

Policy: 2-26.1 Rev:
Date: November 8, 1993

**Subject: MEDICAL PRACTICE PLAN FOR THE UNIVERSITY OF UTAH SCHOOL OF
MEDICINE FULL-TIME FACULTY**

PREAMBLE

Faculty members in the School of Medicine may derive a portion of their income from clinical activities. The amount of clinical income generated may vary from year to year. The following policy outlines the policies and procedures related to the distribution of clinical income to faculty members. It applies only to faculty with income from clinical activities. Academic salary, negotiated salary and incentive salary (as defined below), are determined according to established departmental criteria in compliance with applicable University policies and principles of academic freedom. To this end salary determinations may be reviewed by the appropriate administrative officer (Department Chair, Dean, Vice President) and, when appropriate, by established University grievance committees.

I. GENERAL

- A. The purpose of this Plan is to define policies of the University of Utah School of Medicine with respect to income from medical care and other services provided by faculty. It is recognized that different categories of faculty exist within the School of Medicine including, but not limited to, full-time tenure, full-time clinical, part-time clinical, adjunct, research, and limited term. The principles stated in this Plan apply to full-time faculty and part-time faculty up to the percentage of full-time equivalency appointment as designated by the Dean.
- B. The faculty of the School of Medicine (hereafter referred to as faculty) with clinical responsibilities are expected to teach, provide patient care and perform research (if on tenure track). It is recognized that faculty members are better able to meet this responsibility when exposed to a broad base of ongoing practical knowledge in rendering patient care in a variety of settings. In order to encourage this, it is anticipated that some faculty members will from time to time engage in a practice or clinic or undertake medical care and treatment of patients with other health care providers and facilities outside the University Hospital and on occasion in other states. These and all other patient care activities of faculty members, except as described in IIC-4 are considered to be within the scope of employment by the University whether they take place at the University Hospital or elsewhere, whether or not a bill for professional services is rendered and provided that all income generated flows through the appropriate University department/division.
- C. Within three months following the end of the fiscal year, each Department Chair or Division Chief shall submit to the Dean a statement for each faculty member, signed by the faculty member and the Department Chair or Division Chief, stating the total salary paid to that faculty member during the preceding fiscal year. All accounts and funds used to pay faculty member salaries are subject to regular review and audit conducted by the Dean's Office of the School of Medicine and through other University-related audits as deemed necessary.

II. CLINICAL INCOME

1. Net clinical income is defined as gross collections less patient refunds. All revenue derived from the clinical activities of faculty members covered by this Plan shall be distributed in accordance with the provisions of this Plan. Except as otherwise provided in this Plan, this Plan includes any and all revenues derived from professional services rendered to patients, and the professional component of laboratory income that is not restricted or controlled by Federal regulations. For those laboratories which do not specify a professional component, the Department Chair or Laboratory Director will negotiate with the Dean or cognizant Vice President an appropriate amount to be allocated to professional services.
2. All professional billing and collections for clinical activities covered by this Plan must be made through a billing system approved by the Dean and the Vice President for Administrative Services. Subject to the provisions of this Plan, clinical revenue shall be distributed to the departments or divisions which generate them. If the employment of a faculty member terminates, all charges for clinical services rendered prior to the date of separation must be processed through the approved billing system. Except as otherwise agreed in writing between a faculty member and Department Chair or Division Chief, collections for clinical services rendered prior to separation of a faculty member are the property of the faculty member's department or division.
3. This Plan does not cover:
 1. Honoraria for lectures, visiting professorships, publications of articles and other forms of presentations and scientific or other personal awards.
 2. Royalties from publications.
 3. Fees for participation on national peer review committees or site visits.
 4. Clinical income earned during vacation away from the University, provided that the vacation time is approved in advance and recorded with the department.
 5. Except as otherwise directed by the Department Chair or Division Chief, industrial and legal consultations not involving direct patient care subject to the University policy on outside consulting.
 6. Income from technology licensing.

