

## AR3:14 Addendum for College of Dentistry

### College of Dentistry Practice Plan Addendum

Preamble: This Addendum (the "Addendum") supplements Administrative Regulation (AR) 3:14 and provides specific information concerning the practice plan of the College of Dentistry (the "College" or "Unit"). It may be referred to as the College of Dentistry Practice Plan Addendum.

General: An annual contract (the "Annual Contract") \_\_\_\_\_ is X is not (check one) authorized with an approved Fiscal Agent (not required if Fund serves as Fiscal Agent). If authorized, the annual contract is part of this Addendum and incorporated by reference, herein. If a conflict in terms arises between the Annual Contract and the College or Addendum, terms of the Annual Contract shall take precedence.

Specific: College or Unit Addendum Modifications, below, are made in reference to the specific paragraphs of *Administrative Regulation (AR) 3:14, Practice Plans for Health Science Colleges and University Health Services*.

#### I. Introduction

The terms set forth in AR 3:14, Paragraph I, are not subject to local modification.

#### II. Scope

The Plan Members are faculty in all College of Dentistry title series, full-time and designated part-time faculty as approved by the Dean.

Services provided by Plan Members incident to the care of patients and to all other activities which are a part of the health care programs of the University are included in the Plan. This includes 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: (a) the diagnosis, treatment, and evaluation of patients; (b) the provision of therapeutic products for patients or others; and, (c) consultation with patients.

**In addition, the following professionally generated income is included in the plan: (check "yes" or "no")**

YES \_\_\_\_\_ NO X Direct and in-kind payments (excluding actual out-of pocket costs) for providing (a) advice, (b) professional consulting services, (c) service on boards, committees, commissions, or the like, and (d) oversight, supervision, or other participation with any entity or person involved with health or medical care are included in the Plan.

YES \_\_\_\_\_ NO X Witness fees and payments relating to depositions, testimony, or other evaluations in the capacity of a witness;

YES \_\_\_\_\_ NO X Professional fees and compensation for educational consulting in medical and pharmacy focused programs in conjunction with the pharmaceutical industry and/or other external agencies;

YES \_\_\_\_\_ NO X Honoraria for lectures;

YES \_\_\_\_\_ NO ☒ Unassigned income from publications;  
YES \_\_\_\_\_ NO ☒ Prizes for personal past achievements and not for services rendered;  
YES \_\_\_\_\_ NO ☒ Special administrative stipends paid by the University for performing administrative assignments beyond those normal to academic appointments;  
YES \_\_\_\_\_ NO ☒ Income for a profession or activity unrelated to the professional education, experience, or training that qualifies members of the Plan for a University appointment;  
YES \_\_\_\_\_ NO ☒ Payments for service to NIH or other governmental peer review research project site visits or review activities;  
YES \_\_\_\_\_ NO ☒ Any reimbursement and fees associated with regular continuing education programs funded by the College;  
YES \_\_\_\_\_ NO ☒ Other income which relates to or would not exist but for the professional education, experience, or training that qualifies members of the Plan for a University appointment.

Note that all external items above not covered by the Plan must be pre-approved in accordance with Academic Regulation AR3:9 *Consulting and Other Overload Employment*.

### III. Definition Details

The Fiscal Agent, if other than the Fund, of the Plan is the University of Kentucky.

The Practice Plan Committee is the UK Dental Care Board (UKDCB). The UKDCB consists of the Associate and/or Assistant Deans of Clinical Affairs, Department Chairs, Division Chiefs, and Clinical/Clinical Research Heads in the College of Dentistry. Ex-Officio membership, without voting privileges, may also include: Dean, Associate Dean of Administration/Finance, Assistant Dean of Administration/Clinical Operations, Accountant/Manager of the UKDCB plan, Director of Information Management, Compliance Manager, Infection Control/Safety Coordinator and Student Representative.

Department or Division Plans ☒ are \_\_\_\_\_ are not authorized. If authorized, the following requirements apply (first five apply, unless an exception is granted by the Provost and EVPHA:

☒ Written Document

☒ Approval by Dean, after review by UK Dental Care Board.

☐ Approval by Provost

☐ Approval by EVPHA

☒ Legal Review

☐ Annual Audit

Other: ☐ The College of Dentistry Practice Plan (attached) assigns clinical revenue and expenses among faculty practice clinics, subject to target minimum share rates, maximum share caps, and indirects. Each individual faculty clinic then has the ability to develop a plan for that specific clinic that allocates the available assigned clinic funds among the faculty participants in that clinic. The clinic policy must be a written policy, reviewed by the UK Dental Care Board, and approved by the Dean after Legal Review. The policy must be reasonably appropriate and fair, even if not precise, and should be based on data that can be readily measured.



