they will probably come down and say to you: "But, Mr. Harris, if we had the staff we are asking for, you wouldn't have the problems that you are facing."

Mr. HARRIS. I wouldn't want to prejudice the administration's view. The administration is for cutting White House staff; not expanding White House staff, Madam Chairwoman; and I am just trying to help them accomplish that.

Mrs. SPELLMAN. A little faster than they planned.

Our next witness, then, is Dr. Joseph Smith, the chairman of the committee on Physicians Comparability Pay for the Association of Psychiatrists, St. Elizabeths Hospital.

STATEMENT OF DR. JOSEPH SMITH, CHAIRMAN, COMMITTEE ON PHYSICIANS COMPARABILITY PAY FOR THE ASSOCIATION OF PSYCHIATRISTS, ST. ELIZABETHS HOSPITAL, ACCOMPANIED BY DR. DONALD BORCHERDING, MEMBER, COUNCIL OF FEDERAL MEDICAL DIRECTORS, AND DR. JULIE PONQUINETTE, MEMBER, ASSOCIATION OF PSYCHIATRISTS, ST. ELIZABETHS HOSPITAL

Dr. SMITH. Good morning.

Mrs. SPELLMAN. I wonder if you feel like you are still back at home at St. Elizabeths when you sit here this morning.

[Laughter.]

Dr. SMITH. A little bit.

I would like to give just a little background history and some recommendations that we would like to see the subcommittee make.

Mrs. SPELLMAN. Would you introduce the people who are accompanying you?

Dr. SMITH. Yes. This is Dr. Julie Ponquinette, who is a member of the Association of Psychiatrists at St. Elizabeths Hospital; and Dr. Donald Borcharding, who is a member of the Council of Federal Medical Directors, Occupational Health. We also had another member who is not available here this morning.

Following the termination of the doctor's draft in June 1973, the uniformed services began to have difficulty in recruiting and retaining physicians to provide quality medical services for military personnel and their dependents. By the spring of 1974, a critical shortage of physicians had developed in the uniformed services.

In evaluating this situation, it was determined one of the principal reasons for the shortage was the inability of the military to pay salaries that were competitive with the income physicians could attain in private practice and industry.

In an attempt to correct this difficulty, the 93d Congress enacted Public Law 93-274, Uniformed Services Medical Officers Revised Pay Structure, on May 6, 1974. This law enabled the uniformed services to provide up to \$13,500 per annum in special pay over and above the prevailing levels of ordinary compensation.

By the summer of 1975, the Veterans' Administration began to recognize it was having great difficulties in recruiting and retaining physicians. In analyzing the causes for this, it was determined the principal reason for the problem was the inability to pay salaries competitive with the uniformed services and the income physicians could earn in industry and private practice.

To assist the VA in rectifying these difficulties, the 94th Congress passed Public Law 94-123, Veterans' Administration Physician and Dentist Comparability Act. This law permitted the VA to pay physicians up to \$13,500 per annum in special pay over and above regular pay. This law further directed the Comptroller General and the Director of the Office of Management and Budget (OMB), to study the problem of recruitment and retention of physicians and dentists in the Federal services and to develop recommended alternative courses of action that could solve documented recruitment, retention, and pay problems.

Because of the difficulties in recruiting and retaining physicians in the Federal services, documented by the uniformed services, the VA and some civilian agencies, a Joint Agency Work Group was convened by OMB and chaired by the Civil Service Commission to study compensation and personnel systems for physicians and other Federal health professionals.

The JAWG completed a report to OMB in December 1975 on compensation and personnel systems for physicians and other health professionals. The key items recommended by the group were the following: continuation of the interim incentive pay pending the development of a new Federal physicians' compensation plan; the Federal physicians compensation plan as the basis for the long-term solution to existing pay problems; and reasonable parity between Federal civilian physicians and uniformed services physicians to the extent needed to recruit and retain.

By January 1976, the Council of Federal Medical Directors had become aware that a number of Federal civilian agencies were having difficulty in recruiting and retaining physicians and ascertained that about 1,900 Federal civilian physicians, representing 7.5 of the total number of Federal physicians, were not being provided any of the special pay benefits authorized for their peers in the uniformed services by Public Laws 93-274 and 94-123.

In an effort to correct this inequity, the Council provided background information that was utilized in preparing H.R. 13933 and S. 3798, Federal Physicians Comparability Allowance Act of 1976 in the 94th Congress.

Unfortunately, there was not time for hearings to be held on these bills in the 94th Congress. These bills were the same as 4620, which you are presently considering, and 990, which it is anticipated the Senate Subcommittee on Civil Service and General Services will be hearing in the very near future.

By the summer of 1976, the uniformed services and the VA had compiled statistics that demonstrated an improvement in the recruitment and retention of physicians. The uniformed services had stopped its net outflow of physicians and had been able to attain an equilibrium in the number of physicians for the first time since the termination of the doctor's draft.

Both the uniformed services and the VA thought their improved experience was definitely related to their ability to provide the special allowances authorized by Public Laws 93-274 and 94-123. In view of this, Congress extended these laws, which were due to expire September 30, 1976, to September 30, 1977.

On August 30, 1976, the Comptroller General published the report entitled "Recruiting and Retaining Federal Physicians and Dentists: Problems, Progress, and Actions Needed for the Future," as their response to the congressional directive on this subject in Public Law 94-123.

Some of the pertinent conclusions and recommendations are the following: VA, DOD, and PHS are each experiencing problems in recruiting and retaining physicians; the pay disparity between GS and commissioned corps physicians has caused a problem—often a commission corps physician earns more than his supervisor who is a GS physician; Congress should direct the Director of OMB to develop a uniform compensation plan for all Federal physicians and dentists—the plan should include a method or methods for comparing and adjusting pay and benefits; and require within 1 year, or earlier, after the direction from Congress, the Director submit to Congress a report on the results of OMB's activities, together with recommendations, including proposed implementing legislation and cost estimates.

In December 1976, the OMB published the report entitled "Recruitment and Retention of Federally Employed Physicians and Dentists," as its response to the congressional directive on this subject in Public Law 94-123. Some of the relative findings in this study are the following.

In general, the VA, DOD, and PHS do not have serious staffing problems relating to physicians, although staffing problems do exist in limited specific situations.