III. SALARY

- A. The salary of faculty members covered by this Plan may have three components: academic salary, negotiated salary and incentive salary. Total salary is the sum of these three components. Subject to departmental or divisional policies and the provisions of this Plan, and with the approval of the Dean, the Department Chair or Division Chief will set the level of each component for each faculty member annually. Salary may be paid from any source available to the department or division including but not limited to clinical income, salaries from affiliated and non-affiliated hospitals or other health care facilities, special awards approved by the

Dean's Office, Veterans Administration Hospital salaries and income from research grants, awards, grants, contracts, etc.

- B. Academic salary is set annually and may but need not reflect academic rank, seniority and specialty or subspecialty. Academic salary is the only salary component which is associated with tenure or other forms of salary guarantees.
- C. Negotiated salary shall be set on an annual basis pursuant to departmental or divisional policies and the provisions of this Plan. The negotiated salary level may reflect clinical, research, teaching and administrative efforts. With the approval of the Dean, the Department Chair or Division Chief may adjust the amount of the negotiated salary during the year. Negotiated salary is discretionary, it is not guaranteed and is not associated with tenure.
- D. Incentive salary shall be set pursuant to departmental or divisional guidelines. Incentive salary may reflect clinical productivity. Incentive salary is discretionary, is not guaranteed and is not linked to tenure.
- E. The Dean and Vice President for Health Sciences shall review total salary amounts annually to encourage national salary competitiveness, compliance with this Plan and overall consistency with the School of Medicine's mission.
- F. For purposes of this Plan, and subject to advance determination by the department or division, Veterans Administration Hospital salaries paid to faculty members covered by this Plan shall be treated as academic salary component or negotiated salary component or both.
- G. With the exception of (F), all salary payments shall be made through the University payroll system with appropriate deductions for federal, state and social security taxes. Academic salary and negotiated salary shall be paid every other week and shall constitute the benefits base on which University benefits will be paid. Incentive salary shall be paid pursuant to departmental or divisional guidelines. No University benefits will be paid on incentive salary.
- H. Salaries of Department Chairs will be set by the Dean but are otherwise subject to these provisions. The salary of the Dean will be set by the Vice President for Health Sciences but is otherwise subject to these provisions. The salary of the Vice President for Health Sciences will be set by the President.

IV. ASSESSMENTS

- A. Annually each department or division will pay to the Dean's Office an amount equal to 2.0 percent of gross clinical income less patient refunds.
- B. In addition to the assessment described above, each Plan participant whose salary, exclusive of benefits (including adjustments for Veterans Administration Hospital Retirement Plan), exceeds the 80th percentile of AAMC published data for her or his specialty or subspecialty will pay an additional assessment to the Dean's Office as set forth below:

On that portion of total salary between the 80th percentile amount and 1.25 times the 80th percentile amount: the above assessment plus 10 percent of the additional salary.

On that portion of total salary between the 1.25 times the 80th percentile amount and 1.50 times the 80th percentile amount: the above assessment plus 14 per-cent of the additional salary.

On that portion of total salary exceeding 1.50 times the 80th percentile amount: the above assessment plus 18 percent of the additional salary.

For purposes of this paragraph, total salary does not include amounts paid to qualified retirement plans. The Dean will gather appropriate data and set percentile guide-lines for subspecialties not included within AAMC salary guide-lines or determine guidelines when more reliable data base sources vary from AAMC figures.

