

**STATEMENT OF
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BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON HEALTH
UNITED STATES HOUSE OF REPRESENTATIVES
OCTOBER 21, 2003**

Mr. Chairman and Members of the Committee.

I am pleased to be here this afternoon to present testimony on physicians and dentists compensation issues. I fully support VA's proposal to enhance the ability of the VA to recruit and retain professional staff and provide incentives for performance.

Since the last physician pay bill was enacted in 1991, and despite the more recent adjustment to dentist pay, the maximum salary that can be approved locally for physicians and dentists has been capped at about \$190,000. Salaries of many medical specialties have exceeded this for many years.

Recently, we were in a salary negotiation with a neurosurgeon who was leaving private practice and wanted to work in a teaching environment caring for veteran patients.

I said, "We could not pay him more than the annual salary of the Supreme Court justice.

He said, "How much is that?"

I said, "\$190,000."

He smiled.

To get around this impediment to recruitment, we have for some years established contracts for these services with our affiliated medical schools and occasionally with providers in the private sector. In tertiary care medical centers, I believe this has worked well. In San Antonio, these contracts have allowed us to include incentives to enhance productivity, supervision of residents, and quality of services.

These arrangements are less feasible away from tertiary care facilities. In South Texas, attempts to hire or contract for specialties in Urology, Orthopedics and General Surgery in the Corpus Christi, McAllen, and

Laredo areas, sites where we deliver primary care successfully, have been largely unsuccessful.

I believe choosing an alternative market rate benchmark will greatly enhance recruitment in these areas.

This new bill introduces an incentive component to pay. I agree with this principle. We have initiated incentive programs using special contribution awards, which are an incentive above current salaries. These have been limited to \$5,000. I find that these rewards do incentivize providers to meet institutional goals.

I want to caution, however, that a predictable salary, even if less than the income earned in private practice, is now an aid to the recruitment of physicians and dentists in the VA. Investors in the stock market take risks because of the prospects of larger gains. I believe incentive pay can be a recruitment and productivity incentive for physicians and dentists, but there must be the prospects of some greater gain.

I support provisions of the bill giving flexibility to the scheduling of nurse duties and setting of pay for nurse executives. I chaired the search committee for the South Texas Associate Director for Patient Care Services and Chief Nurse Executive approximately 4 years ago. The nurse executive from our affiliated university hospital also served on this panel and indicated that the nurse executive pay scale was significantly less than her own pay and at least one highly qualified external candidate withdrew her application because VA pay was substantially below her current pay.

Mr. Chairman this concludes my testimony. I would be pleased to answer any questions you may have.