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THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1200

**14 August 1998**

**MEMORANDUM FOR:** SURGEON GENERAL OF THE ARMY  
SURGEON GENERAL OF THE NAVY  
SURGEON GENERAL OF THE AIR FORCE

**SUBJECT:** Fiscal Year 1999 Medical Officer Special Pay Plan

In accordance with title 37, United States Code, and Department of Defense (DoD) Instruction 6000.13, the Fiscal Year (FY) 1999 Medical Officer Special Pay Plan is attached.

In determining the FY 1999 rates for Multi-year Special Pay (MSP) and Incentive Special Pay (ISP), the Flag Officer Review Board considered physician manning, civilian income data, and Military Health System requirements. Budget constraints were a significant consideration in finalizing the pay rates.

Medical officer special pay shall be administered in accordance with the policies established herein, title 37, and DoDI 6000.13. Please provide this office a copy of your implementing guidance within 10 working days upon receipt of this memorandum.

Dr. Sue Bailey

Attachment:  
As stated

cc:  
ASD (Reserve Affairs)  
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

**HA Policy 98-041**

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**FISCAL YEAR 1999 MEDICAL OFFICER  
SPECIAL PAY PLAN**

- A. **PURPOSE.** To promulgate pay rates and policy for the Fiscal Year (FY) 1999 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 which the officer spent in graduate medical education while not on active duty and all periods of active duty as a Medical Corps officer.
  3. **Critical Care Specialist.** Internal medicine and pediatric subspecialists of cardiology, pulmonary medicine, neonatology, gastroenterology and any fellowship trained critical care or intensive medicine specialist.
  4. **Residency.** A 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, beginning in FY 1999, will be in the amounts indicated at Tab A. Officers may be paid at the rate for any specialty for which they are currently credentialed, but the MSP and Incentive Special Pay (ISP) specialty must be the same.
2. **Eligibility**

- a. A Medical Corps officer, below the grade of 0-7, who has at least eight years of creditable service, or has completed any active duty service commitment incurred for medical education and training, and
  - b. Has completed initial residency training, or is scheduled to complete initial residency training before October 1, 1998, and
  - c. Executes a written agreement to remain on active duty for two, three, or four years that is accepted by the Secretary of the Military Department concerned (or designee). 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 of the Military Department concerned (or designee), 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 medical 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 medical education and training has been completed.
  - b. When no medical 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**

1. A Medical Corps officer, below the grade of 0-7, who has completed specialty qualification before October 1, 1998, except for cases listed in paragraph E.7, below, and who
  2. 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.
  3. Subject to the acceptance by the Secretary of the Military Department concerned (or designee), a medical officer must be currently credentialed 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, 1998, will be in the amounts indicated in Table 2, Tab A. Unless otherwise listed, subspecialties of the primary specialty are included with the primary specialty.
  3. The Secretary of the Military Department concerned (or designee) 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. Directors of graduate medical education (GME) programs who were eligible for ISP as a GME program director under previously existing authority will continue to be eligible for annual ISP payments until they are permanently reassigned out of a training director position. Consecutive assignments to a GME director position at different military treatment facilities will continue one's eligibility for ISP at the program director rate, provided the director was eligible during the first assignment. Newly assigned program directors will only be eligible for ISP in amounts specified above for their specialty.
  5. Subject to acceptance by the Secretary of the Military Department concerned (or designee), a medical officer with an existing ISP agreement and not under an MSP agreement, may terminate that ISP agreement once, on or after October 1, 1998, only to enter into a new one-year ISP agreement if the new agreement results in a higher ISP rate than the agreement being terminated. This provision is not intended to allow medical officers to arbitrarily terminate an ISP agreement solely for the purpose of changing the anniversary date to coincide with an ASP agreement or a retirement, resignation, or release from active duty date.
  6. Medical Corps officers who enter an MSP contract at the rates stated herein may enter an ISP contract during FY 1999 at the amount listed in Table 2 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.
  7. Department of Defense policy generally precludes payment of ISP during the same fiscal year in which the qualifying residency training is completed. This policy presents an injustice when the

qualifying training is completed out of cycle (at a time other than the normal end of June). In cases where the reason for this out of cycle completion 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 3, Tab A.

