Approved by the Board of Trustees
May 16,2019

Board Meeting
May 16, 2019

APPROVE REVISIONS TO THE MEDICAL SERVICE PLAN BYLAWS, COLLEGE OF MEDICINE, CHICAGO

Action: Approve Revisions to the Medical Service Plan Bylaws, College of Medicine

Funding: No New Funding Required

The University of Illinois Hospital Act (110 ILCS 330) provides for Doctors of Medicine (or other healthcare providers) who are members of the University faculty to charge for their professional services and to house the associated financial activity in a plan or plans organized and administered by them. The largest such plan exists for the University of Illinois College of Medicine faculty in Chicago. Separate Medical Service Plans (MSP) also exist for the College of Medicine faculty in Rockford and Peoria.

Pursuant to Article XI, Section C of the Chicago MSP bylaws, revisions to the MSP bylaws become effective only upon approval of the University of Illinois Board of Trustees. On March 13, 2007, the Board of Trustees approved amendments to the MSP bylaws.

The bylaws need to be updated to reflect the current nomenclature, policies, and practices used by the College of Medicine's physician faculty in Chicago. The Chancellor, University of Illinois at Chicago, and Vice President, University of Illinois with the concurrence of the Vice Chancellor for Health Affairs and Dean of the College of Medicine, recommends revisions to the bylaws of the Medical Service Plan. As stipulated in the existing bylaws, the proposed revisions have been endorsed by the MSP Board of Directors and ratified at a vote of the MSP members on April 17, 2019.

To reflect the proposed changes, deleted material is lined-through and new language is underscored throughout the attached draft amended version of the bylaws, attached

hereto and made a part hereof.

The Board action recommended in this item complies in all material respects with applicable state and federal laws, University of Illinois *Statutes, the General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

The President of the University recommends approval.

UNIVERSITY OF ILLINOIS COLLEGE OF MEDICINE AT CHICAGO MEDICAL SERVICE PLAN BY-LAWS

I. Preamble

In order to further the teaching, research and public service missions of the University of Illinois, and pursuant to the authority granted to it by Chapter 110 Compiled Statutes, Section 330/5, these Medical Service Plan (the "MSP") By-Laws (the "By-Laws") for the University of Illinois College of Medicine at Chicago Physicians Group (the "UIPG") are hereby adopted, for the purpose of establishing the procedures under which the Full Members and Associate Members shall establish: (1) the manner in which the clinical practice is organized and administered, (2) the manner in which professional fees shall be charged, and (3) the manner in which any charges so collected shall be disbursed. These By-Laws shall be administered and interpreted consistent with the attainment of the following goals:

A. To provide administrative services, including planning, marketing, managed care, budget development and oversight, unified billing and collection of professional fees, cash management, accounting, management of the student insurance product, adherence to Medicare compliance, HIPAA, and other laws, policies, and regulations, self-insurance, and other business functions;
B. To help support an optimum setting in which Full Members and Associate Members can practice clinical skills, thereby furthering the clinical education programs of the College;
C. To provide funds for the compensation and fringe benefits necessary to attract and retain College faculty of the highest professional caliber;
D. To contribute to the academic enrichment of the educational and research programs of the Department and the College;
E. To facilitate the clinical faculty practice and provide a forum for discussion of practice issues;
F. To provide a formal structure to represent Full Members and Associate Members and advise the UI health system leadership on development of health care delivery systems with joint risk-sharing and profit-sharing capabilities;
G. To enable clinical practices to respond quickly and effectively to the competitive marketplace by providing a structure for effective decision-making; and
H. To provide a clinical practice structure that will encourage Full Members' and Associate Members' entrepreneurship and the development of alliances with other health care providers, ensuring successful participation in managed care and protecting and enhancing the clinical practices' patient base.

II. Definitions

A. "University" means the Board of Trustees of the University of Illinois.

B. "Medical Center" means any hospital, institute, clinic, outpatient department, or office owned or leased by the University, at which a University Health Care Program is conducted.

C. “UI health system leadership” means the senior executives charged with managing the clinical enterprise in Chicago, and which currently includes the UIC Vice Chancellor for Health Affairs, the CEO of the UI Hospital, and the Dean of the College of Medicine.

D. "University Health Care Program" means a patient diagnostic, treatment, or care program, or activity conducted by the University through its personnel it assigns to such public service functions. Programs or services conducted off campus, at sites not owned or leased by the University, are also considered University Health Care Programs under this definition.

E. "College" means the University of Illinois College of Medicine at Chicago.

F. "Department" means a clinical department of the College.

G. "By-Laws" means these University of Illinois College of Medicine at Chicago MSP By-Laws.

H. "MSP" means the Medical Service Plan for the College.

I. "Dean" means the Dean of the College.

J. "Executive Director" means the Executive Director of the MSP.

K. "Academic Department Head" means the individual appointed Head of the Department by the University.

L. "Full-time Faculty" means a position on the faculty of the College as a full-time employee (1.0 FTE) of the University of Illinois, and/or an affiliated Veterans Administration Medical Center, or as a full-time employee of the University and any hospital with which the College has an agreement stating that such employees shall be members of the faculty and MSP of the College.