The level of income for general schedule physicians is \$5,000 to \$20,000 below their peers of comparable age in the VA, DOD, and PHS Commission Corps.

Recommended the establishment of the unified, rather than uniform, compensation practices for: military and civilian physicians and dentists.

Under a unified or integrated system differences will exist, but those differences will be based upon the unique characteristics and needs of the employers.

Specific legislation reflecting the findings of study will be submitted to Congress at a later date.

In the first session of the 95th Congress, special allowances afforded the uniformed services and the VA physicians by Public Laws 93-274 and 94-123 were again extended to September 30, 1978, by S. 1731 and H.R. 8175, respectively.

In the House Report 95-585 on House bill 8175 to extend the VA benefits, it is revealed Congressman Ray Roberts, chairman, Committee on Veterans' Affairs, wrote Mr. Bert Lance, Director, OMB, on April 7, to inquire when the legislative proposal on Federal physicians and dentists proposed in the above-mentioned December 1976 OMB report would be forthcoming.

Mr. Lance responded on May 2, 1977, that OMB would review all of the above material on this matter and that legislative proposals would be reflected in the President's fiscal year 1979 budget.

According to our best information, OMB as of Thursday, January 19, 1978, has still not developed any such legislative proposals.

On October 20, 1977, we met with Mr. Donald Conley, one of the cochairmen of the Federal personnel management project and other members of the task force, to provide them background information similar to the materials presented thus far today.

Mr. Conley indicated that he did not see specific legislative recommendations on physicians pay being developed as part of his task force work. He did indicate, however, that they had presented a number of options as part of option paper No. 6, job evaluation, pay, and benefits system, dated October 14, 1977, but that consideration of these and other options would extend beyond the duration of his task force and that developments of specific legislative proposals conceivably could eventuate from the deliberations at some future date.

On page 37 of option paper 6, consideration is given as to whether or not to have special occupational classification in pay systems. As part of this material an appendix is provided which discusses the advantages and disadvantages of establishing a separate occupational system for Federal physicians.

On page 42 of this appendix, the following statement is made concerning the studies done by various groups on physicians pay:

In reviewing the work of these groups, equity in compensation among the various groups of federal physicians stands out as the major goals to be achieved in developing a new pay system.

In attempting to rectify the inequitable pay status of Federal civil physicians not covered by existing legislation, Senator Charles McC. Mathias offered an amendment to H.R. 8175 on the Senate floor on November 3, 1977. The amendment was defeated 48 to 37 and we were greatly encouraged by such a favorable vote in view of the following circumstances.

There were only a few hours remaining for the first session of the 95th Congress and since Senator Cranston, chairman, Senate Committee on Veterans' Affairs, felt this amendment had not been agreed to by the House, the Senate approval of the amendment would jeopardize the passage of H.R. 8175. Passage of this bill was essential, since the VA special pay authorization for physicians had expired on September 30, 1977. Also, there was so little time to fully inform all the Senators on this matter. Although there is not a germaneness rule in the Senate, some Senators were concerned about the germaneness of the amendment to H.R. 8175.

In light of previous information, it appears our only hope for obtaining pay equity in the near future is for Congress to favorably consider H.R. 4620 and S. 990 as a short-term solution until a long-term unified pay system for physicians can be enacted.

Thus, we would request the subcommittee's favorable consideration of H.R. 4620. We would like to offer the following comments and recommendations concerning H.R. 4620.

Initially, it has the title of Federal Physicians Comparability Allowance Act of 1976, which should be revised because it is now 1978.

It has been a concern to some that the bill currently written would create permanent legislation. To remove this objection, expiration dates similar to those for the VA and uniformed services or one that coincides with the enactment date of a unified pay system would be acceptable.

The bill is currently written to be effective 30 days after the enactment of the act. We prefer that it become effective as of the pay period ending October 1, 1977, which was the date of the last uniformed services and VA extension.

In H.R. 4620 on page 3, line 17, concerning payback, we would like to have ours the same as in the uniformed services where it is stated an officer who has received payment under this section and who voluntarily or because of misconduct fails to complete the total number of years of duty specified in the written agreement, shall be required to refund the amount received that exceeds his entitlement under those regulations.

If the officer has received less allowance than he is entitled to under those regulations at the time of his separation, he should be entitled to receive the additional amount due him.

In summary, we would like to make the following points.

There are presently 1,950 Federal civil physicians, 7.5 of all Federal physicians, who are not entitled to receive special allowances that are provided to their peers in the uniformed services and the Veterans' Administration. This inequity has existed since 1974 and 1975.

All recent studies on physician pay recognized the need for equity in pay for all Federal physicians.

OMB has had a responsibility to develop specific legislative proposals referable to the physicians and dentists for presentation to Congress in August 1976. As of Thursday, January 19, 1978, our best information from OMB is that OMB has not developed any such legislative proposals.

Some people seem to be anticipating legislative proposals referable to physicians and dentists developing out of the President's Government reorganization plan. From our discussion with Mr. Conley, it is our understanding such proposals will not be presented as part of the plan.

Rather, the plan may request legislative authority to establish special occupational pay system for groups such as physicians. Then after this authority has been granted, by fiscal year 1980, funding and specific legislation concerning physicians pay may be developed and implemented by fiscal year 1984. That does nothing to alleviate the existing inequitable pay status now.

Some have expressed concern that H.R. 4620 as currently written is permanent legislation. To remove this objection, we suggest expiration dates comparable to the uniformed services and VA expiration date or an expiration date that coincides with the enactment date of a unified pay system.

There may be testimony recommending against passage of H.R. 4620 because it provides special benefits to only certain groups of physicians. We recognize this, but benefits provided are only intended to provide equity with those already afforded 92.5 percent of physicians in the Federal service.

There may also be testimony opposing passage because it is a piecemeal approach instead of a comprehensive approach. We are sympathetic and understand this input, but since the piecemeal approach has benefited 92.5 percent of Federal physicians since 1974 and 1975, and no long-term solution appears likely in the near future, we think it should be acceptable to extend the piecemeal approach to the balance of the whole group of physicians, until the comprehensive approach has successfully addressed this situation.

We are not seeking any special benefits that other physicians in the Federal service don't have. We are only trying to obtain comparability with what other physicians in the uniformed services and the VA have had since 1974 and 1975.