## **7. ADDITIONAL SPECIAL PAY (ASP)**

1. Medical Corps officers who are eligible for VSP, 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, are entitled to ASP for any twelve month period at the annual amount of \$15,000.
2. Twelve months before a mandatory retirement date, a medical officer's ASP agreement may be terminated, the unearned portion recouped on a pro rata basis, and a new twelve-month agreement executed for the period covering the final year.
3. Commencing October 1, 1998, the aforementioned policy shall also apply to a voluntary retirement if the medical officer is retiring after completing at least 20 years of active service.

**H. BOARD CERTIFIED PAY (BCP).** Medical Corps officers, who are entitled to VSP and board certified in accordance with DoDI 6000.13, are entitled to BCP at the amounts listed in Table 4, Tab A.

**I. TERMINATION OF ENTITLEMENT TO SPECIAL PAY.** The Secretary 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: loss of privileges, Courts Martial convictions, violations of the Uniform Code of Military Justice, 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, USC. The regulations regarding recoupment shall be stipulated in the written service agreement.

## **K. SPECIAL PAYS FOR RESERVE MEDICAL OFFICERS**

1. Under 37 USC 302(h), National Guard and Reserve medical officers under a call or order to active duty for a period of less than one year 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 37 USC 302f and Health Affairs' policy memorandum of January 19, 1993, 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, are eligible to receive VSP, ASP, and BCP at the rates specified in 37 USC. They are also eligible for ISP at the rates established herein. Payments shall be paid monthly at the rates specified in 37 USC and this policy memorandum. Amounts shall be prorated for periods less than one month. National Guard and Reserve medical officers receiving ASP and ISP under section 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 37 USC 302f (paragraph K.2., above) are not entitled to the special pay under the authority of 37 USC 302 (h) (paragraph K.1.).

Tab A

**Fiscal Year 1999  
Multiyear and Incentive Special Pay Rates**

**Table 1. MSP Rates**

MSP	Length of MSP Agreement		
LEVEL	4 Year	3 Year	2 Year
<b>1</b>	\$14,000	\$8,000	\$4,000
<b>2</b>	\$10,000	\$6,000	\$3,000
<b>3</b>	\$8,000	\$4,000	\$2,000
<b>4</b>	\$0	\$0	\$0

**Table 2. FY 1999 MSP/ISP Pay Levels**

<b>Specialty</b>	<b>MSP Level</b>	<b>Annual ISP Amount</b>
General Surgery Subspecialties	2	\$36,000
Orthopedics	1	\$35,000
OB/GYN	3	\$31,000
Radiology/Nuclear Medicine	3	\$30,000
Anesthesiology	4	\$29,000
Otolaryngology	3	\$29,000
Ophthalmology	4	\$28,000
Urology	3	\$28,000
General Surgery	1	\$25,000
Critical Care	2	\$23,000
Emergency Medicine	3	\$20,000
Pathology	3	\$15,000
Internal Medicine	2	\$13,000
Dermatology	3	\$12,000
Family Practice	1	\$12,000
Neurology	3	\$12,000
Psychiatry	1	\$12,000
Prev/Occ/Phys Med & Aero Med	2	\$10,000
Pediatrics	2	\$10,000

IntMed/Peds Subspecialties	3	\$9,000
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**Table 3. Medical Officer Variable Special Pay (VSP)**

Years of Creditable Service	Annual Entitlement
Undergoing Internship	\$1,200
Less than 6	\$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 4. Medical Officer Board Certified Pay (BCP)**

Years of Creditable Service	Annual Entitlement
Less than 10	\$2,500
At least 10, less than 12	\$3,5000
At least 12, less than 14	\$4,000



At least 14, less than 18	\$5,000
18 or More	\$6,000

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