The Plan Service Account is maintained by the University of Kentucky College of Dentistry.

The Billing Agency is:     The UK College of Dentistry    

The Plan Member Documents include:

    X     Practice Agreement

         Assignment for Billing to: \_\_\_\_\_

    X     Non Compete or Restrictive Covenant

    X     Other (specify) See attached "*Summary of Operation for College of Dentistry Practice Plan*"

An example of the form of each is attached hereto, as Collective Attachment III, and incorporated by this reference.

#### IV. Underlying Principles

The principles set forth in AR 3:14, Paragraph IV, are not subject to modification.

#### V. Setting of Charges

Any special terms concerning the setting of fees are attached hereto as Attachment V, which is attached hereto and incorporated herein by this reference.

#### VI. Billing and Collection

The college billing and collection process, if in more detail than AR 3:14, Paragraph VI, is described in Attachment VI, which is attached hereto and incorporated herein by reference.

#### VII. Use of Funds Deposited in the Plan Services Account

The terms set forth in AR 3:14, Paragraph VII, are not subject to modification.

#### VIII. Plan Administrator and Budget

The Plan Administrator is:     The UK College of Dentistry    .

The College budget process, if described in more detail than AR 3:14, Paragraph VIII, is described in Attachment VIII, which is attached hereto and incorporated herein by reference.

#### IX. Provisions for Faculty Salary Supplemental Compensation

The percent of net revenue to be allocated for supplemental compensation, as determined by the EVPHA and the Provost is     80%    .

The College shall retain     20%     percent of collected fees for its use in professional development, educational promotion, academic enrichment and related endeavors. Any special retention of funds or fees is described in Attachment VII, which is attached hereto and

incorporated herein by reference. The College is able to redirect some or all of the percentage of collected fees to provide a minimum level of support for faculty clinical activity, as described in the attached operations document.

The Frequency of Distributions is:   X   monthly;        quarterly;        other  
(Specify) \_\_\_\_\_.

#### X. The Practice Plan Committee

The terms set forth in AR 3:14, Paragraph X, are not subject to modification.

#### XI. Limitations on Practice by Plan Members

Any additional modifications or limitation on practice are attached as Attachment XI, which is attached hereto and incorporated by this reference.

#### XII. Exceptions and Appeals

Any modifications to the grievance procedure are described in Attachment XII, which is attached hereto and incorporated by this reference.

Any Special Provisions are attached hereto, as the Special Provisions Attachment, and incorporated by this reference. If any Attachment referenced herein is not included, the Attachment is conclusively presumed to be omitted intentionally.

#### XIII. Effective Date

This Addendum shall be in force for a term beginning July 1, 2009 and ending June 30, 2010. It shall automatically renew for any number of successive one year terms unless terminated or modified by a writing signed by the approving parties, below.

#### Approving parties:

Interim Dean, College of Dentistry: Larry Holloway

 \_\_\_\_\_

(Signature)

Provost: David Blackwell

 \_\_\_\_\_

(Signature)

EVP/HA: Mark Newman

 \_\_\_\_\_

(Signature)

### Attachment: Summary of Operation for College of Dentistry Practice Plan

The College of Dentistry faculty practice consists of multiple “faculty clinics”, operating in different locations or with focus on different specialties. The diagram below indicates the basic operation of the proposed Practice Plan.

Clinic Gross Revenue: Revenue for faculty clinics includes the following:

- collections from the faculty clinics’ direct faculty activity,
- collections from dental hygiene activity in faculty clinics,
- 50% of state PSP funds associated with care of Medicaid patients in faculty clinics. PSP funds are assigned among all clinics in the college (faculty, student, and resident) proportional to Medicaid reimbursements for each clinic. 50% of those funds associated with care of Medicaid patients in the faculty clinics is assigned as revenue for those clinics as a supplement to those Medicaid reimbursements.
- (Net revenue from the UK Dental Care insurance plan is also available for providing minimum support for faculty clinical activity, as described below.)

Clinic Direct Expenses: Direct Expenses are defined as expenses within a clinic (employee salary, wages, benefits, supplies, lab fees, etc.), and clinical “enterprise” expenses, which are shared among clinics (sterilization, billing, etc.). The plan also recognizes indirect expenses (such as administration, accounting and business support, marketing service, space, etc.), but does not use indirect expenses when calculating Net Revenue. Direct expenses are allocated among clinics based on measures of use of those expenses. These measures may be direct measures of use or indirect measures that are appropriate and fair, even if not precise.