M. "Full Member" shall mean an individual who is a member of the Plan pursuant to Article III, Section A (1) of this MSP.

N. "Associate Member" shall mean an individual who is an associate member of the Plan pursuant to Article III A (2) of the MSP.

O. "Affiliate Member" shall mean an individual who is an Affiliate Member pursuant to Article III A (3).

P. Professional Fees" shall mean all fees for patient care or other professional services rendered by Full Members, regardless of the place where such services are rendered, and fees for patient care or other professional services rendered by Associate Members and Affiliate Members at a University Health

Care Program (as defined in section D above), otherwise within the scope of their employment by the College, but shall not include compensation for other services paid by the University or the VA, royalties, retainers or other fees for scientific or expert witness advice, fees for editing publications and honoraria.

III. Membership: Rights and Obligations of Members

A. Membership as a Condition of Employment. As a condition of their employment or other affiliation with the College:

B. Full Members shall be all full-time faculty who must, upon acceptance of such appointment, be bound by the terms of these By-Laws.

C. Associate Members of MSP are persons who do not meet the criteria for Full-time Faculty set forth in Article II, Section L of these By-Laws but who receive compensation from and render professional services through the University at a level of 50% or greater appointment. Associate Members are bound by the terms and conditions of these By-Laws.

D. Affiliate Members are faculty who are less than 50% appointment.

E. Voting. Full Members and Associate Members shall have full voting privileges.

F. Staff Privileges. All Full and Associate Members must be members of the medical staff of the UI Hospital and Clinics or other hospital or facility at which a University Health Care Program is conducted. No Full Member shall be a member of the medical staff of any other non-affiliated hospital or medical center except with the written consent of the Dean.

G. Patient Care and Other Professional Income. No Full Member shall charge or collect any Professional Fees, directly or indirectly, for an account outside of the MSP. All such fees shall be billed through or on behalf of the MSP and all funds collected in respect of such billings shall be deposited in appropriate accounts, in the University's treasury, all as provided in Article IV thereof.

H. Department Heads. Individual Department Heads must be Full Time Faculty Members, and all professional fees billed and generated by them or on their behalf shall be collected through the University MSP and distributed to the University and the Department in accordance with these bylaws. As the person responsible for appointing department heads, the Dean has the discretion to make an exception to the requirement that a Head must be a full-time faculty member.

IV. Governance

A. The College shall establish a Board of Directors of MSP. The Board of

Directors shall be constituted in the following manner.

1. All Clinical Department Heads.
2. An elected member representative from each of the clinical departments who is not the department head. The department representative must be a voting member of MSP and is to be selected by a plurality vote of the Departmental Full members and Associate Members for a term of two years.
3. The Dean, the MSP Executive Director, and others as named by the Dean. Each shall be ex-officio members without vote. Guests may attend Board meetings at the discretion of the Dean.

B. The Board of Directors of the MSP in addition to performing the duties herein provided, may be called upon to advise the Dean as to recommended changes in the bylaws of the MSP. The Board of Directors shall have the right to review any changes proposed in the bylaws of the MSP by the Dean of the College prior to the referral of such changes to the University. Subject to the approval of the Dean, the Board of Directors shall have the following authority and responsibilities:

1. To support clinical faculty practice and provide a forum for discussion of practice issues.
2. To develop, review and/or recommend MSP policies to the Dean.
3. To approve the MSP's annual budget.
4. To represent the clinical faculty and to advise the UI health system leadership on development of health care delivery systems with joint risk-sharing capabilities.
5. To provide and approve, in conjunction with the UI health system leadership shared administrative services, including planning, marketing, managed care, and other business functions.
6. To advise the UI health system leadership on strategic planning for clinical practices.

C. A majority of the voting members of the Board of Directors as constituted time to time shall constitute a quorum, and any action approved by the majority of the members of the Board of Directors present at any meeting in person shall constitute the action of the Board of Directors. Each member of the Board of Directors shall be entitled to one vote.

D. The Dean shall be Chair of the Board of Directors and shall, in addition to performing the usual duties of the Chair, sign all reports and endorsements required of the Board of Directors. The Dean may appoint a Vice-Chair who, in the absence of the Chair, shall perform the duties of the Chair.

E. The agenda for meetings of the Board of Directors shall be set by the Dean and distributed to all Board of Directors members, in preliminary form, at least one business day prior to the day of the meeting. Agenda items may be added to the agenda at the request of:
    1. Two or more of the Clinical Department Heads, or
    2. At least 10% of the Members.