We, therefore, request passage of H.R. 4620 to provide pay equity with our peers as a short-term solution until a long-term unified pay system is developed to include all Federal physicians and dentists.

We request passage of H.R. 4620 to assist in alleviating certain recruitment and retention problems referable to Federal civil service physicians and to assist in alleviating morale problems created by lack of pay comparability.

In conclusion, it does not appear to us at this time that there are any viable, specific, tangible, alternatives to H.R. 4620 and S. 990 to provide Federal civilian physicians a comparability with their peers in the uniformed services and VA in the near future.

In light of this it is requested that after all the bill material referable to H.R. 4620 has been considered, the subcommittee approve the version of H.R. 4620 that will provide reasonable pay equities to the Federal civil service physicians.

We wish to thank all the subcommittee members for granting us the opportunity to testify on behalf of the Council of Federal Medical Directors and those physicians interested in receiving pay comparability.

Thank you.

Mrs. SPELLMAN. Thank you very much for a most comprehensive statement.

I think my first question would be a very obvious one. Was there any reason why GS physicians were not afforded the same treatment initially, as were received by physicians in the Veterans' Administration and Department of Defense?

Dr. SMITH. The only answer I know to that question is that they didn't ask, or that their voice was not loud enough to be heard; perhaps something like the dentists in Mr. Fisher's bill.

Mrs. SPELLMAN. The qualifications for GS physicians are identical to those for the other services?

Dr. SMITH. I can say without any doubt that that is true.

Mrs. SPELLMAN. The duties are the same?

Dr. SMITH. The same kind of duties.

Mr. McCLUSKEY. Madam Chairwoman.

Mrs. SPELLMAN. Yes.

Mr. McCLUSKEY. When you say the same kind of duty, I think there ought to be a qualification there. DOD and VA have full scope of surgery and everything else, as I understand it, most GS physicians are just examining physicians.

Mrs. SPELLMAN. Oh, no.

Mr. McCLUSKEY. Not only examining physicians but like the Civil Service itself, just going over records that come in on appeals and so forth. Would you like to comment on that?

Dr. SMITH. Would you; perhaps you would like to.

Dr. POINQUETTE. I don't mind commenting on that at all.

I am a psychiatrist at St. Elizabeths Hospital and we run a full scope of delivery of service to all patients there, including surgery, dermatology, podiatry, dental services; everything that goes with taking full care of a patient. We take care of the total patient. I guess

some of my colleagues would have a pretty good laugh to hear you say that we sit down and examine records all day.

Mr. McCLUSKEY. I don't think you understood the question.

Mrs. SPELLMAN. I didn't either in that case.

Mr. McCLUSKEY. I am not asking you particularly what you do. I said, as I understand it, most GS physicians do not do this. I realize what you people do out at St. Elizabeths and so forth. Let's take somebody in FAA; what does that physician do?

Dr. BORCHERDING. May I respond to that question.

Remember there are 1,950 physicians, roughly, in this category. And there are about 800 who are in the Defense Department and there are about 600 who are in Public Health Service. Those doctors are working side by side with the members of the uniformed service in the Commission Corp. So that takes care of about 1,500 or so of the 1,950. Then, we have physicians at St. Elizabeths Hospital, and that is roughly another 100 or so.

There are other physicians in the FAA. They do a very critical job and a very important job in evaluating the flight controllers and people involved in flying, which may not involve hospital care, but it involves a very critical area in which services are rendered to make sure that our air traffic is controlled properly, and it is a great deal of stress that is involved in a number of the jobs that are filled by people in those positions. There are people who are involved in occupational health programs.

Mrs. SPELLMAN. About how many would you put into that latter category?

Dr. BORCHERDING. I think that FAA has about 40 or 50 in this category. And then, of course, they have some examiners that may be doing this on a contractual basis who aren't full-time employees of the Government.

There are other Federal civilian physicians scattered throughout various agencies in the Government who are doing occupation medicine, providing emergency services in health units in various Federal office buildings; and those doctors are involved more in preventive services than they are in curative services.

So one can open another discussion about the value of preventive services and the value of curative service. I think there is a good bit of documented evidence that it is far more important to remove environmental health hazards as chromium exposure that can cause cancer of the lung and to find and detect diseases early to try and prevent them before they occur, than to take care of case of carcinoma of the lung by doing a very significant and very traumatic surgical procedure on the individual that really is questionable as to whether it lengthens the life of the individual.

So I think that it may not be in some situations exactly the same as the services that are being rendered in hospital situations for some of the Federal physicians, but it is our view they are providing a very important preventive health service that is equally as important as to what is being provided in a curative situation in many hospital settings.

Mr. McCLUSKEY. I wanted to get that on the record because the staff has been informed by certain people in the executive agencies, that these doctors just don't do the same type of work.

Dr. BORCHERDING. Thank you.

Mrs. SPELLMAN. I have no further questions except why was this permitted and why has it gone on so long?

Those are the kinds of questions you are turning to us to ask.

Thank you very, very much for your testimony.

Dr. BORCHERDING. May I add one more comment?

Mrs. SPELLMAN. Yes.

Dr. BORCHERDING. As you know, we made a statement here that in response to Mr. Roberts that Mr. Lance had replied in a letter that OMB would suggest legislative proposals on Federal physicians and dentists, and that legislative proposals would be reflected in the President's fiscal year 1979 budget.

Well, I, and another colleague of mine, spent last evening going through the four volumes of the fiscal year 1979 budget and we have been unable to find any legislative proposals dealing with Federal civilian physicians.

Mrs. SPELLMAN. As we came across that part of your testimony, I asked Mr. McCluskey to make sure to include that in the letter that we send to OMB, with an indication that this was expected and apparently has not yet been done.

Dr. BORCHERDING. I was very pleased to hear your comments and Mr. Harris' comments that it appears that OMB has had ample time to formulate some sort of proposals in this regard, and we are most appreciative of your hearing, having hearings on the bill at the present time, and we appreciate anything that you would be able to do to rectify this inequity.

Mrs. SPELLMAN. Well, we are sorry that with the schedule that we had last year, there was no way of working it in. We will be pursuing this matter as quickly as we can in this session.

Dr. BORCHERDING. Thank you.

