

**From:** A Message from the Assistant Commissioner for Management  
**Sent:** Friday, August 01, 2008 11:59 AM  
**Subject:** Title 38 Market Pay

**Attachments:** HHS Instruction 590-1.pdf; VA%20Pay%20Ranges (2).pdf

**Office of Management**  
**Title 38 Market Pay**  
**August 1, 2008**

The purpose of this message is to provide FDA Medical Officers and Dentists with an update on the impending changes to eligibility and coverage under Title 38 pay regulations.

As promised, we are implementing the second phase of the new Title 38 Program and will convert **all** remaining Title 5 (general schedule) Medical Officers and Dentists, with a fully successful or higher performance rating, to Title 38 effective August 3, 2008 (except for those under an officially designated fellowship program).

The Department of Veteran's Affairs (VA) Health Care Personnel Enhancement Act of 2004 (Public Law 108-445), was signed into law on December 3, 2004. The Department of Health and Human Services (DHHS) was granted special authority to continue the use of Title 38 for its Medical Officers/Dentists under a hybrid system based on the new Act. Approval of the "hybrid" system allows DHHS to continue to hire and pay its Medical Officers and Dentists under Title 5 (General Schedule) while also allowing the addition of Title 38 Market Pay as prescribed by the VA.

Upon your conversion to the Title 38 pay plan, an adjustment to your pay will be made that takes into account your current compensation as well as potential Physician Comparability Allowance (PCA), retention, and locality pay increases that will no longer be a part of your Medical Officer/Dentist pay. Title 38 employees are not eligible to receive: PCA, retention, or locality pay.

**What are the significant changes under this new Title 38 system for FDA Medical Officers and Dentists?**

- a. Established a two-component system of pay for DHHS physicians and dentists consisting of General Schedule (GS) base pay and market pay (MP),
- b. Eliminated special pay agreements, obligated service requirements and special pay refund liability,
- c. Eliminated 15-year service and 8-year phase-in requirements for special pay to be fully creditable for the computation of retirement benefits,
- d. Incorporated the use of pay tables and tiers based on the specialty or assignments of the Medical Officer or Dentist.

**What changes will you notice about how your pay is reflected and when?**

1. Effective August 3, each current Title 5 Medical Officer and Dentist, with a fully successful or higher performance rating, will be converted to the Title 38 pay plan. You should notice the following changes on your Notification of Personnel Action (SF-50):

SF- 50 Box #	Current	Upon Title 38 Conversion
16 – Pay Plan	GS GM	GP GR
20A – Basic Pay	GS Base Pay	GS Base Pay
20B – Locality Adj.	Locality Pay	Market Pay (even though it will still say Locality Pay on the SF-50)
20C – Adj. Basic Pay	Total Pay	Total Pay

2. Beginning with the August 22nd pay day, your Leave and Earnings Statement (LES) should no longer include separate payments for PCA, retention, or locality pay, as applicable. However, you should see a line item for Market Pay along with your Regular pay. If any of the discontinued pay components are reflected in your pay on or after August 22nd, you should contact your servicing personnel office immediately.

**How will my individual pay be calculated?**

1. Any pay increase incorporated into the Market Pay component of your compensation should be reflected in your August 22nd pay check. No employee will receive less **gross pay** than they are currently earning. In fact, most employees will see a significant increase in their total pay, which will also impact favorably upon the amount that will be credited to the "high three" for retirement computation purposes. You are encouraged to monitor your pay and Leave and Earnings Statements so that any errors can be identified and corrected as soon as possible.
2. The following **one-time** increase(s) to your Market Pay (as applicable to each individual employee) will be reflected in your August 22nd paycheck based on your eligibility:
  - \$2,000 for each current board certification, with no limit on the number of board certifications. It is the employee's responsibility to ensure that documentation of all board certifications is on file with your Center in order to qualify for this additional pay.
  - A medical specialty adjustment for Medical Officers and Dentists in Tables 2, 3, 4, and 7. [Table 2=\$10,000; Table 3=\$20,000; Table 4=\$30,000; and Table 7=\$40,000]. Employees in Table 1 will not receive this adjustment.

- A transition adjustment based on cohorts stratified by length of service (e.g., employees with less than one year of service, those with less than two years of service, etc.). This adjustment takes into account current compensation, as well as potential PCA, retention, and/or locality increases that will no longer be a part of your pay.

FDA's new Title 38 compensation model includes an annual assessment of the market compensation, and allows the agency to make adjustments across the board, as necessary. FDA will continue to monitor market data relative to the medical specialties for which the agency recruits. Future Market Pay increases may be possible once we have obtained labor market data/salary comparables that provide a concrete basis for them. For your convenience, we have attached below a copy of the HHS Instruction 590-1, Physician and Dentist Pay, and the VA pay tables.

If you have any questions, please contact your Center Executive Officer.

**Kimberly A. Holden**  
**Assistant Commissioner for Management**



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