F. Items approved or rejected by a majority vote of the members present at a duly constituted meeting of the Board may not be brought up for subsequent reconsideration based on a challenge related to the non-attendance of one or more recognized members.

G. There shall be an Executive Committee constituted in the following manner.
    1. Six members of the Board of Directors. Members shall serve terms of six years; terms may be renewed and may begin at various points of the year. Members will be recommended by the Dean and endorsed by the members of the Board. Each member shall be entitled to one vote.
    2. The Dean, the MSP Executive Director and other individuals identified by the Dean. Each shall be ex-officio members without vote. Guests may attend Executive Committee meetings at the discretion of the Dean.

H. A Quorum shall be two or more of the voting members present at a regular meeting. In the event that a member of the Executive Committee steps down from his or her position, the Dean shall submit the name of a nominee to the Board of Directors for consideration.

I. Items approved or rejected by a majority vote of the members present at a duly constituted meeting of the Executive Committee may not be brought up for subsequent reconsideration based on a challenge related to the non-attendance of one or more recognized members.

J. Subject to the approval of the Dean, the Executive Committee shall have the following authority and responsibilities:
    1. To support clinical faculty practice and provide a forum for discussion of practice issues.
    2. To develop, review and/or recommend MSP policies to the Board of Directors.
    3. To review, modify and/or endorse the MSP's annual budget to the Board of

Directors.

4. To represent the Board of Directors and to advise the UI health system leadership on the development of health care delivery systems with joint risk-sharing capabilities.
5. To review and recommend to the Board of Directors shared administrative services with the UI health system, including planning, marketing, managed care, and other business functions.
6. To represent the Board of Directors and advise the UI health system leadership on strategic planning for clinical practices.
7. To advise the UI health system leadership on the operations and management of ambulatory care programs.
8. To assess Departmental use of MSP funds.
9. To recommend corrective actions to the Dean, including the placing of a Clinical Department's MSP into receivership.
10. To recommend the distribution of MSP funds from capitated managed care contracts.
11. To approve all MSP fee schedules.
12. To review and recommend approval to the Dean of all Departmental Incentive Plans.
13. Other roles and responsibilities as deemed appropriate by the Dean of the College and endorsed by the MSP Board of Directors.

K. The Dean, or his/her designee, shall chair the Executive Committee and shall, in addition to performing the usual duties of the Chair, sign all reports and endorsements required of the Committee. The MSP Executive Director shall be Vice-Chair. In the absence of the Chair, the Vice-Chair shall perform the duties of the Chair.

L. The MSP Executive Director shall set the agenda for regular meetings of the Executive Committee, in consultation with the Dean. Special items may be added to the agenda at the request of a majority of the members of the Executive Committee.

M. Annual Meeting:

1. There shall be an annual meeting of all the MSP Members held on a date determined by the Board of Directors of each year.

N. Special Meetings: Special meetings of the MSP Members may be convened by the Chair of the Board of Directors at any time. Special meetings may also be convened with not less than seven business days' prior notice at the request of:

1. A majority of the Clinical Department Heads,

2. The Dean, or
3. at least 10% of the Members.

V. Financial Structure

A. Amount of Fees. The amount of Professional Fees or other Professional charges shall be determined according to schedules or other arrangements established by the Executive Committee of the MSP Board of Directors.

B. Billing and Collection. All Professional Fees shall be billed and collected by UIPG in accordance with these MSP bylaws. The Executive Committee of the MSP Board of Directors shall determine the manner in which the Plan shall authorize the billing and collection of Professional Fees, subject to the authority of the MSP Board of Directors and the approval of the Dean of the College of Medicine. The billing and collection procedures shall be subject to the following rules:

1. The costs of billing and collection shall be paid solely out of Professional Fees collected, and shall not be paid from other University funds which may be available to the Department.
2. The MSP shall be liable and accountable for any adverse settlements with third- party payors, such as Blue Cross/Blue Shield, Medicare, and Medicaid.
3. Upon their employment with the University, all MSP members will sign a form acknowledging the MSP's rights to bill and collect on their behalf.
4. Termination. Upon termination of employment by the University, the Plan may continue to bill and to collect for services rendered by a Full Member, Associate Member, or Affiliate Member who will no longer receive income derived from these services. Terminating members have no ownership rights in accounts receivable or work in process.

C. Accounts and Accounting. All monies received under the MSP in respect of Professional Fees shall be accounted for in the manner described below.

1. As of the effective date of these By-Laws, there shall be established in the treasury of the University a unique fund type designated as the "University of Illinois College of Medicine Medical Service Plan." Within that unique fund type, individual fund numbers will distinguish the financial activity associated with each clinical department.
2. All monies received under the Plan in respect of Professional Fees shall be deposited in the MSP funds.
3. Subject to the provisions of these bylaws, the management, disbursement and distribution of monies deposited into MSP funds shall be under the exclusive supervision and control of the Dean with the advice and counsel of the MSP Board of Directors.

