

UNIVERSITY OF KENTUCKY <b>ADMINISTRATIVE REGULATIONS</b>	IDENTIFICATION AR II-7.0-9	PAGE 1
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PROVISIONS FOR UNIVERSITY HEALTH SERVICE PHYSICIANS'  
SUPPLEMENTAL COMPENSATION UNDER THE  
UNIVERSITY HEALTH SERVICE PHYSICIANS' PRACTICE PLAN  
(Approved by the Board of Trustees)

ARTICLE I.            NAME OF THE PLAN

The Plan shall be known as the University of Kentucky University Health Service Physicians' Practice Plan.

ARTICLE II.            PURPOSE

To further the mission of the University Health Service, the objectives of the University Health Service Physicians' Practice Plan are to:

- a.        Increase University Health Service physician incomes over and beyond that available through other University Health Service funds in an effort to remain competitive with other university health services and other College of Medicine physicians.
- b.        To enhance University Health Service programs.
- c.        To provide a mechanism for incentives, recognition and rewards.

ARTICLE III.            POLICY

Income generating activities of University Health Service physicians that relate to their professional expertise and/or credentials are facilitated by their employment at the University of Kentucky. To ensure accountability of these activities by the University of Kentucky, a University Health Service Physicians' Practice Plan is established which will maintain records of these activities and serve as the agent for collecting and dispersing funds generated by these activities. Therefore, it is necessary that all income generating activities covered by the Plan be routed through the Health Service Physician Practice Plan through the mechanism of the "Fund for Advancement of Education and Research in the University of Kentucky Medical Center."

ARTICLE IV.            SCOPE

The provisions of this Plan apply to all full-time and part-time Health Service physicians assigned to the University Health Service during their period of assignment (refer to Article V.C.) (10 or 12 month appointments). The Plan is applicable to all services of Health Service physicians directly related to the care of patients (professionally generated income) and to other activities which are part of the Medical Center Program. Income from publications, honoraria for lectures, royalties, copyrights or other activities which are not part of the Medical Center Program are excluded from the Plan, but remain subject to the policies and regulations of the University Health Service and the University of Kentucky Board of Trustees. Professionally generated income is defined as:

1. All compensation, income and payments (direct or in kind, and whether characterized as fees, retainers or otherwise) for professional services rendered, or to be rendered, including, but not limited to, those relating to the diagnosis, treatment and evaluation of patients or others, and consultations.

2. All payments, whether direct or in kind (excluding actual out-of-pocket costs) for providing advice, consultation, serving on boards or committees, overseeing, supervision or other participation with any person or entity involved with:

- (a) health or medical care
- (b) evaluation or care of patients
- (c) prescribing drugs
- (d) therapy of any kind
- (e) health or medical care of any other type

3. Witness fees and payments relating to depositions, testimony or other evaluations in the capacity of a witness.

4. All other income which related to or would not exist, but for the professional education, experience or training which is the basis for the physician's appointment as a University Health Service physician.

#### ARTICLE V.

#### DEFINITIONS

A. "THE FUND" as used herein means the "Fund for Advancement of Education and Research in the University of Kentucky Medical Center," a non-profit corporation organized in 1959 under the laws of Kentucky to promote, advance and support the educational, research and other purposes of the University of Kentucky Medical Center.

B. "Board of Trustees" as used herein means the Board of Trustees of the University of Kentucky which by law is the governing board of the institution.

C. Period of Assignment

1. The period of assignment is that contractual period for which the Health Service physician is appointed to work for the University of Kentucky University Health Service. This is the 10 or 12 month period in each respective physician's appointment period.

2. Period of non-assignment is that period in which the individual Health Service physician is not under contract with the University of Kentucky. This includes the two month period of a ten month assignment to a Health Service physician position.

ARTICLE VI.                    PROCEDURES

A. Reporting

The Director of the Health Service will provide a quarterly summary report to the Health Service physicians of the types of activities included in the Plan, exclusions approved and disapproved and the amount of funds received and dispersed.

B. University Health Service Physicians' Practice Plan Committee.

The Practice Plan Committee will be composed of the following: the Director of the Health Service who shall serve as Chair of the Committee, the Clinical Director and the Director of Mental Health. The Administrator of the Health Service shall serve as ex-officio, without vote. Voting members of the committee must be participants of the Plan. The Committee shall meet periodically and review the operation of the Plan including matters relating to the applicability of the Plan to sources of income, schedules of charges for professional services and any other aspects of the operation of the Plan. The Committee shall make such modifications of the policies and procedures provided by the Plan or utilized in its operation.

C. Fees

The level of reimbursement/fees for professional services will be negotiated by the Director and/or the Administrator of the Health Service with the Guidance of the Practice Plan Committee as described in ARTICLE VI-D.

D. University Health Service Practice Plan Administrator

The UHS Practice Plan Administrator will be appointed by the Director; specifically, the UHS Practice Plan Administrator will be the Administrator of the University Health Service. The UHS Practice Plan Administrator will be responsible for: (1) preparing the annual budget of the Plan for the Director; (2) the daily operation of the UHS Practice Plan and preparation of appropriate reports on the financial status of the UHS Practice Plan to include projections of plan income generation and disbursement on a quarterly basis.

