THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301-1200

HEALTH AFFAIRS

AUG 2 1 2003

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (M&RA)
ASSISTANT SECRETARY OF THE NAVY (M&RA)
ASSISTANT SECRETARY OF THE AIR FORCE (M&RA)

SUBJECT: FY04 Medical Officer Special Pay Plan

In accordance with Title 37, United States Code, and Department of Defense (DoD) Instruction 6000.13, the FY04 Medical Officer Special Pay Plan and the FY04 Dental Officer Special Pay Plan are attached.

In determining the FY04 rates for Multiyear Special Pay, Incentive Special Pay, and the Dental Officer Multiyear Retention Bonus, the Health Professions Incentives Integration Board considered manning, civilian income data, and Military Health System requirements, and Service budget impact.

Medical and dental officer special pays shall be administered in accordance with the policies established herein, in Title 37 U.S.C., and in DoDI 6000.13. I emphasize that possession of a current, unrestricted license (or approved waiver) is a prerequisite to enter into a special pay contract. Please provide this office a copy of your implementing guidance within 30 days of the date of this memorandum. My point of contact for this action is Colonel John Powers at (703) 681-1703.

William Winkenwerder, Jr., MD

Attachments:
As stated

cc:
ASD (FMP)
ASD (RA)
Surgeon General of the Army
Surgeon General of the Navy
Surgeon General of the Air Force
United States Public Health Service
Defense Finance and Accounting Service

FISCAL YEAR 2004 MEDICAL OFFICER SPECIAL PAY PLAN

A. PURPOSE: To promulgate pay rates and policy for the fiscal year 2004 (FY04) medical officer special pay program.

B. APPLICABILITY: The provisions of this policy memorandum apply to the Office of the Secretary of Defense and the Military Departments.

C. TERMS AND DEFINITIONS:

1. Medical Corps Officer. An officer of the Medical Corps of the Army or Navy, or an officer of the Air Force designated as a medical officer, who is on active duty under a call or order to active duty for a period of not less than one year.

2. Creditable Service. Includes all periods that the officer spent in graduate medical education while not on active duty and all periods of active duty as a Medical Corps officer.

3. Subspecialties. Specialties grouped for pay purposes into the following categories:

   a. Subspecialty Category I. Includes adult cardiology, cardio-thoracic surgery, colon and rectal surgery, oncology surgery, pediatric surgery, plastic surgery, organ transplant, trauma/critical care surgery and vascular surgery.
   b. Subspecialty Category II. Includes nuclear medicine physicians.
   c. Subspecialty Category III. Includes physicians residency trained in: allergy/immunology, nephrology, and pulmonary medicine, hematology/oncology, pediatric cardiology, neonatology, and physicians who are fellowship trained critical care or intensive medicine specialists. *Includes Pediatric subspecialties of all specialties listed.*
   d. Subspecialty Category IV. Includes all internal medicine/pediatric subspecialties not listed in *Subspecialty Category I or III* or listed separately in the tables appearing in table 1.

4. Residency. A successfully completed formal program of medical specialty or subspecialty training.

5. Specialty. Medical specialty for which there is an identifying specialty skill identifier number, a Naval officer billet classification number, or an Air Force specialty code number.

D. MULTIYEAR SPECIAL PAY (MSP):

1. Annual payment amounts for multiyear contracts, for FY04, will be in the amounts indicated at Tab A. Officers may be paid at the rate for any specialty for which they are currently credentialled, but the MSP and Incentive Special Pay (ISP) specialty must be the same.

2. Eligibility. A Medical Corps officer:

a. who is below the grade of 0-7, and

b. who has a current, valid, unrestricted license or approved waiver, and

c. who has at least eight years of creditable service, or has completed any active duty service commitment incurred for medical education and training, and

d. who has completed initial residency training, or is scheduled to complete initial residency training before October 1, 2003, and

e. who executes a written agreement to remain on active duty for two, three, or four years that is accepted by the Secretary (or designee) of the Military Department concerned.