4. All expenses incurred by the University, whether in its name or in the names of the College, the Department or the MSP in connection with activities which generate or are related to Professional Fees, shall be a liability of the MSP funds and payable therefrom before the payment of any other expenditures. Such expenses shall include, but not be limited to premiums for or contributions toward professional liability coverage of Full Members, Associate Members, Affiliate Members and other personnel of the MSP pursuant to the University Self Insurance Plan; compensation for services performed by personnel engaged in support of the patient care activities of the MSP, to the extent that such compensation is not otherwise payable by the University; costs of billing and collecting Professional Fees, whether payable to the University or to an outside agency; "Faculty Base Salaries" as in Article V below and fringe benefits related thereto; legal fees incurred by the Office of University Counsel; and other consulting expenses.
5. As soon as practicable after the end of each month, the MSP shall calculate the gross revenue of each Department. These revenues will be subject to an assessment by the Dean, referred to as the “Dean’s tax” and deposited into a fund designated for the Dean’s use. The percentages assessed by the Dean may be adjusted from time to time by mutual consent of the Dean and the Board of Directors of the MSP. Monies collected through the Dean’s tax shall be used at the sole discretion of the Dean to further the research, educational and patient care activities of the College and the Departments.
6. Any amount remaining after the payment of the expenses shall be available to a Clinical Department for disbursement at such time or times as determined by the Department Head in support of the patient care, educational and research activities of the Department, including the payment of "Incentive Compensation" and the fringe benefits related thereto as defined in Article VI below to the Full Members, and Associate Members and Affiliate Members of the Department.
7. The MSP, in conjunction with the Department, shall keep all of its books and records, according to generally accepted accounting practices and applicable University guidelines. Summaries of the fiscal activities of the MSP shall be provided to the Dean at least once every month. The Dean shall be entitled to inspect the accounts of the MSP at any time. The accounts of the MSP shall also be made available for review by other University officials as authorized by the Dean.

D. Annual Budget. Each year, the Department Head shall prepare and submit to the MSP Executive Director, for review and endorsement, an MSP

preliminary financial budget for the Department for the subsequent fiscal year. With his/her endorsement, the MSP Executive Director shall consolidate the recommended Departmental budgets and submit that consolidated budget to the MSP Executive Committee for review and endorsement. With the endorsement of the MSP Executive Committee, the recommended budgets shall be sent to the MSP Board of Directors for review and endorsement. The budget endorsed by the MSP Board of Directors shall be sent to the Dean of the College of Medicine for adoption. The Dean may accept, modify or reject any portion or the entire recommended budget.

VI. Compensation of Members.

The compensation of Full Members, Associate Members, and Affiliate Members shall be paid by either of the following two payment methods or some combination of both.

A. Faculty Base Salary. The "Faculty Base Salary" of a Full Member or an Associate Member or an Affiliate Member shall be a fixed annual total amount of compensation which may include one or more components as determined by the Department Head, subject to the approval of the Dean. Faculty Base Salary shall be treated as remuneration for services performed by the recipient as an employee of the University for all purposes, including participation in any University retirement or fringe benefit plans or programs and the University's responsibility to withhold, remit, and report all statutory deduction amounts.
B. Incentive Compensation. The "Incentive Compensation" of a Full Member, Associate Member, Affiliate or other departmental health care provider shall be an amount determined by the Departmental Incentive Plan. All Incentive Compensation payment proposals will be approved by the Dean. The frequency under which Incentive Compensation payments shall be made shall be addressed in each Department’s incentive compensation plan. The liability of the University to pay Incentive Compensation to any Member or Associate Member shall be limited to the Department's MSP fund balance. Payments of Incentive Compensation that exceed the Department’s MSP fund balance may be approved at the discretion of the Dean. Incentive Compensation shall be as remuneration for services performed by the recipient as an employee of the University for all purposes, including participation in any University retirement or fringe benefit plans or programs and the University's responsibility to withhold, remit, and report all statutory deduction amounts.
C. All Departmental MSP Incentive plans are subject to approval by the Dean.
D. The Dean shall establish the criteria for the incentive payments for each Department Head. The Dean will assess the performance and authorize all

incentive payments to Department Heads.

VII. Amendments.

A. These By-Laws and any subsequent amendments will be presented in writing to the Full Members and Associate Members at least ten (10) days before a vote is conducted. Ratification of these By-Laws and approval of any amendments shall require a two-thirds majority of those Full Members and Associate Members voting. Such vote may be taken at the annual meeting or at a special meeting.

B. These By-Laws and any subsequent amendments shall not be effective unless approved by the University.

C. These By-Laws shall become effective upon approval by the University of Illinois Board of Trustees.