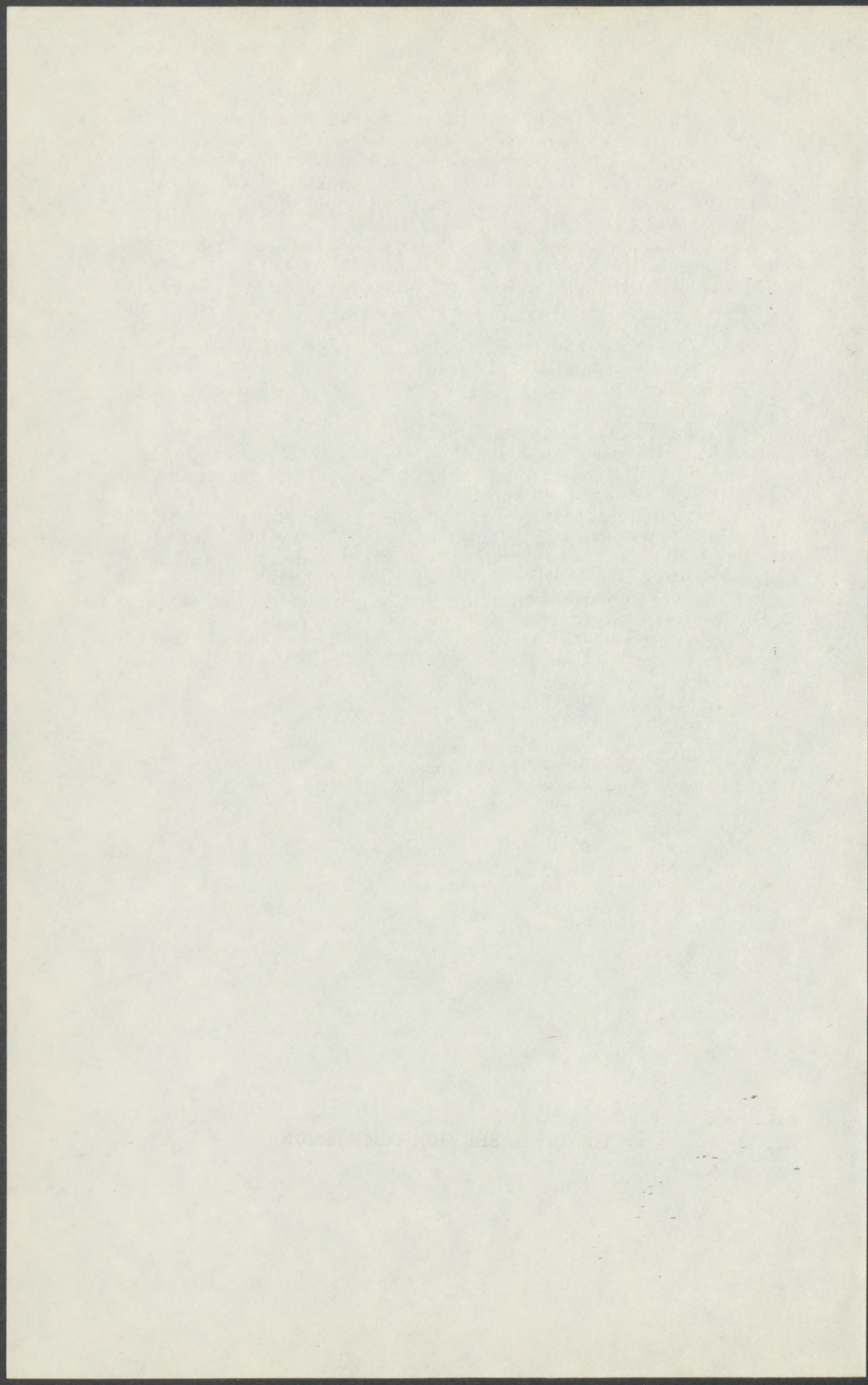
Dr. PONQUINETTE. Thank you.

Dr. SMITH. Thank you very much.

Mrs. SPELLMAN. We don't have the date yet for the testimony of the Civil Service Commission, but we will advise you when the date has been set. Thank you very much.

The meeting is adjourned.

[Whereupon, at 10:39 a.m., the subcommittee was adjourned.]



SPECIAL ALLOWANCES TO ENHANCE THE RECRUITMENT AND RETENTION OF PHYSICIANS IN THE FEDERAL SERVICE

TUESDAY, FEBRUARY 21, 1978

HOUSE OF REPRESENTATIVES,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
SUBCOMMITTEE ON COMPENSATION AND EMPLOYEE BENEFITS,
Washington, D.C.

The subcommittee met at 9:30 a.m. in room 304 of the Cannon House Office Building, Hon. Gladys Spellman presiding.

Mrs. SPELLMAN. The subcommittee will come to order.

The subcommittee is meeting today to continue its consideration of the merits of H.R. 4620, a bill which provides for special allowances to general schedule physicians in order to enhance the recruitment and retention of such physicians.

In previous hearings we've gone into the fact that physicians in the Department of Defense, Veterans' Administration, and Civil Service Commission are paid and promoted under differing systems, but they are all presently limited to a ceiling pay rate of \$47,500.

Because of recruitment and retention problems, Public Laws 93-274, 94-123, and 95-201 were passed, giving temporary legislative authority to grant "special pay" and "bonus pay" amounting to approximately \$13,500 for physicians in the Department of Defense and the Veterans' Administration.

But legislative authority to allow incentive pay increments have never been granted to general schedule physicians. General schedule physicians are employed primarily by the Civil Service Commission and the Federal Aviation Administration, although there are some scattered throughout various agencies.

These general schedule physicians now claim they have a very serious recruitment and retention problem, because they are not only competing against the private sector, but also competing against the Department of Defense and the Veterans' Administration as well.

This, then, is what we will be discussing today. We were not able to have the Civil Service Commission testify before, but we are delighted to have as our witness this morning Mr. Alan K. Campbell, Chairman of the Civil Service Commission.

Mr. Campbell.

STATEMENT OF HON. ALAN K. CAMPBELL, CHAIRMAN, U.S. CIVIL SERVICE COMMISSION

Mr. CAMPBELL. Thank you very much, Madam Chairwoman.

