

**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 (the "College") 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 an optimum setting in which Full Members and Associate Members can practice clinical skills, thereby furthering the clinical education programs of the College;
- B. To provide funds for the compensation and fringe benefits necessary to attract and retain College faculty of the highest professional caliber;
- C. To contribute to the academic enrichment of the educational and research programs of the Department and the College;
- D. To facilitate the clinical faculty practice and provide a forum for discussion of practice issues;
- E. To provide a formal structure to represent Full Members and Associate Members and advise the UIC Medical Center on development of health care delivery systems with joint risk-sharing capabilities;
- F. To enable clinical practices to respond quickly and effectively to the competitive marketplace by providing a structure for effective decision-making;
- G. To provide a clinical practice structure that will encourage Full Members and Associate Member 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; and
- H. 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, MSP adherence to Medicare compliance, HIPAA, and other laws policies, and regulations, self-insurance, and other business functions.

II. Definitions

- A. "University" means the Board of Trustees of the University of Illinois.
- B. "Medical Center" means any hospital, institute, clinic, out-patient department, or office owned or leased by the University, at which a University Health Care Program is conducted.

- C. "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.
- D. "College" means the University of Illinois College of Medicine at Chicago.
- E. "Department" means a clinical department of the College.
- F. "By-Laws" means these University of Illinois College of Medicine at Chicago By-Laws.
- G. "MSP" means the Medical Service Plan for the College.
- H. "Dean" means the Dean of the College.
- I. "Executive Director" means the Executive Director of the College.
- J. "Department Plan" means the Medical Service Plan developed for each clinical Department of the College and established by Subordinate By-Laws.
- 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 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 affiliation 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 the UIC Medical Center, otherwise within the scope of their employment by the College, but shall not include compensation paid by the College or the VA, royalties, retainers or other fees for scientific or expert witness advice, fees for editing publications and honoraria. Fees generated by Associate Members may be excluded at the discretion of the Department Head.

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:
 - 1. Full Members shall be all full-time faculty who must, upon acceptance of such appointment, be bound by the terms of these By-Laws.
 - 2. 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 or have MSP billings greater than \$50,000 for clinical professional services

during the previous fiscal year. Associate Members are bound by the terms and conditions of these By-Laws.

3. Affiliate Members are faculty who are less than 50% appointment and who have MSP billings less than \$50,000 during the previous fiscal year, or who are credentialed through the MSP and do not meet the criteria for Full or Associate Membership as set forth in Article II, Section L and Article III, Section C of these bylaws.
 4. The dollar amount in paragraphs 2 and 3 above may be adjusted by the Board of Directors and the Dean on an annual basis.
- B. Voting. Full Members and Associate Members shall have full voting privileges.
- C. Staff Privileges. All Full and Associate Members shall be members of the medical staff of the UIC Medical Center or a COM affiliated hospital. 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.
- D. 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.
- E. 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 Laws.
- F. Compensation. The compensation of the Members shall be as recommended by the Department Head in accordance with the Departmental Plan subject to the approval of the Dean of the College, as provided in Article V hereof and in compliance with University Statutes, Rules and Policies.

IV. Professional Fees.

- 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 Departmental Plan and is subject to the authority of the Executive Committee of the MSP Board of Directors.
- B. Billing and Collection. All Professional Fees shall be billed and collected in the name of the MSP. The Executive Committee of the MSP Board of Directors shall determine the manner in which the Plan shall bill and collect 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.

- C. Accounts and Accounting. All funds 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 an account designated the "University of Illinois College of Medicine Medical Service Plan, the Department General Account" (the "General Account").
 2. All funds received under the Plan in respect of Professional Fees shall be deposited in such account.
 3. The management, disbursement and distribution of funds deposited in the General Account shall be under the exclusive supervision and control of the Dean, subject to the provisions of these By-Laws and the authority, 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 General Account 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 receipts of the Department. These shall be referred to as "Net Professional Fees." Immediately upon the determination of the Net Professional Fees, the Department Head shall cause the disbursement of an amount equal to no less than 10% of the Gross Professional Fees less the cost of professional liability coverage, billing and collection expenses, and related expenses approved by the Board of Directors to an account maintained in the University treasury designated as the "Dean's Account." The minimum percentages allocated to these accounts may be adjusted from time to time by the Board of Directors of the MSP. Funds held in the Dean's Account shall be used in 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 MSP Compensation" and the fringe benefits

related thereto as defined in Article V below to the Full Members, and Associate Members and Affiliate Members of the Department.