The Practice Plan Committee (AR3:14 section X) is the University of Kentucky Dental Care Board, UKDCB.

As shown in the diagram below, The Net Revenue for each faculty clinic is defined as the clinic’s Gross Revenue less the clinic’s Direct Expenses.

- **80%** of the clinic’s Net Revenue is available for salary supplements to providers (subject to the “FARR” cap, described below). The allocation of this Net Revenue among the providers is based on a policy defined for each clinic, typically considering expenses specifically tied to that provider and the revenue specifically generated by that provider. (The default allocation policy is given later.)
  - For each clinic, the clinic’s Faculty Activity Return Rate (FARR) is defined as the clinic’s Net Revenue available for faculty compensation (i.e. 80% of Net Revenue) divided by that clinic’s collections for direct faculty activity (i.e. excluding hygiene and PSP funds). The FARR is capped at **60%**, and any net revenue beyond the FARR cap is provided to the UKDCB/College Indirect Fund to be used for subsidy of other clinics, if needed, as discussed below.
- **20%** of the clinic’s Net Revenue is available to the UKDCB/College Indirect Expense Fund in broad recognition of the College’s and University’s expenses related to faculty clinical activity.
  - This fund may be used, in combination with net revenue from the UK Dental Care insurance plan, to provide some minimum compensation recognition to faculty who practice. The College recognizes that some level of faculty practice is beneficial in maintaining the skills and knowledge of faculty members. The College will provide a “target minimum FARR” across all faculty clinics. The College may direct funds first

from the UK Dental Care Insurance net revenues and then from the UKDCB/College Indirect Expense fund towards raising the minimum FARR among all clinics, until all clinics exceed the target minimum FARR. (Note that there is no guarantee that the available funds from UK Dental Care Insurance Net Revenue and UKDCB/College Indirect fund are sufficient to raise all clinics above the target minimum.)

- The target minimum is set at **35%** in calendar years CY20 and CY21,
  - The target minimum will be set at **33%** in calendar years CY22 and CY23
  - The target minimum will be set at **30%** thereafter.
- Funds remaining in the UKDCB/College Indirect Expense Fund after any subsidy of clinics to the target minimum FARR will be used by the College consistent with AR3:14.VIII.B.
- The Net Revenue of a clinic available for faculty compensation (subject to the FARR cap and any supplementation from the UKDCB/College Indirect Expense Fund based on the target minimum FARR) is distributed as supplementary salary to faculty in the clinic based on a clinic policy. The clinic policy should be reasonably appropriate and fair, even if not precise, and should be based on data that can be readily measured. The policies for each faculty clinic must be reviewed by the UK Dental Care Board (“UKDCB”, the Practice Plan Committee referred to in AR3:14) and approved by the Dean. The following is the default clinic policy that applies unless another plan is reviewed by UKDCB and approved by the Dean:
  - Default Clinic Policy:

“Define a *faculty practitioner’s collections revenue* for the clinic as his/her gross collections (and associated PSP supplementation, if applicable) in the clinic. Define a *faculty practitioner’s expenses* for the clinic as the sum of (1) expenses specific to the practitioner, such as labs, and (2) the practitioner’s share of a clinic’s shared expenses (expenses specific to the clinic and enterprise expenses assigned to the clinic) based on a usage metrics of providers in the clinic. The *faculty practitioner’s net revenue* is then his/her collections revenue less his/her assigned clinic expenses. The Net Revenue of the clinic available for faculty compensation (after indirect and subject to any FARR cap or FARR target minimum) is proportionally divided among the faculty practitioners based upon each faculty practitioner’s net revenue.
- The new practice plan will be phased in over three years.
  - In Calendar Year CY20, faculty supplementary compensation will be based 25% on the new plan and 75% on the pre-2019 plan.
  - In CY21, faculty supplementary compensation will be based 50% on the new plan and 50% on the pre-2019 plan.
  - In CY22, faculty supplementary compensation will be based 75% on the new plan and 25% on the pre-2019 plan.
  - In CY23, faculty supplementary compensation will be based 100% on the new plan.