We do appreciate the opportunity to appear, and the fact that you postponed this meeting for us to present our views on H.R. 4620, a bill

to provide special allowances to certain Federal physicians to enhance the recruitment and retention of them.

I am accompanied today by Raymond C. Weissenborn, who is the Chief of the Pay Policy Division, Bureau of Policies and Standards.

Before presenting our comments and views on H.R. 4620, I would like to outline the basics of the present situation on which our positions are formed.

There are many different systems under which Federal physicians have been paid for many years. The great majority of the 20,000 Federal physicians are, however, paid under three statutory pay systems: the Uniformed, the VA Department of Medicine and Surgery, and the General Schedule system.

Military medical officers are paid under an officer-rank system of military compensation. Physicians in the Commissioned Corps of the Public Health Service hold the same ranks and are paid in the same manner as military medical officers. Physicians in the Department of Medicine and Surgery of the Veterans' Administration are paid under a rank-in-person and a rank-in-job system, which resembles the General Schedule, but is actually quite different and more flexible in operation.

Finally, physicians of the General Schedule are paid under a position classification system with grade levels and their definitions set in law.

Pay under the three salary systems covering Federal physicians is adjusted annually under the Federal pay comparability system. In the comparability process, a broadly based cross-industry survey of the corresponding private enterprise salary rates and selected General Schedule occupations, excluding medical occupations, is made.

When the so-called doctor draft, which had enabled the Uniformed Services to meet their needs for medical officers, ended in 1973, a supplemental pay, "Variable Incentive Pay," up to \$13,500 a year, was developed by the Department of Defense and authorized on a temporary basis by the Congress in 1974 to insure adequate recruitment and retention of medical officers in a draft-free environment. The legislation, which expires next October, also covers physicians in the Public Health Service Commissioned Corps.

In 1975 when the Veterans' Administration experienced difficulties in meeting its needs for well-qualified physicians, especially in certain critically short specialties, the concept of a salary add-on was also extended to VA physicians and dentists in the form of "special pay" under a bill passed by the Congress. This temporary legislation provides for "special pay" up to \$13,500 for a 4-year employment contract. It, too, expires next October.

No authority to provide "special pay" has been given to agencies employing General Schedule physicians. H.R. 4620 is an attempt to meet this need, but we do not think it is an appropriate solution in its present form.

H.R. 4620 would provide General Schedule physicians allowances—really about the same thing as "bonuses"—on a permanent basis. We do not support H.R. 4620 in its present form for two interrelated reasons. First, there is no documented evidence that serious physician recruitment and retention problems exist throughout all of the agencies in which physicians are paid under the General Schedule and other systems which are covered by H.R. 4620. Current uniformed services and VA bonuses explicitly were enacted into law to overcome recruitment and retention problems, and the bonus concept should only be extended on that same basis.

Second, the administration is in the process of reviewing Federal compensation policy on a broad basis. A task force of the President's reorganization project has developed recommendations related to civilian compensation as part of a broader study of personnel management. These recommendations are currently under review within the administration.

Recommendations on military pay are due from the Blue Ribbon Commission on Military Compensation in March. Until the administration has had the opportunity to fully examine these recommendations and establish a coherent pay policy, we cannot support piecemeal changes to the system.

However, if the committee is persuaded that there is a pressing need for interim legislation, before recommendations are made by the administration, we believe H.R. 4620 can be improved.

H.R. 4620 would be acceptable only if it were modified to provide temporary authority for bonuses to conform with the laws governing uniformed and VA physicians. The authority for entering into contractual agreements should expire on September 30, 1979, the same date as proposed in the 1979 budget for the VA. We also think that your bill should provide that all contracts terminate as of September 30, 1981. This would be the same termination date as the VA has.

There are a few other modifications that should be made to H.R. 4620. The authority to pay bonuses ought to be consistent with the rationale underlying bonus authorities now provided to the VA and the uniformed services—that is, to pay bonuses only to those categories of physicians for which there is a documented recruitment and retention problem.

We think, too, that the bonuses should be discretionary, rather than providing mandatory base amounts as proposed in H.R. 4620. In this way, the bonuses can be tailored to the different situations facing each agency.

In implementing a bill such as this, it is essential that there be authority to issue regulations and to audit the system. H.R. 4620 should provide that the regulations be subject to Presidential review and approval. The President could, if he chose, delegate the authority.

Also, inasmuch as such regulations would have to be developed, approved, and implemented, we think that at least 60 days, rather than 30 days, after enactment, is a more reasonable time for application. The bill also should provide that the bonus system be audited by the Civil Service Commission.

All of these changes would have to be made before H.R. 4620 would be acceptable to the administration. The Commission would be happy to work with you on them.

Let me mention one other point. H.R. 4620 should make clear that it does not apply to the Postal Service. This can be done by deleting the words "Postal Service" under the definition of "Government physician" and "executive agency."

Under the Postal Service Reorganization Act, the Postal Service already has the authority to set salaries to meet management needs. We understand that a letter dated January 30, 1978, has been sent from the Postal Service to Chairman Nix explaining this situation.

In closing, let me emphasize the importance of making H.R. 4620 temporary legislation, expiring at the same time as other temporary legislation on physicians' pay. In the meantime, the administration

will be considering alternative solutions to deal with the physician pay issue.

Again, the Commission appreciates the opportunity to comment on H.R. 4620.

This ends my prepared statement. Mr. Weissenborn and I will be pleased to answer any questions that you may have, as best we can.

Mrs. SPELLMAN. Thank you very much.

On page 4 of your testimony you indicated that bonuses should go only to that category of General Schedule physicians for which there is a documented recruitment and retention problem.

Is that the system that is currently used for the Veterans' Administration and the uniformed service physicians, or do they all receive the bonuses.

Mr. CAMPBELL. As I understand it, in the case of the uniformed, they almost always receive the maximum bonus. In the case of the VA, the bonuses average about \$7,000, which means they do make distinctions on the amount of bonus to be paid.

Mrs. SPELLMAN. Everybody does get something in VA?

Mr. CAMPBELL. I'm not positive everybody gets something.

Mr. WEISSENBORN. I think most of them get something.

Mr. CAMPBELL. But I think it is a wide range.

Mr. WEISSENBORN. And mainly it is the surgeons in VA.

Mr. CAMPBELL. And mainly it is the surgeons in the VA who receive the bonus.