Note: Based on Service unique requirements, the Secretary concerned (or designee) may decline to offer MSP to any specialty that is otherwise eligible or restrict the length of an MSP contract for a specialty to less than four years.

3. Subject to acceptance by the Secretary (or designee) of the Military Department concerned, a medical officer with an existing MSP contract may terminate that contract to enter into a new MSP contract with an equal or longer obligation at the MSP annual rate in effect at the time of execution of the new MSP contract. Any unearned portion of the terminated contract shall be recouped.

4. Active duty service obligations for MSP will be established as follows:

a. Active duty obligations (ADO) for education and training and previous multiyear pay agreements will be served before serving the ADO for MSP. The MSP ADO is served after any other existing ADO for education and training has been completed.

b. When no education and training ADO exists at the time of an MSP agreement execution, the ADO for MSP is served concurrently with the MSP agreement period and all non-education and training ADOs. Also, if the MSP agreement is executed before the start date of fellowship training and no other education and training ADO exists, the MSP ADO is served concurrently with the MSP agreement period. However, if the MSP agreement is executed on or after the start date of fellowship training, the physician is obligated for the full fellowship period and the MSP ADO will begin one day after the fellowship ADO is completed. Once a physician has begun to serve an MSP ADO, it will be served concurrently with any existing ADO including obligations for other special pay agreements or medical education and training obligations incurred after the execution date for that particular MSP agreement.

c. Obligations for Additional Special Pay and Incentive Special Pay may be served concurrently with any other service obligation.

E. INCENTIVE SPECIAL PAY (ISP):

1. Eligibility. A Medical Corps officer:

a. who is below the grade of 0-7 and

b. who has a current, valid, unrestricted license or approved waiver, and

c. who has completed specialty qualification before October 1, 2003, except for cases listed in paragraph E.6., below, and

d. who executes a written agreement to remain on active duty for a period of not less than one year beginning on the date the officer accepts the award of ISP.

NOTE: Subject to the acceptance by the Secretary (or designee) of the Military Department concerned, a medical officer must be currently credentialled and privileged at a military treatment facility in the specialty for which ISP is to be paid.

2. Annual ISP payments for contracts beginning on or after October 1, 2003, will be in the amounts indicated in Table 1, Tab A, ***as further explained in paragraph 4 below***. Unless otherwise listed, subspecialties of the primary specialty are included with the primary specialty.

3. The Secretary (or designee) of the Military Department concerned may approve recommendations for ISP payments to fully qualified physicians assigned to positions requiring a substantial portion of time performing military unique duties under adverse conditions or in remote OCONUS locations or that preclude the ability to spend appropriate time in a clinical setting.

4. Subject to acceptance by the Secretary (or designee) of the Military Department concerned, a medical officer eligible for, but not under an MSP agreement, may enter into a new one-year ISP agreement at the one year rate listed in Table 1, Tab A. To receive the multiyear ISP (MISP) rate listed in Table 1, Tab A while eligible for MSP, an MSP contract must be executed. If a member is not eligible for MSP due to a training obligation, the "under obligation" rate listed in Table 1, Tab A applies. Termination of a current ISP contract prior to its expiration can only be done in conjunction with execution of a new MSP contract.

5. Medical Corps officers who enter an MSP contract at the rates stated herein may enter an ISP contract during FY04 at the amount listed in Table 1 for the same specialty as stated on the MSP contract. The officer would continue ISP eligibility at that rate for each active year of the MSP contract. Should future reassessments cause an increase to the ISP rate for a specialty, the officer may take advantage of that increase only by signing a new MSP contract (at the annual rate in effect at the time the new contract is signed) with an equal or longer obligation.

6. ISP shall not be paid during the same fiscal year in which the qualifying residency training is completed. However, if the qualifying training is completed out of cycle (at a time prior to the end of June) and it is not the fault of the medical officer, the Surgeons General are delegated the authority to waive the Department of Defense policy and grant ISP during the same fiscal year in which the qualifying residency is completed. The effective date for ISP shall be calculated from the completion of the qualifying training plus three months. This keeps all medical officers eligible for ISP consistent in how their eligibility date is calculated.

