DEPARTMENT OF FAMILY AND COMMUNITY MEDICINE FACULTY PRACTICE PLAN

FOR DISTRIBUTION AND USE OF PROFESSIONAL INCOME UNDER THE COLLEGE OF MEDICINE PRACTICE PLAN EFFECTIVE JULY 1, 2021

I. PURPOSE

The purpose of the Department of Family and Community Medicine Faculty Practice Plan [all locations: Lexington, Georgetown, Hazard] is to document how funds in accounts held separately and administered by the Kentucky Medical Services Foundation, Inc. ("KMSF") or the University of Kentucky Medical Group ("UK Medical Group") for the Department of Family and Community Medicine will be used and distributed. The Department of Family and Community Medicine Faculty Practice Plan is developed and is to operate pursuant to the medical practice plan adopted by the University of Kentucky Board of Trustees on June 20, 1978 (hereinafter sometimes referred to as "Trustees' Action"), and all amendments thereto, Administrative Regulation 3.14 effective July 1, 2009, and the College of Medicine Practice Plan Addendum. KMSF may assign some or all of its responsibilities hereunder to the UK Medical Group, as appropriate.

II. APPLICABILITY

The Department of Family and Community Medicine Faculty Practice Plan is applicable to all members of the faculty in the Department of Family and Community Medicine who are members of the medical practice plan adopted by Trustees' Action, and governs the expenditure and distribution of all Clinical Income attributable to professional activities of such faculty as described in the Trustees' Action. KMSF or the UK Medical Group is hereby authorized to satisfy and pay from any and all funds available to it, including, but not limited to, such Clinical Income and amounts collected attributable to professional activities of such faculty earnings on funds, prior to any distribution pursuant hereto, any and all expenses, expenditures, reserves, payments, agreements and other obligations of any and all types which have been or which are hereafter incurred, agreed to, approved or ratified (a) by KMSF or UK Medical Group in the ordinary course of its business, (b) by action of KMSF's board of directors or the UK Medical Group or (c) in accordance with any agreement between KMSF and the University of Kentucky.

III. GOVERNANCE

A. The Department of Family and Community Medicine Practice Plan will have an Advisory Committee. The Chair of the Department will serve as Chair of the committee and will designate the committee's members.

B. Recommendations by the Committee are advisory to the Chair. The Chair holds final departmental-level decision-making authority. The Faculty Practice Plan requires

review and ratification by the Dean, the Provost, and the Executive Vice President for Health Affairs.

C. The functions of the Department of Family and Community Medicine Advisory Committee include:

1. To deliberate and advise the Chair on all matters having to do with the Department of Family and Community Medicine Faculty Practice Plan.
2. To serve in the capacity of a finance oversight committee;
3. To review annually the Department Plan and present recommendations for modification to the chair.

D. The Department of Family and Community Medicine Chair will represent the Department in all matters regarding the Department of Family and Community Medicine.

E. The fiscal year of the plan will coincide with the academic year, which begins July 1 and ends June 30.

IV. DISTRIBUTION AND USE OF FUNDS

A. Flow of Funds - Income accruing to separate accounts maintained by KMSF or the UK Medical Group for the Department will be distributed as follows: Actual clinical income or internally allocated funds flow will be distributed based on the amount of clinical income under the Plan attributable to faculty within the Department. In the case of Family and Community Medicine, Hazard funds flow and other Hazard unit clinic related income would continue to be separate from the Lexington/Georgetown unit. The Department may maintain clinical divisions and/or subunits.

From the gross clinical cash collected or internally allocated funds flow, the Department will pay all institutional assessments, including but not limited to assessments by KMSF, the UK Medical Group, UK HealthCare, and the Dean, College of Medicine, if applicable.

Accounts are used to collect clinical income or internally allocated funds flow for a Department and deduct current operating expenses, staff salaries and fringe benefits, the clinically-funded portion of faculty AAR, including applicable fringe benefits and professional development expenditures, and incentive and other additional payments such as described in the attached schedules.

Funds available in Department's accounts after all overhead assessments are met will be used by KMSF or the UK Medical Group in the following order:

1. First, to meet expenses on a monthly basis for Department operations and staff support and for incidental purposes within the Internal Revenue Service guidelines

for ordinary and necessary business expenses that are included in the approved annual budget for the Department.

2. Secondly, to meet, in accordance with the approved budget, on a monthly basis the clinically-funded portion of the annual anticipated remuneration of individual faculty and the associated fringe benefits, including approved sabbatical leave payments.

Reserves and fund balances of the Plan will be invested according to the policies and procedures of KMSF or the UK Medical Group per University policy. Interest accruing will be credited to the Department's account.

B. Establishment of Plan Portion of Annual Anticipated Remuneration

1. The amount of the Plan (clinically-funded) portion of the Annual Anticipated Remuneration ("AAR") of each individual faculty for a fiscal year will be established prior to the beginning of the year based on projected effort as well as previous and anticipated productivity. These items will be negotiated between the individual, the division chief, and the department chair. The division chiefs' AAR will be established by the department chair. All amounts determined will be subject to concurrence by the Dean. The timing of negotiations will be in phase with the budget cycle of the University, or prior to initial appointment.

2. The amount of the Plan (clinically-funded) portion of AAR for faculty must be consistent with the Plan budget for the Department and consistent with appropriate and necessary provisions for other budgetary requirements (e.g., overhead). The Plan budgets will provide reasonable expectation for meeting all departmental commitments.

C. Compensation Components, Productivity Incentives, Additional Payments, Reserve Guidelines, and Advanced Practice Providers

Payments addressed in the attached schedules are predicated upon the overall financial status of the Department, UK HealthCare and the College of Medicine as well as individual faculty evaluations. Faculty with activities evaluated as marginal or unsatisfactory on the most recent annual evaluation are not eligible for productivity incentives or performance bonuses.