### Process of College Involvement

A College of Dentistry “Ad Hoc Committee on Overhead Allocation” during the Fall 2018 semester developed the basic expectation of allocation of expenses and revenues across the college (including DMD, resident clinics, and faculty clinics) based on clinical usage. Beginning in January 2019, College of Dentistry Division Chiefs, Department Chairs, and Associate Deans began regular discussions to refine the plan. The result of these discussions was the current proposal with different policies for expense and revenue allocation among clinics and then among providers in each faculty clinic. On



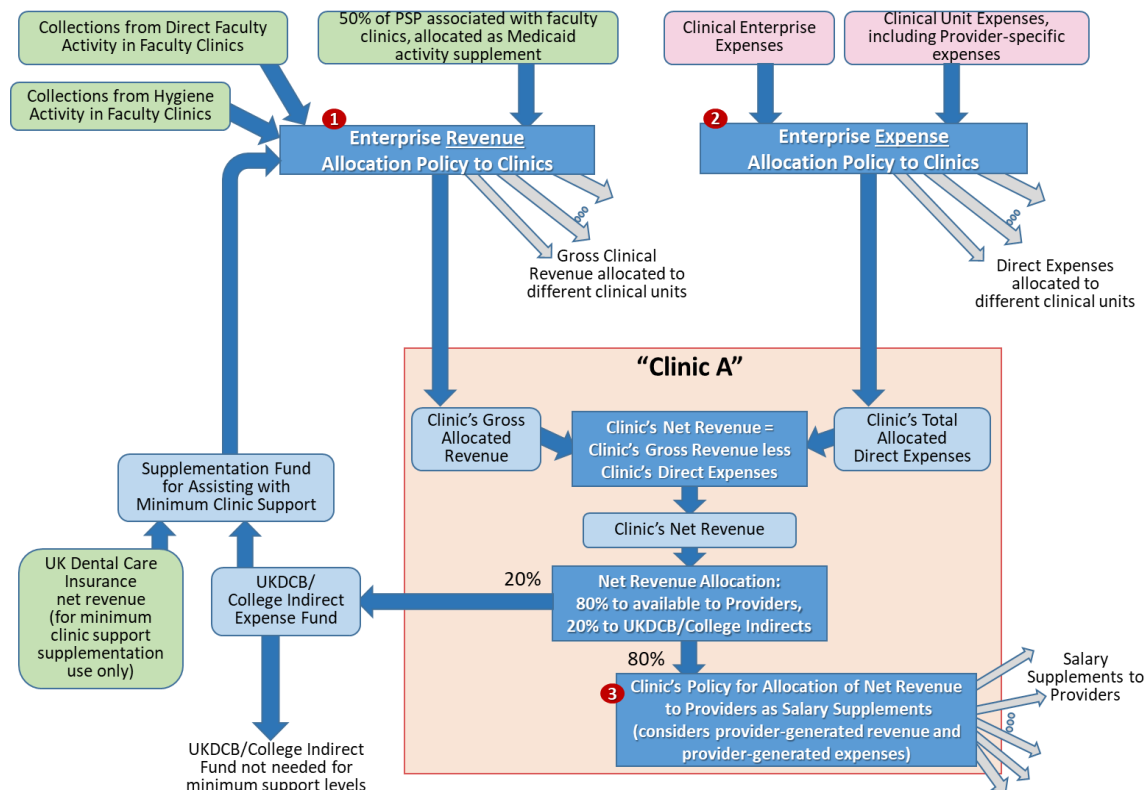


Figure 1: Basic Operation of Proposed Practice Plan

several occasions over the Spring semester 2019, the dean notified the faculty that changes to DSP were being considered among the Division Chiefs and some change would come. The outline of the current proposed plan was distributed to the faculty on July 3 and presented at a faculty meeting on July 26. Financial details of the plan were distributed to faculty on July 31, with some corrections on August 1. Three faculty open-forums were held on August 1 and 2 to answer questions of faculty members, to help further explain the model, and to consider variations to it. Based on that feedback, the key elements of the plan were distributed to the faculty on August 6. An alternative plan was presented by the department chairs on behalf of some faculty members on August 14 but lacked sufficient operational detail to be analyzed.

The University of Kentucky Dental Care Board (UKDCB), the membership of which is similar to the Division Chiefs, serves as the Practice Plan Committee of the DSP. The UKDCB met on August 21 to provide some input on background items required in the AR addendum. The Board of Trustees delegates the ability to approve an addendum jointly to the Dean, the Provost, and the Executive Vice President for Health Affairs.

A faculty open forum was held on August 20 to present and answer questions about the August 6 plan. Several variations of the plan were proposed. These were analyzed and distributed to the faculty on August 25, and faculty again invited to an open forum held on August 26. Finally, faculty were invited to provide input via a survey on August 27. The proposed plan attached is primarily the August 6 plan but with some additional phase-in on the targeted minimum FARR in recognition of concerns of faculty in some clinics.