Mrs. SPELLMAN. You indicated that there was no documented evidence that serious recruitment and retention problems exist throughout all of the agencies in which physicians are paid under the General Schedule.

Does that imply that some of the agencies are experiencing problems in recruiting and retaining qualified doctors?

Mr. CAMPBELL. Yes, I think it is heavily dependent on the kind of specialties that they tend to use.

There are differences among specialties within the medical field as to the market supply and, thereby, you have different problems for different kinds of specialization.

Mrs. SPELLMAN. On page 6 of your statement you noted that under the Postal Reorganization Act, the Postal Service already has the authority to set salaries to management needs.

Mr. CAMPBELL. Right.

Mrs. SPELLMAN. Do you know whether Postal Service doctors are currently receiving higher salaries than the General Schedule physicians?

Mr. CAMPBELL. I don't know. Do we know?

Mr. WEISSENBORN. I don't know.

Mr. CAMPBELL. We can certainly find out and let you know. I think it is a very important point.

Mrs. SPELLMAN. You state that the administration is in the process of reviewing Federal compensation policy on a broad basis. The task force of the President's reorganization project has developed recommendations related to civilian compensation as a part of a broader study of personnel management.

I can't help but think that we've got a double standard in the case of blue-collar employees which says, let's move ahead; don't wait; we know exactly what ought to be done. And in this case we are saying, let's wait for the broad study.

We can't have it both ways. Which is the right way?

Mr. CAMPBELL. I would simply make the point that the medical pay is closely associated with white collar pay. Our comment there really relates to trying to do some things about the comparability principle as it operates totally across the white-collar pay system.

We also recognize that if it is impossible to move on a total re-vamping of the white collar pay system, that there obviously has to be something done in the physicians' area, and we are also, in fact, working specifically on that problem.

Mrs. SPELLMAN. When you say, this broad basis, you are separating white from blue?

Mr. CAMPBELL. Yes, we would argue that what we are trying to do in the blue-collar area is consistent with what we hope to recommend in the white collar area, which is to make the comparability principle work better.

Mrs. SPELLMAN. You make certain recommendations?

Mr. CAMPBELL. Yes.

Mrs. SPELLMAN. On changes for H.R. 4620. You say that all of the changes would have to be made before H.R. 4620 would be acceptable to the administration.

Does that mean that if your recommendations were adopted that the administration would support it?

Mr. CAMPBELL. Yes, I think it is fair to say that if the bill is temporary, and has the other changes in it that were suggested, as a temporary piece of legislation, the administration would support it.

Mrs. SPELLMAN. Are CIA physicians and physicians in the Foreign Service under the General Schedule?

Mr. WEISSENBORN. The Foreign Service physicians would be paid under that system. The CIA is not under the General Schedule, but they follow the General Schedule.

Mrs. SPELLMAN. Both, incidentally, have asked to come under this bill.

Mr. CAMPBELL. Yes; I understand neither has authority to apply bonuses, but I understand that they would like to move into the system. But, obviously, if we do something with the General Schedule physicians, they ought to be included.

Mrs. SPELLMAN. Are there other physicians anywhere throughout the Government that logically would come under this same kind of provision?

Mr. WEISSENBORN. I am advised that there are, indeed, may be a few scattered pay systems which are not specifically under the General Schedule, but we have not been able to identify specifically how many or who they are.

There are a number of agencies that are exempted from the General Schedule which, nevertheless, tend to follow the rates but have their own technical authority to set the pay.

Mr. CAMPBELL. Such as the FBI; and I don't know where the FBI fits.

Mr. WEISSENBORN. CIA is in that category. It is just that it is a larger agency, and it is a little more alone in this kind of area.

Mrs. SPELLMAN. Do you know whether we are losing General Schedule people to the VA? Are they leaving as quickly as there are openings; or to the services?

Mr. WEISSENBORN. I believe there is some such movement. I am not aware that it is at any drastic height.

Mr. CAMPBELL. It seems to me that that would be very useful information, and we will indeed attempt to determine it.

Mrs. SPELLMAN. The impression that we get in talking to physicians is that they feel that a good many people are keeping an eye open for vacancies in the other areas, and they're the same people who are able to transfer over.

Do you experience any difficulty in hiring in the general service?

Mr. CAMPBELL. Yes. Again, it varies by specialization. For example, surgeons are very difficult to hire in the General Schedule system.

We do, as you know, have special rates attached to the General Schedule; but that still has the \$47,500 cap on it, which is a block for top people.

Mrs. SPELLMAN. We have a little difficulty with section 5301(1)(a), title 5 of the United States Code, which provides that Federal employees will receive "the equal pay for substantially equal work." And, yet, the current laws create a situation where some doctors in the Federal service receive greater pay than others, although they are performing the same kind of work. We wonder whether you feel these laws are in direct conflict to one of the basic principles of the Federal pay system.

Mr. CAMPBELL. We certainly would agree that the current situation is not a tenable one, where you have, as you point out, doctors of exactly the same kind of special experience, receiving different pay.

It is a result of the patchwork legislation that has gone on to try to deal with specific problems and specific situations.

There is agreement within the administration that something needs to be done about this. We have not yet reached agreement on what specifically ought to be done about it.

Mrs. SPELLMAN. Because it simply seems puzzling to find that we are giving bonuses in those areas where we are permitted to, and we do this because obviously we feel there is a severe recruitment or retention problem, or both.

Yet for physicians doing the exact same work under the General Schedule pay scale, someone obviously is saying, well, there isn't a problem there. We obviously are saying there is a problem there.

Is there a difference in working conditions for doctors in Veterans' Administration and the General Schedule?

Mr. CAMPBELL. There clearly are differing working conditions across the board, but I think it would be improper to define it as a difference between a General Schedule and the VA.

I can only agree with what you are now saying. It is not inconsistent with the position of the administration. The difficulty is, what kind of a system should be substituted for what is essentially a nonsystem.

Mrs. SPELLMAN. Do you think that ultimately we will come up with something that fits across the board?

Mr. CAMPBELL. That is our intention.

Mrs. SPELLMAN. You indicate that you are working on a proposal now. Can you give us an idea of what the proposal will call for?

Mr. CAMPBELL. The effort is to provide a special pay schedule for physicians that would be based on comparability with the private sector. And the issue is whether that, or improvements on the bonus system, is the right approach.

