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THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1200

Aug 21 1997

MEMORANDUM FOR: SECRETARY OF THE ARMY
SECRETARY OF THE NAVY
SECRETARY OF THE AIR FORCE

SUBJECT: Fiscal Year (FY) 1998 Medical Officer Special Pay Plan

In accordance with title 37, United States Code, and Department of Defense Instruction 6000.13, the [Fiscal Year \(FY\) 1998 Medical Officer Special Pay Plan and policy guidance](#) is attached.

In determining the FY 1998 pay rates for Multiyear Special Pay (MSP) and Incentive Special Pay (ISP), the Flag Officer Review Board considered physician manning, civilian income data, and Military Health Services System requirements. Budget constraints were a significant consideration in determining FY 1998 final pay rates.

Medical officer special pays shall be administered in accordance with the policies established herein, title 37, and DoDI 6000.13. Please provide this office with a copy of your implementing guidance.

Edward D. Martin, M.D.
Acting Assistant Secretary of Defense

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

FISCAL YEAR 1998 MEDICAL OFFICER SPECIAL PAY PLAN

- A. **PURPOSE.** To promulgate pay rates and policy for the Fiscal Year 1998 (FY 98) 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 98, will be in the amounts indicated in Attachment A. Officers may be paid at the rate for any specialty for which they are currently credentialed, however, the MSP and ISP specialty must be the same.
2. **Eligibility**
 - a. A medical corps officer, below the grade of O-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). The Secretary concerned (or designee) may, based on Service unique requirements, 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 in order 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, or previous multiyear pay agreements, will be served prior to serving the ADO for MSP. The MSP ADO is then served after any other existing ADO for medical education and training has been completed.
 - b. When there is no medical education and training ADO in existence at the time of a 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 prior to the starting date of a fellowship training, and there is no other education and training ADO, the MSP ADO is served concurrently with the MSP agreement period. However, if the MSP agreement is executed on or after the starting date of the 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 the 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 this 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. A Medical Corps officer, below the grade of 0-7, who has completed specialty qualification before October 1, 1997, except for cases listed in paragraph E.7. below, and;
- b. 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.
- c. 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, 1997, will be in the amounts indicated in Attachment A. Unless otherwise listed, subspecialties of the primary specialty are included with the primary specialty.
3. The Secretary 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. 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 is not under a MSP agreement, may terminate that ISP agreement once, on or after October 1, 1997, only in order 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 into a MSP contract at the rates stated herein may enter into an ISP contract during Fiscal Year 1998 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 stipulated in section 302(a) of 37 USC.

G. ADDITIONAL SPECIAL PAY (ASP).

1. Medical corps officers who are eligible for VSP 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, are entitled to ASP for any twelve month period at the annual amount of \$15,000.
2. Twelve months prior to a mandatory retirement date, a medical officer's additional special pay agreement may be terminated, the unearned portion recouped on a pro rata basis, and a new 12-month agreement executed.

H. BOARD CERTIFIED PAY (BCP). Medical corps officers entitled to VSP and who are board certified in accordance with DoDI 6000.13, are entitled to BCP at the amounts stipulated in section 302(a) of 37 USC.

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 for 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 will 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, BCP, and ISP. 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 2) above are not entitled to the special pay under the authority of 37 USC 302(h) (paragraph 1).

**Fiscal Year 1998
Multiyear and Incentive Special Pay Rates**

Table 1. MSP Rates

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

Table 2. FY 1998 MSP/ISP Pay Levels

SPECIALTY	MSP LEVEL	ISP AMOUNT
General Surgery Subspecialties	3	\$36,000
Orthopedics	1	\$35,000
Radiology/Nuclear Medicine	3	\$31,000
OB/GYN	2	\$31,000
Ophthalmology	4	\$30,000
Anesthesiology	4	\$30,000
Otolaryngology	3	\$29,000
Urology	2	\$28,000
General Surgery	2	\$26,000
Critical Care	2	\$21,000
Emergency Medicine	2	\$18,000
Pathology	3	\$15,000
IntMed/Peds Subspecialties	4	\$14,000
Dermatology	3	\$13,000
Internal Medicine	2	\$13,000

Neurology	3	\$12,000
Family Practice	1	\$11,000
Psychiatry	2	\$11,000
Prev/Occ/Phys Med & Aero Med	2	\$10,000
Pediatrics	2	\$10,000

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