F. VARIABLE SPECIAL PAY (VSP): Medical Corps officers on active duty under a call or order to active duty for a period of not less than one year are entitled to VSP at the amounts listed in Table 2, Tab A.

G. ADDITIONAL SPECIAL PAY (ASP):

1. Medical Corps officers who are on active duty under a call or order to active duty for a period of not less than one year and are not undergoing medical internship or initial residency training, and who execute a written agreement to remain on active duty not less than one year, who have a current, valid, unrestricted license or approved waiver are entitled to ASP for any twelve month period at the annual amount of $15,000. Physicians who have just completed internship training, but who are not presently in initial residency training are also eligible with evidence of having successfully completed all three parts of the national licensing exam and submission of an application for licensure pending review and approval by a state licensing board.

H. BOARD CERTIFIED PAY (BCP): Medical Corps officers on active duty under a call or order to active duty for a period of not less than one year, who have a current, valid, unrestricted license or approved waiver and are board certified in accordance with DoDI 6000.13, are entitled to BCP at the amounts listed in Table 3, Tab A.

I. TERMINATION OF ENTITLEMENT TO SPECIAL PAY: The Secretary (or designee) of the Military Department concerned may terminate at any time a Medical Corps officer's entitlement to ISP, ASP, and MSP. Reasons for termination may include, but are not necessarily limited to: loss of privileges, Courts Martial convictions, violations of the Uniform Code of Military Justice, failure to maintain a current, unrestricted license to practice medicine, or reasons that are in the best interest of the Military Department concerned. If entitlement to one or more of the aforementioned special pays is terminated, the officer shall be paid, on a pro-rata basis, the portion served up to the official date of termination. The Military Departments shall establish regulations that specify the conditions and procedures under which termination may take place. The regulations and conditions for termination shall be included in the written service agreement for ISP, ASP, and MSP.

J. RECOUPMENT: Recoupment of MSP, ISP, and ASP shall be conducted in accordance with Sections 301d(c) and 302(f) of Title 37 U.S.C. The regulations regarding recoupment shall be stipulated in the written service agreement.

K. SPECIAL PAYS FOR RESERVE MEDICAL OFFICERS:

1. Under Title 37 U.S.C. 302(h), National Guard and Reserve medical officers under a call or order to active duty for a period of less than one year, who have a current, valid unrestricted license are entitled to special pay at the rate of $450 a month for each month of active duty, including active duty in the form of annual training, active duty for training, and active duty for special work. The amount shall be prorated for periods less than one month.

2. Under Title 37 U.S.C. 302f, National Guard and Reserve medical officers called or ordered to active duty (other than for training) for a period of more than 30 days, but less than one year, and have a current, valid, unrestricted license, are eligible to receive VSP, ASP, BCP and ISP at the rates established herein. Payments shall be paid monthly, and amounts shall be prorated for periods less than one month. National Guard and Reserve medical officers receiving ASP and ISP under Title 37 U.S.C. 302f are not required to execute a written agreement to remain on active duty for at least one year.

3. National Guard and Reserve medical officers serving on active duty and receiving special pay under the authority of Title 37 U.S.C. 302f (paragraph K.2., above) are not entitled to the special pay under the authority of Title 37 U.S.C. 302(h) (paragraph K.1.).