There are differences of opinion as to which is the better route to take.

Mrs. SPELLMAN. That will be ready for us when?

Mr. CAMPBELL. I wish I could be specific. Certainly it is our hope that we are talking about a matter of some weeks, as opposed to longer than that.

Mrs. SPELLMAN. Mr. McCluskey, do you have any questions?

Mr. McCLUSKEY. No questions.

Mrs. SPELLMAN. If not, we thank you very much.

Mr. CAMPBELL. Thank you very much.

Mrs. SPELLMAN. The meeting is adjourned.

[Whereupon, at 10:05 a.m., the meeting was adjourned.]

[The following letters were received for the record:]

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

JAN 18 1978

Honorable Gladys Noon Spellman
Chair, Subcommittee on Compensation
and Employee Benefits
Committee on Post Office and
Civil Service
House of Representatives
Washington, D. C. 20515

Dear Mrs. Spellman: *Gladys*

This responds to your December 29th letter in which you invited Mr. McIntyre to testify on January 24 on H.R. 4620, a bill to provide special allowances to certain physicians employed by the Federal Government.

While we appreciate the invitation, we do not think it is appropriate for OMB to testify on this issue since the Civil Service Commission is the lead agency for developing and implementing Administration policy in this area. Thus, we would defer to the testimony given by the Commission, which will be reviewed through the OMB legislative coordination process to ensure that it reflects the view of the Administration.

We have discussed this arrangement with your staff which has indicated that this would likely be a satisfactory solution as far as the Subcommittee is concerned. Please let me know if we can be of any further assistance on this issue.

Sincerely,

(SIGNED) HERKY

Hubert L. Harris, Jr.
Assistant Director

UNITED STATES CIVIL SERVICE COMMISSION

IN REPLY PLEASE REFER TO

WASHINGTON, D. C. 20415

MAR 2 1978

YOUR REFERENCE

Honorable Gladys Noon Spellman
Chair, Subcommittee on Compensation
and Employee Benefits
Committee on Post Office and Civil
Service
U.S. House of Representatives
Washington, D.C. 20515

Dear Mrs. Spellman:

During my testimony before your Subcommittee on February 21, 1978, I offered to obtain information on (1) the salary levels of Postal Service physicians and (2) the extent of the loss of General Schedule physicians to the VA's Department of Medicine and Surgery.

The Postal Service has informed us that all of its physicians are classified in the same grade (PES 26) at annual salaries within the range of \$26,650 to \$37,300. At the present, the Postal Service employs 45 physicians; 30 of these are full-time, and 15 are part-time. These physicians work in an office setting and have responsibilities and duties that are typical of industrial medical practice.

Unfortunately, we are unable to report to you the number of General Schedule physicians that are lost to the Veterans Administration's Department of Medicine and Surgery because of the higher earnings potential at the VA. These specific data are not maintained in the files of agencies.

Yours truly,

Alan K. Campbell
Chairman



LAW DEPARTMENT
Washington, DC 20260

January 30, 1978

Dear Mr. Chairman:

This is in regard to H.R. 1519, a bill which would add a new subsection to the Public Health Service Act "to provide special allowances to certain physicians employed by the United States in order to enhance the recruitment and retention of such physicians." This report also expresses our views on H.R. 4620, which contains the same language as H.R. 1519, but amends title 5 of the U.S. Code.

These bills would entitle Government physicians to receive, in addition to pay otherwise due them, a professional allowance at specified amounts per annum and an allowance under a service agreement which may be established between a Government physician and an Executive agency. The bills are expressly made applicable to the Postal Service and Postal Rate Commission. We oppose the application of these bills to the Postal Service for the reasons discussed below.

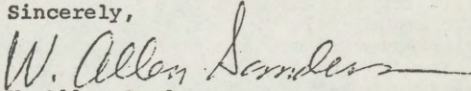
Congress has mandated the efficient and economical management of the Postal Service. 39 U.S.C. §§101(a), 3621. Consistent with this goal, the Postal Reorganization Act empowers the Postal Service to meet its needs for recruitment and retention of postal personnel, including physicians, by determining the pay of its officers and employees subject to the limitation that no officer or employee may be paid at a rate in excess of the rate for level I of the Executive Schedule. 39 U.S.C. §1003(a). Congressionally mandated special allowances for postal physicians may be inconsistent with efficient operation of the Postal Service, by requiring the Postal Service to pay its physicians salaries which exceed those necessary to meet Postal Service staffing needs. To the extent that medical staffing needs are not being met, the Postal Service, unlike most other agencies, already has the authority to raise physicians' salaries.

Moreover, it is noteworthy that the section which would be added to subchapter IV of chapter 59 of title 5 by H.R. 4620 is captioned "Physicians comparability allowances." Insofar

as the intent of the bills may be to better insure comparability between physicians' salaries in the private and public sectors, the applicability of this law to the Postal Service would result in salaries actually exceeding comparability. Under 39 U.S.C. §§101(c) and 1003(a) it is the policy of the Postal Service to pay its employees, including physicians, pay and benefits which are comparable to those received for comparable work in the private sector.

In sum, applicability of the bills to the Postal Service would result in the payment of comparability allowances or recruitment or retention pay to postal physicians for whom, under the Postal Reorganization Act, pay has been established which is already comparable to the private sector and meets postal management's recruitment and retention needs. Thus, in our view, the application of the subject bills to the Postal Service is unnecessary and inappropriate.

Sincerely,



W. Allen Sanders
Assistant General Counsel
Legislative Division

Honorable Robert N.C. Nix
Chairman, Committee on Post
Office and Civil Service
House of Representatives
Washington, D.C. 20515

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

FEB 17 1978

Honorable Robert N. C. Nix
Chairman, Post Office and Civil
Service Committee
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

This is in response to your request of November 23, 1977 for the views of this Office on H.R. 4620, a bill "To amend title 5, United States Code, to provide special allowances to certain physicians employed by the United States in order to enhance the recruitment and retention of such physicians."

