

UNIVERSITY OF KENTUCKY ADMINISTRATIVE REGULATIONS	IDENTIFICATION AR II-7.0-10	PAGE 1
	DATE EFFECTIVE 4/30/02	SUPERSEDES REGULATION DATED 4/5/94, 9/19/95

COLLEGE OF HEALTH SCIENCES*
FACULTY PRACTICE PLAN
 (Approved by the Board of Trustees)

ARTICLE I. NAME OF THE PLAN

The Plan shall be known as the College of Health Sciences Faculty Practice Plan of the University of Kentucky Chandler Medical Center.

ARTICLE II. PURPOSE OF THE PLAN

The purpose of the Plan is to facilitate proper functioning of the teaching, research, and service programs of the U.K. Chandler Medical Center, consistent with the integrity and responsibilities of the University. Income generating activities of the faculty members of the College of Health Sciences that relate to their professional expertise and/or credentials are facilitated by their employment at the University of Kentucky. The Plan is created to insure accountability of these activities. The operation of the Plan will be evaluated periodically with the purpose and underlying principles hereinafter set forth as guides.

ARTICLE III. SCOPE OF THE PLAN

The Plan establishes policies and general procedures relating to compensation for services rendered by all faculty with full-time, part-time, joint, regular title, clinical title, and special title series faculty appointments in the College of Health Sciences during the faculty member's period of assignment. This Plan is applicable to compensation derived from salary and from the college service accounts, all of which are established by the University Board of Trustees. The Plan is applicable to all services of such faculty members incident to the care of patients and to all other activities which are a part of the U.K. Chandler Medical Center program. Income from publications, honoraria for lectures, grants and additional other activities which are not a part of the U.K. Chandler Medical Center program are excluded from the Plan, but remain subject to policies and regulations of the College of Health Sciences and the Board of Trustees.

Provisions of the plan are applicable to all professionally generated income, and that income is defined as:

A. 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,

*Regulation revised to reflect Board of Trustee action of April 30, 2002 changing the name from College of Allied Health Professions to College of Health Sciences.

including, but not limited to, those relating to the diagnosis, treatment or evaluation of patients/clients and consultation;

B. 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) drugs, (d) therapy of any kind, (e) health or medical care of any other type;

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

D. all other income which relates to and would not exist but for the license, certification, professional education, experience, or training which is the basis for faculty appointment in the College.

The Dean of the College of Health Sciences has the authority to interpret the definition of income described above and exclude certain income-generating activities which are not within the scope of the U.K. Chandler Medical Center program.

ARTICLE IV. DEFINITIONS

A. "THE FUND" as used herein means the Fund for Advancement of Education and Research in the University of Kentucky Chandler 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 Chandler Medical Center.

B. The "FACULTY ADVISORY COMMITTEE OF THE COLLEGE" as herein used means the Committee of the College of Health Sciences selected by the faculty participating in the College Service Plan as provided in Article IX of this Plan.

C. The "DEPARTMENT" as herein used means all officially approved departments in the College of Health Sciences.

D. The "COLLEGE OF HEALTH SCIENCES FACULTY PRACTICE ACCOUNT" as herein used means that separate depository account to be established as provided in Article VII of this Plan.

E. The "BOARD OF TRUSTEES" as herein used means the Board of Trustees of the University which by law is the governing board of the institution.

ARTICLE V. UNDERLYING PRINCIPLES

A. Health care and services will be provided in the University of Kentucky Chandler Medical Center, in the surrounding community and in the Commonwealth because it is essential to the teaching and research programs and to the proper use of the facilities and skills in the Center to reinforce health care resources in local communities throughout the Commonwealth.

B. The kinds and volume of health care and service provided by the U.K. Chandler Medical Center will be determined by the needs of the teaching, research, and service programs of the Center. Income derived from the provision of such care is incidental to the purposes of these programs and in this sense is properly considered a "by-product" of their operation.

C. U.K. Chandler Medical Center and associated patient care facilities will be used for activities which are part of the Center's teaching, research, and service programs. All patients admitted to the U.K. Chandler Medical Center will receive care as part of the teaching and research program.