V. CLINICAL INCOME ACCOUNTS

1. Clinical Income Accounts (CIAs) are vehicles for deposit of receipts for patient services related to physician clinical practice and for disbursement of that physician clinical income in accordance with the guidelines as further defined in this section. Clinical Income Accounts are designed to facilitate and expedite deposit of patient revenues, to refund patient overpayments and to identify and lead to the distribution of physician clinical practice income to individual physicians of the division or department associated with a particular Clinical Income Account.
2. Physician clinical practice income generated by individual physicians shall be deposited to a Clinical Income Account. Payments to individual physicians will be made from the appropriate University accounts based on distribution calculations made by the division or department. The University Payroll Department shall process such payments to individual physicians with appropriate deductions for benefits and payroll taxes in accordance with this Plan, applicable policies and laws with all income to be reported on W-2 forms. The University Payroll Department shall be cognizant of maximum calendar year contribution limitations of FICA, FICA-Medicare and retirement programs such as TIAA/CREF, or Utah State Retirement on an individual basis.
3. Disbursements from the Clinical Income Account may include reimbursements to patients or insurance carriers for overpayments or refunds or transfer to University based accounts. Disbursements from specific Clinical Income Accounts may be made by authorized individuals as designated by the Division Chief or Department Chair.
4. Clinical Income Accounts will be established and maintained through University accounting systems or University approved accounting systems at no additional expense to departments and divisions. University accounts designated as Clinical Income Accounts and assigned to the various divisions or departments shall be interest bearing with earned interest transferred to appropriate division or department accounts on a monthly basis.
5. Clinical Income Accounts will be reviewed during an annual audit conducted by the Dean's Office of the School of Medicine and through other University related audits as deemed necessary.

VI. PROFESSIONAL EXPENSES ALLOWABLE FROM UNIVERSITY ACCOUNTS

1. The following professional expenses may be paid from Clinical Income Accounts provided they

are approved by the Department Chair or Division Chief and Dean and supported by appropriate invoices.

1. Malpractice insurance.
 2. Annual city, county and state business licenses.
 3. Federal and state narcotic licenses.
 4. Membership and dues in academic and professional societies.
 5. Travel and other allowable expenses to scientific meetings.
 6. Supplemental support for educational or sabbatical leave.
 7. Purchase of books, pamphlets and journals, if such publications are readily available for use by any and all members of the division or department including students and housestaff.
 8. Salaries, wages and fringe benefits.
 9. Office rents, supplies and equipment related to and necessary for the practice.
 10. Expenditures necessary for educational and research programs.
 11. Expenses involved in board certification and recertification.
 12. Recruitment and relocation expenses for new faculty members.
 13. Department and/or division assessments as determined by the particular department and/or division.
 14. Billing expenses.
2. The following professional expenses will not be allowed:
1. Membership and/or dues in social clubs.
 2. Special assessment by any or all medical specialty or sub-specialty societies related to political action or charitable purposes.
 3. Expenses associated with initial state medical licensure, including examination fees and reciprocity fees.
 4. Expenditures for personal use or purposes other than those that benefit the University in accordance with University policies and procedures for expenditures.

VII. ADDITIONAL ITEMS

- A. Full-time faculty at affiliated private hospitals are obligated to abide by the agreement between the School of Medicine and the particular private hospital.
- B. Full-time Veterans Administration Hospital physicians, including research associates and clinical investigators, may not perform consultations or give continuing care to the University Hospital patients for remuneration nor may patients be billed for their services no matter where the income goes unless approved in writing by the Dean and the VA Hospital Director in compliance with the Veterans Administration Hospital regulations.
- C. Full-time Veterans Administration Hospital physicians, including research associates and clinical investigators, may receive professional expenses from a University Account if, and only if, such benefits are allowable under both University (Section 3-6) and Veterans Administration Hospital regulations (VAH circular 00-72-22, dated 6-3-70).
- D. Part-time Veterans Administration Hospital physicians shall be under the same rules and regulations as full-time members of the faculty. Compliance with Veterans Administration Hospital regulations shall be the responsibility of the individual and of the Director of the Veterans Administration Hospital.
- E. These regulations are subject to annual review and revision by two-thirds vote of the clinical Department Chairs and the Dean with approval by the Board of Trustees as necessary.
- F. These regulations shall become effective January 1, 1994 and acceptance of and compliance with these regulations shall be a condition of employment.
- G. A copy, with written confirmation of receipt, shall be supplied to every faculty member described in IA.

Approved: Board of Trustees 11/8/93

Approved: Academic Senate 10/4/94