E. Salary Supplement; Discretionary Account

Income generated by professional activities of University Health Service physicians (other than that generated by mandatory student health fees) and deposited into "THE FUND" may be used in part for salary supplements to University Health Service physicians. The amount to be distributed to the salary supplement account will be determined by the University Health Service Practice Plan Committee with the advice and direction of the Plan Administrator. Income not distributed as physician supplements will be deposited to University Health Service Discretionary Account for enhancement of University Health Service programs and activities and for University staff Professional Development Accounts.

F. Budget Reporting

The proposed budget will be submitted by the Director to the University Health Service Physicians' Practice Plan Committee for review and comment.

G. Annual Budget

The annual budget of the Practice Plan will include:

1. Money available for distribution as physician salary supplements.
2. Money available for University Health Service discretionary account.

H. Billing Procedures

The billing procedures will be negotiated by the UHS Practice Plan Administrator using an appropriate approved University billing system.

I. Amendments

The policies and procedures of the University Health Service Physicians' Practice Plan will be an evolutionary process of change. All amendments will be in accordance with the rules and requirements of "THE FUND."

ARTICLE VII.                    APPLICABLE PROVISIONS

A. Supplemental physician compensation will be estimated for the ensuing fiscal year during the annual operating budget process; the amount budgeted will be included as a separate nonrecurring, supplemental budget item. This supplemental budget will be submitted to THE FUND Board and the Board of Trustees for approval as part of the annual operating budget. The appropriation of funds for expenditures will be equal in amount to additional income to the University provided by a "grant" from the Board of Directors of "THE FUND" to the University, specifically for the purpose of financing the supplementary operating budget.

B. The supplementary operating budget for the University Health Service will be prepared and submitted in accordance with the University budgetary procedures. If the actual amounts generated and required for the supplementary expenses are greater than the approved annual supplementary operating budget, a revised budget should be prepared and submitted in accordance with University budgetary procedures before the established budgetary authority is reached.

C. In preparation of the supplementary operating budget the Director of the University Health Service will allocate monies to "THE FUND" grant for supplemental compensation based on generation of income from professional fees and other sources and based on incentives as determined by the UHS Physician's Practice Plan Committee.

D. The percentage of the income available in "THE FUND" to be distributed as physician supplements or to be deposited into the University Health Service Discretionary Account will be adjusted on an annual basis as determined by the University Health Service Physicians' Practice Plan Committee with the advice and direction of The Plan Administrator.

E. FUND Grants for the purpose of supplemental compensation will constitute non-recurring funds and approval of the supplementary operating budget based thereon will not constitute an increase in the budget base of the University Health Service. Supplemental compensation payable to participating individuals in accordance with approved supplementary operating budgets will be determined by the University quarterly as of September 30, December 31, March 31, and June 30 of each fiscal year and will not constitute an increase to the regular salary bases of the individuals involved. Supplemental compensation will be paid at the end of the month following the determinations.

F. Money deposited into "THE FUND" will be only that income generated by professional activities of University Health Service physicians from sources other than mandatory student health fees.

G. This quarterly supplement is guaranteed neither in kind nor amount, but is solely a function of that income which is generated as described above.

H. The actual supplement will be prorated based upon the individual's contract with the Health Service and upon other factors as determined by the Health Service Practice Plan Committee.

I. If an individual was hired during the quarter for which the supplement is issued, his/her supplement will be prorated based on the percentage of time the individual was actually employed during the quarter. This will be in addition to any other factors used to determine the amount of supplemental compensation.

J. If an individual leaves Health Service employment during the quarter, his/her supplement will be pro-rated based on the percentage of time the individual was actually employed during the quarter.

K. The Chancellor of the Medical Center is delegated the authority to approve the percentage of net revenue to be allocated for supplemental compensation. The amount of the grant to the University by "THE FUND" for the purpose of supplemental compensation or increases to the discretionary account will be calculated quarterly based on the approved percentage to individual physicians or to the Health Service Discretionary Account on the basis of net revenues generated from professional fees or other income sources. The Board of Directors will take action on the budget recommendations. Disbursements for the first quarter of a fiscal year will be based on the pro-rata revenues collected from July 1 - September 30. Disbursements for the second quarter of a fiscal year will be based on pro-rata revenues collected from October 1 - December 31. Disbursements for the third quarter of a fiscal year will be based on pro-rata revenues collected from January 1- March 31. Disbursements for the fourth quarter of a fiscal year will be based on pro-rata revenues collected from April 1 - June 30. Supplemental compensation and increases to the University Health Service discretionary account are predicated on and subject to pro-rata revenues based on:

- a. Projected availability of cash on the disbursement dates
- b. Availability of net revenues to the projected annual University Health Service Physicians' Practice Plan budget

c. A projected positive cash balance at the end of the fiscal year

d. Sufficient projected fund balance to have allocated fund balance to cover accounts receivable in accordance with University policy. To the extent distributions have been made for supplemental compensation and increases to University Health Service discretionary account, this constitutes full and final payment.