D. An optimal teaching environment will imbue students with understanding, sympathy, and respect for the patient as a person and will cultivate attitudes which are consistent with the highest ideals of the health profession. To develop in students the ability to relate to patients differing widely in personality and environmental factors requires that patients for teaching not be drawn from a single segment of society but rather that they represent a cross-section of the population. Moreover, optimal use of the Center's facilities in serving the needs of research activities requires absence of arbitrary restriction by social classification of patients. Such restrictions also would impair the value and usefulness to the people and health professionals of the Commonwealth of the health care resources available in the Center to reinforce resources available in local communities. In drawing teaching patients from all segments of the population, it will be the intent of the U.K. Chandler Medical Center to follow to the fullest extent possible the principle of strengthening the relationships between patients and their health professionals.

E. The professional interests of full-time members of the faculty of the College of Health Sciences should be concentrated in academic health. Arrangements creating financial incentives for full-time faculty members which would tend inappropriately to divert or dilute their concentration on teaching, research, and program responsibilities are not consistent with the mission of the U.K. Chandler Medical Center.

F. Each full-time member of the faculty can rightfully expect:

1. The facilities, material, and support needed for teaching and research;
2. Opportunity to maintain and develop professional expertise; and

3. Compensation for work on a basis which recognizes the faculty member's responsibilities, competence, and productive effort and which is reasonably in line with compensation which the faculty member could obtain elsewhere in the academic health professions.

Success in attracting and holding an outstanding faculty will depend on meeting these expectations.

G. Assurance that the level of compensation for full-time members of the faculty is competitive with other good teaching centers and adequate to attract and maintain a strong, competent faculty is basically the responsibility of the University. Responsibility should rest with the University not only for ensuring that initial and subsequent levels of remuneration are adequate, but also for ensuring that such levels are not excessive. Through budgetary and related actions, the University should, to the extent possible and permissible, assure the faculty member that the faculty member's total remuneration from all sources will be in accord with a predetermined level which is competitive with other academic health professionals in a similar discipline and which is fixed consistent with adequacy and is periodically reviewed.

H. Payments received for health professionals' services rendered by members of the faculty of the College of Health Sciences should be used only for remuneration of such faculty, in such manner and in such amounts as determined by the Board of Trustees, and for such other purposes in the U.K. Chandler Medical Center as may be recommended by the Faculty Advisory Committee of the College of Allied Health to the Board of Directors of THE FUND.

I. With respect to each member of the full-time faculty participating in the Service Plan, the amount of total compensation will be established by the UK Board of Trustees in the operating budgets of the U.K. Chandler Medical Center. The manner and extent to which compensation from the College of Health Sciences Faculty Practice Account is combined with other compensation will be reviewed and approved annually by the Chancellor for the U.K. Chandler Medical Center in consultation with the Dean with input from the department chairs of the College. The objective is one of providing stability of total compensation without impinging on the freedom of faculty members to apportion their time and efforts among teaching, research, and patient care activities as determined by their interests and program responsibilities.

ARTICLE VI. SETTING OF CHARGES FOR HEALTH PROFESSIONALS' SERVICES

Standard schedules of charges for health professionals' services, as developed from time to time by the various departments of the College of Health Sciences, subject to review by the Faculty Advisory Committee and approval by the Dean, will be the general basis for assessing such charges to patients. However, the amount of charges to any individual

patient may be adjusted as determined by the health professional rendering the services if variation from standard charges is deemed by the health professional to be warranted by the circumstances.

ARTICLE VII. BILLING AND COLLECTION OF CHARGES FOR HEALTH PROFESSIONALS' SERVICES

Charges for health services rendered by the members of the faculty of the College of Health Sciences will be billed at the time services are provided or subsequently, with such charges and billings being appropriately coordinated with charges and billings for other services to patients. Billings and collections of all amounts will be handled by a billing system approved by the University. Amounts collected for combined charges for health services and undesignated receipts from or on behalf of individual patients who receive health services will be applied on an appropriate basis of proration to payment for health professionals' services and to payment for other services. Major problems relating to collection from patients of charges for health professionals' services will be handled in a manner that is subject to the concurrence of the health professionals rendering the services to the patients. Any payments for service, other than compensation as established by the Board of Trustees, which are received by full-time faculty members for professional services within the scope of the Plan shall be transmitted on a current basis to the U.K. Chandler Medical Center for inclusion with other funds collected for health professionals' services.

All funds collected or received by the College of Health Sciences for health professionals' services rendered by members of the College of Health Sciences shall be received by the College of Health Sciences for THE FUND. Such Funds shall be segregated upon receipt and shall be paid over by the College of Health Sciences to THE FUND by depositing the same in accounts designated for the College of Health Sciences. Such separate accounts established for each department generating service funds shall be designated and known as the College of Health Sciences Faculty Practice Account of THE FUND. Unexpended balances from year to year will remain in the accounts designated for the College of Health Sciences.