Table 1. FY04 ISP and MSP Pay Rates

Specialty	*FY04 One-year ISP Rate "Under Obligation"*	**FY04 One-year ISP Amount "MSP eligible"**	FY04 MISP Amount + 2-yr MSP	FY04 MISP Amount + 3-yr MSP	FY04 MISP Amount + 4 yr MSP
Anesthesiology	$36,000	$36,000	$54,000	$55,000	$57,000
Dermatology	$18,000	$18,000	$30,000	$31,000	$33,000
Emergency Medicine	$26,000	$26,000	$38,000	$39,000	$41,000
Family Practice	$13,000	$13,000	$25,000	$26,000	$28,000
Gastroenterology	$26,000	$23,000	$41,000	$42,000	$44,000
General Surgery	$29,000	$29,000	$46,000	$47,000	$49,000
Internal Medicine	$14,000	$14,000	$26,000	$27,000	$29,000
Neurology	$14,000	$14,000	$26,000	$27,000	$29,000
Neurosurgery	$36,000	$36,000	$53,000	$54,000	$56,000
OB/GYN	$31,000	$31,000	$43,000	$44,000	$46,000
Ophthalmology	$28,000	$28,000	$40,000	$41,000	$43,000
Orthopedics	$36,000	$36,000	$53,000	$54,000	$56,000
Otolaryngology	$30,000	$30,000	$45,000	$46,000	$48,000
Pathology	$16,000	$16,000	$31,000	$32,000	$34,000
Pediatrics	$12,000	$12,000	$24,000	$25,000	$27,000
Prev/Occ/Phys Med & Aero Med	$13,000	$12,000	$25,000	$26,000	$28,000
Psychiatry	$15,000	$15,000	$27,000	$28,000	$30,000
Radiology	$36,000	$36,000	$54,000	$55,000	$57,000
Subspecialty Category I	$36,000	$36,000	$53,000	$54,000	$56,000
Subspecialty Category II	$28,000	$28,000	$40,000	$41,000	$43,000
Subspecialty Category III	$23,000	$23,000	$38,000	$39,000	$41,000
Subspecialty Category IV	$14,000	$14,000	$26,000	$27,000	$29,000
Urology	$28,000	$28,000	$40,000	$41,000	$43,000

*** If a member is not taking MSP due to being under their initial education obligation, this rate applies.**

**** If a member is eligible for MSP and is no longer under their initial education obligation, this rate applies.**

Table 2.
Medical Officer
Variable Special Pay (VSP)

Years of Creditable Service	Annual Entitlement
Undergoing internship	$ 1,200
Less than 6 and not undergoing an internship	$ 5,000
At least 6, less than 8	$12,000
At least 8, less than 10	$11,500
At least 10, less than 12	$11,000
At least 12, less than 14	$10,000
At least 14, less than 18	$ 9,000
At least 18, less than 22	$ 8,000
22 or more	$ 7,000
Above pay grade O-6	$ 7,000

Table 3.
Medical Officer
Board Certified Pay (BCP)

Years of Creditable Service	Annual Entitlement
Less than 10	$2,500
At least 10, less than 12	$3,500
At least 12, less than 14	$4,000
At least 14, less than 18	$5,000
18 or more	$6,000

FY04 DENTAL OFFICER
SPECIAL PAY PLAN

A. General Eligibility. To be eligible for dental officer incentive pays listed within this policy memorandum, an individual must be a dental corps officer (see B. 3. below)

B. Terms and Definitions.

1. Advanced Clinical Program (ACP). A clinical training program of not less than twelve months duration providing dental officers with formal preparation in General Dentistry, Exodontia, Endodontics, Periodontics, Prosthodontics or other dental disciplines. PGY-1 dental programs (AEGD and GPR) are excluded from this definition.
2. Creditable Service. Includes all periods that the officer has served on active duty as a dental corps officer, and all periods spent in graduate dental education (GDE) training programs while not on active duty.
3. Dental Corps Officer. An officer of the Dental Corps of the Army or the Navy or an officer of the Air Force designated as a dental officer; and be on active duty under a call or order to active duty for a period of not less than one year.
4. Dental Residency. A Graduate Dental Education (GDE) training program 12 months or greater, excluding general practice residency (GPR) or the 12 month Advanced Education General Dentistry (AEGD) and Advanced General Dentistry Program 1 (AGDP-1).
5. Dental Specialty. Dental grouping for which there is an Army area of concentration (AOC) identifier, a Navy subspecialty code greater than 1700 with non-"S" suffix (or additional qualification designator equivalent), or an Air Force specialty code number.