7. Notwithstanding anything contained in the Plan to the contrary, no MSP funds shall be expended or disbursed by the Department to the extent that after such expenditure or disbursement the Department's MSP cash reserve would show a negative balance. If the Department Head shall determine that the payment of expenses described in paragraph 5 above would cause the Department's MSP cash reserve to show a negative balance, he or she shall transfer expenses from the Department General Account to other accounts under the control of the Department Head Account to the extent necessary to eliminate the deficit. If after such transfer the Department Head shall determine that the payment of expenses described in paragraph 5 above would still cause the General Account to show a negative balance, he or she shall promptly inform the Dean of the College of such determination. The Dean shall determine the appropriate action to be taken, which may include any one or more of the following actions: (1) a change in the Faculty Salaries of the Full Members, Associate and Affiliate Members of that Department for the following fiscal year, or (2) the transfer of funds from the Dean's Account. If a Department sustains three consecutive months of operating and/or cash deficits, the Dean may place the Department General Account into receivership. Under receivership, the Dean or the Dean's designee will have sole authority to manage the revenue and expenses of the Department's General Account.
8. 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.

V. 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 prior to the beginning of each academic year and included in the Department Budget prepared pursuant to Article IV. Faculty Base Salary shall be paid in twelve equal installments. 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 or College retirement or fringe benefit plans or programs and the University's responsibility to withhold, report and pay federal income and employment taxes.
- 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. Payments of Incentive Compensation shall be made no more often than at the end of each quarter unless otherwise approved by the Executive Director. Notwithstanding anything to the contrary, the liability of the University to pay Incentive Compensation to any Member or Associate Member shall be limited to the Department's MSP cash reserve. 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 or College retirement or fringe benefit plans or programs and the university's responsibility to withhold, report and pay federal income and employment taxes.

VI. Medical Service Plan – Board of Directors.

- 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 Vice 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, or the UIC Chancellor, 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 or the UIC Chancellor 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 Medical Center on development of health care delivery systems with joint risk-sharing capabilities.
 5. To provide and approve, in conjunction with the Medical Center, shared administrative services, including planning, marketing, managed care, and other business functions.
 6. To advise the Medical Center 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 Vice Dean shall be Vice-Chair. In the absence of the Chair, the Vice-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. A majority of the members of the MSP Executive Committee,
 2. A majority of the Clinical Department Heads, or
 3. 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.

VII. Medical Service Plan – Executive Committee

- A. 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. 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 Vice Dean, the UICH Medical Director, and the MSP Executive Director. Each shall be ex-officio members without vote. Guests may attend Executive Committee meetings at the discretion of the Dean.
- B. A Quorum shall be two or more of the voting members present at a regular meeting. A Quorum shall be a simple majority of the voting members at a special meeting of the Committee.

- C. 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 as a replacement to serve the remainder of the original term.
- D. 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.
- E. 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 Medical Center 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 Medical Center, including planning, marketing, managed care, and other business functions.
 - 6. To represent the Board of Directors and advise the Medical Center on strategic planning for clinical practices.
 - 7. To advise the Medical Center 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 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.
- F. 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.
- G. The MSP Executive Director shall set the agenda for regular meetings of the Executive Committee, in consultation with the Dean and the Vice Dean. Special items may be added to the agenda at the request of a majority of the members of the Executive Committee.

VIII. Departmental MSP Incentive Plans.

- A. All Departmental MSP Incentive plans must conform to the following rules and regulations and are subject to approval by the MSP Executive Committee...
1. The Department is to establish an MSP Advisory Committee or a similar body.
 2. The selection of members for the Departmental MSP Advisory Committee shall be by majority vote of Full Members and Associate Members of the Department.
 3. The Departmental MSP Advisory Committee chair shall be the Department Head, or his/her designee.
 4. The Departmental MSP Advisory Committee shall implement a process to advise the chair on the development of an Incentive Plan. Actions endorsed through the advisory process are advisory to the Department Head.
 5. The Department Head and the Advisory Committee may consider other factors, such as academic productivity, together with clinical productivity in the determination of the amount of an incentive payment.
 6. Actions endorsed by the Departmental MSP Advisory Committee are advisory to the Department Head.

IX. Incentive Plans for Clinical Department Heads.

- A. The Dean shall establish the criteria for the incentive payments for each Department Head.
- B. The Dean will assess the performance and authorize all incentive payments to Department Heads.

X. Members' Meetings.

- A. Annual Meeting:
1. There shall be an annual meeting held on a date determined by the Board of Directors of each year.
- B. Special Meetings: Special meetings of MSP participants 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.

XI. 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 and each Departmental Plan shall not be effective unless approved by the University.

C. These By-Laws shall become effective upon approval of the University and shall take effect on the first contract year following such approval, or as otherwise determined by the University of Illinois Board of Trustees.

XII. 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.