ARTICLE VIII. USE OF FUNDS DEPOSITED IN THE COLLEGE OF HEALTH SCIENCES FACULTY PRACTICE ACCOUNT

As a standing policy, THE FUND will use and expend all monies and funds deposited in the College of Health Sciences Faculty Practice Account to the extent available for the following purposes:

A. Such purposes which are proposed by the Dean to be included in the annual budget as outlined in Article XII, Section E of this plan.

B. Compensation to members of the faculty of the College of Health Sciences in such amounts as may be necessary to provide the difference between other University compensation and the total compensation as established by the Board of Trustees in the operating budget of the U.K. Chandler Medical Center. The operating budget will show the amounts to be paid from the College of Health Sciences Faculty Practice Account, which amounts are dependent upon the availability of funds.

B. Such other purposes in the College of Health Sciences as from time to time may be recommended to the Board of Directors of THE FUND by the Faculty Advisory Committee of the college provided, however, that such funds may not at any time be used for payment to members of the faculty of the College of Health Sciences of income in excess of the total compensation level established for the individual members thereof by the Board of Trustees in the operating budget of the U.K. Chandler Medical Center.

ARTICLE IX. THE FACULTY ADVISORY COMMITTEE OF THE COLLEGE OF HEALTH SCIENCES

The Faculty Advisory Committee of the College of Health Sciences shall consist of five members elected by the faculty participating in the Plan of the College. The Dean shall serve ex officio as Chair of the Committee. The Committee shall meet periodically and review the operation of this Plan, including matters relating to the applicability of the Plan to sources of income, standard schedules of charges for health professionals' services as developed by the departments, and any other aspects of the operation of the Plan. This Committee shall make such recommendations as it may deem appropriate to the Dean of the College with respect to the modification of the policies and procedures provided by this Plan or utilized in its operation.

ARTICLE X. LIMITATIONS ON HEALTH PRACTICE BY FACULTY MEMBERS

As a condition of employment, faculty members in the College of Health Sciences who provide professionally related services as described in Article III of this Plan shall participate in the Plan and will not maintain offices or engage in the practice of health professions outside of the approved programs of the U.K. Chandler Medical Center, except in infrequent and special circumstances as in emergencies and in other situations where provision of service is required by professional ethics. Faculty members who are employed by the College of Health Sciences prior to the approval of the Plan by the Board of Trustees will have the option of not participating in the Plan; however if they choose to join sometime after approval of the Plan, they must continue to participate until their employment is terminated.

ARTICLE XI. EFFECTIVE DATE

The College of Health Sciences Faculty Practice Plan will become effective upon approval by the Board of Trustees of the University of Kentucky. Subsequent modifications or amendments of the Plan will be effective upon approval of the Board of Trustees or as of such date as may be specified by the Board of Trustees.

ARTICLE XII. PROCEDURES

A. Faculty members requesting exclusion of an income-generating activity from the Plan will make a request in writing through the respective chair to the Dean. The Dean will make a decision based upon an interpretation of the definition of income to be included in the Plan. This decision will be communicated in writing by the Dean through the chair to the individual faculty member. Faculty members wishing to appeal the decision must do so in writing to the Chancellor of the U.K. Chandler Medical Center within one month from the date of receipt of the letter from the Dean. The decision of the Chancellor will be final.

B. The Dean of the College of Health Sciences will provide quarterly a written summary report to the faculty with a copy to the Chancellor. This report will include by activity all funds budgeted, received, and expended to date for a given fiscal year. Also included will be a listing of all income-generating activities which have been excluded from the Plan based upon decisions made by the Dean or Chancellor as described above.

C. A fund administrator will be appointed by the Dean of the College of Health Sciences. The fund administrator will be responsible for:

1. Preparing the annual and supplemental budgets of the Plan for the Dean with input as needed from the department chairs.
2. The daily operation of all funds included in the Plan and the preparation of written monthly reports to the Dean on the financial status of the Plan, to include projections of income and expenses for the year.

D. The proposed budget will be submitted by the Dean to the department chairs and the Faculty Advisory Committee for review and comment.

E. The Annual Budget of the Plan will include:

1. Estimated administrative expenses to manage the Plan.
2. Provision of operating expense support for faculty in securing and managing contracts of the Plan.
3. Funding for a grant to the University to include:

- a) base salaries of clinical title series faculty members;
- b) salary support for faculty on state lines for that portion of their DOE allowed for income-generating professional services; and
- c) base salary support for staff involved in assisting faculty in generation of professional income.