H.R. 4620 would provide, on a permanent basis, bonuses of up to \$10,000 annually to Federal civilian physicians not now eligible for them. Under current law, physicians in the uniformed services receive temporary variable incentive pay under P.L. 93-274. Physicians in the Department of Medicine and Surgery of the Veterans Administration receive temporary special pay under P.L. 94-123. The authorities for these temporary bonuses - which were enacted to aid in physician recruitment and retention - expire on September 30, 1978.

H.R. 4620 would authorize permanent bonuses to physicians paid under the General Schedule and to physicians paid under other pay schedules, i.e., Foreign Service, Postal Service, Panama Canal Zone Government, Tennessee Valley Authority and Energy Research and Development Administration.

We are currently working with the Civil Service Commission, the Department of Defense, the Department of Health, Education, and Welfare, the Veterans Administration, and other Federal agencies to develop long-range recommendations for physician compensation.

The permanent character of H.R. 4620 is inconsistent with these efforts. In addition, H.R. 4620 would authorize bonuses for agencies which have not demonstrated

serious physician recruitment and retention problems. Accordingly, we do not favor enactment of H.R. 4620.

However, if the Committee feels that there is a pressing need for interim legislation, pending the development of Administration recommendations, we believe H.R. 4620 would be less objectionable if modified along lines which would:

- provide the authority to pay bonuses only to those categories of physicians for which there is a demonstrated recruitment and retention problem, consistent with the rationale underlying bonus authorities now provided to other agencies.

- make the authority temporary.

- make bonuses up to the proposed \$10,000 amount discretionary (rather than providing mandatory base amounts as proposed in H.R. 4620) so they can be tailored to the different situations facing each agency.

- provide that the regulations governing physician bonuses shall be subject to Presidential review and approval, and that the bonus pay system be audited by the Civil Service Commission.

- make certain adjustments in the coverage provisions of the bill.

If the Committee wishes to consider H.R. 4620 further, the Administration, through the Civil Service Commission, will be glad to cooperate in working on these modifications.

Sincerely,

James M. Frey
James M. Frey
Assistant Director for
Legislative Reference

95TH CONGRESS
1ST SESSION

H. R. 4620

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 1977

Mr. FISHER (for himself and Mrs. SPELLMAN) introduced the following bill;
which was referred to the Committee on Post Office and Civil Service

A BILL

To amend title 5, United States Code, to provide special allowances to certain physicians employed by the United States in order to enhance the recruitment and retention of such physicians.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Federal Physicians Com-
4 parability Allowance Act of 1976".

5 SEC. 2. (a) Subchapter IV of chapter 59 of title 5,
6 United States Code, relating to allowances, is amended by
7 adding at the end thereof the following new section:

8 "§ 5948. Physicians comparability allowances

I—O

1 “(a) A Government physician, in addition to pay other-
2 wise due him, is entitled to—

3 “(1) a professional allowance—

4 (A) at a per annum rate of \$1,200 if he has
5 served as a Government physician for twenty-four
6 months or less, or

7 “(B) at a per annum rate of \$4,200 a year
8 if he has served as a Government physician for more
9 than twenty-four months, plus

10 “(2) an allowance under any service agreement
11 made pursuant to subsection (b) of this section.

12 “(b) (1) Notwithstanding any other provision of law,
13 in order to recruit and retain highly qualified Government
14 physicians in an Executive agency, the head of such agency,
15 subject to the provisions of this section and regulations
16 which the Civil Service Commission may prescribe, may
17 enter into a service agreement with a Government physician
18 which provides (A) for such physician to complete a spec-
19 ified number of years of service in such agency in return
20 for (B) an allowance in an amount not more than \$5,800
21 per annum upon the execution, and for the duration of, such
22 agreement.

23 “(2) An allowance may not be paid pursuant to this
24 subsection to any physician who—

1 “(A) is employed on less than a half-time or
2 intermittent basis,

3 “(B) occupies an internship or residency training
4 position, or

5 “(C) is a reemployed annuitant.

6 “(3) The head of each Executive agency, pursuant to
7 such regulations, may determine categories of positions ap-
8 plicable to physicians in such agency as to which there is
9 no significant recruitment and retention problem. Physicians
10 serving in such positions shall not be eligible for an allow-
11 ance pursuant to this subsection.

12 “(4) Any agreement entered into by a physician under
13 this subsection shall be with respect to a period of one year
14 of service in the Executive agency involved unless the
15 physician requests an agreement for a longer period of
16 service not to exceed four years.

17 “(5) Any such agreement shall provide that the physi-
18 cian, in the event that such physician voluntarily, or be-
19 cause of misconduct, fails to complete at least one year of
20 service pursuant to such agreement, shall be required to
21 refund the total amount received under this section, unless
22 the head of such agency, pursuant to the regulations pre-
23 scribed under this subsection by the Civil Service Commis-

1 sion, determines that such failure is necessitated by circum-
 2 stances beyond the control of the physician.

3 “(6) Any such agreement shall specify the terms under
 4 which the head of the executive agency and the physician
 5 may elect to terminate such agreement.

6 “(c) For the purpose of this section—

7 “(1) ‘Government physician’ means any individual
 8 employed as a physician who is paid under—

9 “(A) section 5332 of this title, relating to the
 10 General Schedule;

11 “(B) subchapter IV of chapter 14 of title 22,
 12 relating to the Foreign Service; or

13 “(C) pay scales or rate systems established for
 14 physicians employed by—

15 “(i) the Postal Service or the Postal Rate
 16 Commission;

17 “(ii) the Canal Zone Government or the
 18 Panama Canal Company;

19 “(iii) the Energy Research and Develop-
 20 ment Administration; or

21 “(iv) the Tennessee Valley Authority; and

22 “(2) ‘executive agency’ includes the Postal
 23 Service and Postal Rate Commission.

24 “(d) (1) Any allowance paid under this section shall
 25 not be considered as basic pay for the purposes of subchapter

1 VI and section 5595 of chapter 55, chapter 81, 83, or 87
2 of this title, or other benefits related to basic pay.

3 “(2) Any allowance under this section for a Gov-
4 ernment physician shall be paid in the same manner and
5 at the same time as his basic pay is paid.”.

6 (b) The analysis for chapter 59 of such title is amended
7 by adding at the end thereof the following:

“5948. Physicians comparability allowances.”

8 SEC. 3. The amendments made by this Act shall apply
9 with respect to pay periods beginning more than thirty
10 days after the date of the enactment of this Act.