C. Variable Special Pay (VSP). Eligible officers are entitled to VSP, paid monthly, at the following annual rates:

1. $3,000 if undergoing internship training or has less than three years of creditable service.
2. $7,000 with at least three but less than six years of creditable service and not undergoing internship training.
3. $7,000 with at least six but less than 8 years of creditable service.
4. $12,000 with at least 8 but less than 12 years of creditable service.
5. $10,000 with at least 12 but less than 14 years of creditable service.
6. $9,000 with at least 14 but less than 18 years of creditable service.
7. $8,000 with 18 or more years of creditable service.
8. $7,000 for those in pay grades above O-6.

D. Additional Special Pay (ASP). An officer entitled to VSP, and not undergoing dental internship or initial dental residency training, who possesses a current, valid, unrestricted license or approved waiver, is entitled to ASP at the following rates for any 12 month period during which the officer executes a written agreement to remain on active duty for a period of not less than one year beginning on the date the officer accepts the award of ASP. ASP shall be paid annually at the beginning of the 12 month period for which the officer is entitled to such payment.

1. $4,000 with less than three years of creditable service.
2. $6,000 with at least three but less than 10 years of creditable service.
3. $15,000 with at least 10 or more years of creditable service.

Subject to acceptance by the Secretary of the Military Department concerned (or designee), a dental officer with an existing ASP agreement may terminate that ASP agreement on or after the anniversary of their credible service date to enter into a new one-year ASP agreement if the new agreement results in a higher ASP rate due to the number of years served.

E. Board Certification Pay (BCP). An officer entitled to VSP who possesses a current, valid, unrestricted license or approved waiver and is board certified is entitled to BCP, paid monthly, at the following annual rates:

1. $2,500 with less than 10 years of creditable service.
2. $3,500 with at least 10 but less than 12 years of creditable service.
3. $4,000 with at least 12 but less than 14 years of creditable service.
4. $5,000 with at least 14 but less than 18 years of creditable service.
5. $6,000 with 18 or more years of creditable service.

F. Dental Officer Multiyear Retention Bonus (DOMRB).

1. Dental Corps officers with a current, valid, unrestricted license or approved waiver shall, upon acceptance of the written service agreement by the Secretary of the Military Department concerned (or designee), be paid at the rates indicated for their specialty in the charts below. The amounts represent annual bonus payments to be paid on the anniversary date of the agreement.

2. Eligibility. A Dental Corps officer:

a. who is below the grade of 0-7, and

b. who has a current, valid, unrestricted license or approved waiver, and

c. who has at least eight years of creditable service, or has completed any active duty service commitment incurred for dental education and training, and

d. who has completed initial residency training, or is scheduled to complete initial residency training before October 1, 2003, and

e. who executes a written agreement to remain on active duty for two, three, or four years that is accepted by the Secretary (or designee) of the Military Department concerned.

Note: Based on Service unique requirements, the Secretary concerned (or designee) may decline to offer DOMRB to any specialty that is otherwise

eligible or restrict the length of an DOMRB contract for a specialty to less than four years.

3. Subject to acceptance by the Secretary (or designee) of the Military Department concerned, a dental officer with an existing DOMRB contract may terminate that contract to enter into a new DOMRB contract with an equal or longer obligation at the DOMRB annual rate in effect at the time of execution of the new DOMRB contract. Any unearned portion of the terminated contract shall be recouped.

4. Active duty service obligations for DOMRB will be established as follows:

a. Active duty obligations (ADO) for education and training and previous multiyear pay agreements will be served before serving the ADO for DOMRB. The DOMRB ADO is served after any other existing ADO for education and training has been completed.

b. When no education and training ADO exists at the time of a DOMRB agreement execution, the ADO for DOMRB is served concurrently with the DOMRB agreement period and all non-education and training ADOs. Also, if the DOMRB agreement is executed before the start date of fellowship training and no other education and training ADO exists, the DOMRB ADO is served concurrently with the DOMRB agreement period. However, if the DOMRB agreement is executed on or after the start date of fellowship training, the dental officer is obligated for the full fellowship period and the DOMRB ADO will begin one day after the fellowship ADO is completed. Once a dental officer has begun to serve a DOMRB ADO, it will be served concurrently with any existing ADO including obligations for other special pay agreements or medical education and training obligations incurred after the execution date for that particular DOMRB agreement.

c. Obligations for Additional Special Pay may be served concurrently with any other service obligation.