4. Funding for a contingency fund. The contingency reserve will be established to meet potential shortfalls and must contain a minimum of one month operating expenses for the Plan.

5. Funding for an account(s) to enhance college programs.

F. Faculty will document delivery of services to an approved billing agent who will in turn bill the patients/clients.

**PROVISIONS FOR FACULTY SALARY SUPPLEMENTAL
COMPENSATION UNDER THE COLLEGE OF HEALTH SCIENCES
FACULTY PRACTICE PLAN**

I. Objectives

The specific objectives of the proposed salary supplementation plan include the following:

A. To increase faculty income over and beyond that available through State support to the College of Health Sciences in an effort to remain competitive with other institutions;

B. To increase faculty incentive to participate in income-producing activities which will be beneficial to the College of Health Sciences, the Medical Center, the University of Kentucky, and the State;

C. To maintain primary emphasis on the teaching and research program of the College of Health Sciences; and

D. To use professional practice by faculty as a vehicle for clinical training.

II. Basis

The proposal is based on a system allowing the Dean and department chairs to reward faculty members for unusual productivity and effort. The rewards will be derived from income generated by faculty activity and will primarily but not absolutely be related to the fiscal productivity of each individual. The system should allow maintenance of departmental balance without overcompensation for one segment of activity to the exclusion of other equally important commitments.

III. Applicable Provisions

A. Supplemental compensation (salary, fringe benefits, etc.) 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 by the Board of Directors of THE FUND to the University specifically for the purpose of financing the supplementary operating budget. Such a grant will be in addition to that made by THE FUND in support of salaries provided in the basic operating budget of the College of Health Sciences.

B. 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 College of Health Sciences. Supplemental compensation payable to individuals in accordance with an approved supplementary operating budget 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.

C. The amount of the grant to the University by THE FUND for the purpose of supplemental compensation or increases to discretionary accounts will be calculated quarterly and will be the amount by which payments received in the College of Health Sciences Faculty Practice Account since the prior quarterly date are in excess of the sum of (1) pro-rata requirements for coverage of THE FUND grant in support of salaries provided in the basic operating budget; and (2) requirements for coverage of other expenditures which have been budgeted or are reserved in the College of Health Sciences Faculty Practice Account pursuant to recommendations by the Faculty Advisory Committee of the College. Disbursements for the first quarter of a fiscal year will be based on the prorata revenues collected from July 1 - September 30th. Disbursements for the second quarter of a fiscal year will be based on prorata revenues collected from October 1 - December 31st. Disbursements for the third quarter of a fiscal year will be based on prorata revenues collected from January 1 - March 31st. Disbursements for the fourth quarter of a fiscal year will be based on prorata revenues collected from April 1 - June 30th.

D. 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.

E. In preparation of the supplementary operating budget, the Dean of the College of Health Sciences will allocate not less than 70 percent of the total amount of THE FUND grant for supplemental compensation among the departments providing the services on the basis of available data to measure the performance of the respective departments in producing income including, but not limited to, professional fee income. Such allocations will be the basis for departmental budget submittal in which the distribution of supplemental compensation among faculty members in each of the respective departments is to be made by the department chairs, based on the department chairs' determination and judgment of relative performance and contributions to the program/division of the department. The amount of supplemental compensation for department chairs and program directors will be determined by the Dean.

F. The budget for the remaining 30 percent of the amount of the grant shall be prepared by the Dean of the College of Health Sciences with the funds available being devoted to providing supplemental compensation for faculty members in departments where appropriate recognition of performance and contribution to the patient care program is not possible within formula allocations to departments.

G. The allocations among departments of the amount representing 70 percent of THE FUND grant for supplemental compensation will be determined as follows:

The amount determined for each department, expressed as a percentage of the amount determined for all departments in the aggregate for the college, will be the basis for dividing among departments the funds available for distribution.

H. Data on the factors to be utilized in determining departmental allocations will be submitted by the Dean of the College of Health Sciences for review by the Faculty Advisory Committee of the College prior to preparation of the supplementary operating budget. Upon recommendation of the Committee, adjustments in the factors used may be made by the Dean if deemed necessary to avoid inequities due to limitations of available data. Computations of the amount of allocations for individual departments will be provided to the chairs of the departments, respectively.

I. Following adoption of the provisions herein, recommendations may be made from time to time by the Faculty Advisory Committee through the Dean to the Chancellor for modifications deemed to be appropriate and desirable.