DOMRB Pay Rates

Length of Agreement	**Level 1**	**Level 2**	**Level 3**
4-year agreement	$20,000	$14,000	$12,000
3-year agreement	$10,000	$10,000	$8,000
2-year agreement	$8,000	$8,000	$6,000

FY04 DOMRB Pay Levels

Eligible Specialties	FY 2004 Level
Oral-Maxillofacial Surgeons	1
Comprehensive/Operative Dentistry	2
Endodontics	2
Orthodontics	2
Oral Pathology/Oral Diagnosis/Oral Medicine	2

FY04 DOMRB Pay Levels (cont.)

Eligible Specialties	FY 2004 Level
Pediatric Dentistry	2
Periodontics	2
Prosthodontics	2
Public Health Dentistry	2
Temporomandibular Dysfunction (TMD)	2
Dental Research	3
Exodontia (Advanced Clinical Practice - ACP)	3
Endodontics (ACP)	3
General Dentistry (ACP)	3
Periodontics (ACP)	3
Prosthodontics (ACP)	3

2. Subject to acceptance by the Secretary (or designee) of the Military Department concerned, a dental officer with an existing DOMRB service agreement may terminate that agreement to enter into a new DOMRB service agreement at the annual rate in effect at the time of execution of the new agreement. The length of the new DOMRB agreement period must be equal to or longer than the original obligation period specified in the DOMRB agreement being terminated. Any unearned portion of the terminated agreement shall be recouped.

3. The FY04 DOMRB shall be administered in accordance with this memorandum and HA policy 98-005. Services are to provide a copy of their implementing guidance to DoD (HA) TMA within 30 days of the date of this memo.

G. Termination of ASP and DOMRB. In accordance with 37 USC 302b, the Secretary of each military department will prescribe regulations to terminate an officer's entitlement to ASP. Reasons for termination may include, but are not necessarily limited to: loss of privileges, Courts Martial convictions, violations of the Uniform Code of Military Justice, failure to maintain a current unrestricted license, or reasons that are in the best interest of the Military Department concerned. If entitlement to ASP and DOMRB is terminated, the officer shall be paid, on a pro-rata basis, the portion served up to the official date of the ruling of the adverse action that is the reason for termination.

H. Recoupment. An officer who voluntarily terminates service on active duty before the end of the period for which an ASP and DOMRB payment was made shall refund to the United States the unserved portion of that payment.

I. Bankruptcy. A discharge in bankruptcy under title 11 shall not release a person from an obligation to reimburse the United States required under the terms of an agreement for receipt of ASP and DOMRB if the final decree of the discharge in bankruptcy was issued within a period of five years after the last day of a period which such person had agreed to serve on active duty. This subsection applies to a discharge in bankruptcy in any proceeding that begins after September 30, 1985.

J. The Secretary of each Military Department shall establish procedures to make determinations regarding internship or residency training and board certification for purposes of awarding special pay.

K. Special Pay for Reserve Dental Officers

1. Eligible dental officers on active duty under a call or order to active duty for less than one year are entitled to special pay at the rate of $350 a month for each month of active duty, including active duty in the form of annual training, active duty for training, and active duty for special work. The amount will be prorated for periods less than one month.

2. Under 37 USC 302f, reserve dental officers serving on active duty under conditions prescribed in subsection (b) of section 302f, are entitled to VSP, ASP, and BCP at the rates specified in paragraphs C., D., and E. Payments shall be paid monthly and amounts shall be prorated for periods less than one month. Reserve dental officers receiving ASP under section 302f are not required to execute a written agreement to remain on active duty for at least one year.

3. Reserve dental officers serving on active duty and receiving special pay under the authority of paragraph K.2. and 37 USC 302f, are not entitled to the special pay described in paragraph K.1.