Schedule A outlines compensation components
Schedule B outlines the productivity incentives
Schedule C outlines the fee schedule for additional payments, if any.
Schedule D outlines the guidelines for reserves.
Schedule E outlines Advanced Practice Provider targets, additional payments and incentives

D. Establishment of Plan Budget for the Department

1. For each fiscal year, a Plan budget for the Department will be prepared and established in accordance with the annual budget cycle of UK Healthcare subject to approval by the Dean. The Plan budget will project anticipated income and other fiscal resources and define the allocation of resources and limits on Plan expenditures that will be followed by KMSF and the UK Medical Group during the fiscal year in the management of accounts and funds.

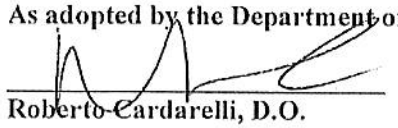
2. Interim modification of the established plan budget may be made only with the concurrence of KMSF, the UK Medical Group and the Dean.

3. In the event that an overall Plan budget for a fiscal year either has not been submitted to KMSF/UK Medical Group or has not been accepted by KMSF/UK Medical Group as of the beginning of such fiscal year, the budget as last established will be continued in effect by KMSF/UK Medical Group in the new fiscal year and for as long as may be necessary with approval of the Dean.

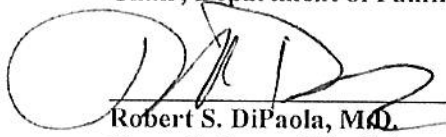
V. PROVISION FOR APPEALS

If, after negotiation with the Department Chair, an individual faculty member objects to the Plan (clinically-funded) portion of his/her AAR, the individual faculty member may request an appeal for a review. Such requests must be submitted to the Department Chair in writing within ten (10) days after the individual receives formal notice of such AAR and Overload. The appeal will be reviewed by the Dean of the College of Medicine, who will make a recommendation. If the individual faculty member objects to the Dean's recommendation, the individual faculty member may then appeal to the Board of Directors of KMSF, whose decision will be final.

As adopted by the Department of Family and Community Medicine on July 1st, 2021.



Roberto Cardarelli, D.O. — **Date** 4/13/2021
Chair, Department of Family and Community Medicine



Robert S. DiPaola, MD. — **Date**
Dean, College of Medicine

David W. Blackwell, Ph.D. — **Date** 6/14/2021
Provost

Mark A. Newman, M.D.
EVPHA

4/23/21
Date

Jay S. Grider, D.O.
President, KMSF

4/16/21
Date

SCHEDULE A
COMPENSATION COMPONENTS
APPROVED FOR FY2022

Description

A faculty's compensation components are outlined at the beginning of the fiscal year and confirmed prior to productivity incentive processing. A faculty member with a substantial change in duties during the period may have base compensation and/or targets reviewed and reset by the Chair with approval of the Dean. This document, approved annually, details how the department implements the general framework set by the UK Medical Group.

Total base compensation will be derived as the total of 4 parts

1. Academic
2. Roles
3. Clinical
4. Other – Research, Gifts, Endowments, VA, etc.

Academic Compensation

Academic Compensation is intended to provide a component of compensation for participation in teaching, service to the institution, citizenship, scholarly activity, professional development and may include additional criteria defined by the department.

1. Define minimum. Departments must provide a mechanism for a minimum amount of academic compensation.
2. Must recognize rank. Departments must provide a differential associated with faculty rank.
3. Must acknowledge adjustment for VA. This can be tailored by unit based on how work is assigned, but must be documented.
4. Must acknowledge any adjustment of Academic Compensation for major administrative role. Threshold and adjustment unit-defined.
5. Define maximum. Currently based on 10/12/15% of major specialty buckets of AAMC total comp for most units.

The department's specific application of Academic Compensation is described here:

Academic Compensation

Academic compensation is based on rank and is established by the College of Medicine. The academic compensation for each rank will be distributed to the faculty member if they commit and/or has demonstrated participation in three categories. Each category is valued at 1/3 of the academic compensation by rank. Attendance, assigned students, medical director verification, and other tracking methods will be used to assess meeting expectations for each category. The following table will be used to determine one's academic compensation. Category 3 is considered clinical time, thus one must have clinical effort in family Medicine clinics to receive this amount. If one's role, which is paid in Part 2 [Roles], includes teaching and oversight, they will not receive category 2 as they are already being compensated for such activities in Part 2 [Roles]. However, if they are actively doing unrelated activities as part of category 2, such as QI or teaching in other ways, they will be eligible for category 2. They will still be eligible for categories 1 and 3.

Academic rate						**Assistant**	**Associate**	**Full**
					Max.	$20,000	$27,000	$39,000
Category 1	**33%**				**1 Cat**	$6,600	$8,910	$12,870
Examples	Dept meetings							
	Committees (unfunded COM, Dept)							
	Clinic-specific meetings							
Category 2	**33%**				**2 of 3 Cat**	$13,200	$17,820	$25,740
Examples	CCC							
	Clerkship, Residency didactics							
	QI groups							
Category 3	**33%**				**3 Cat**	$20,000	$27,000	$39,000
Examples	Take medical students monthly							
	Take dept-related learners (NP for PCTP grant, etc)							

Role Compensation

System-level role compensation is defined and funded by the role custodian. Typical roles are from the Office of Medical Education, Graduate Medical Education, and Chief Medical Office. The department may also define department/division-level roles with a set compensation component and funded by the department's academic funds.

The Chair will work with faculty to determine how much time is needed/required to fulfil all roles

The department's specific roles and define compensation amounts are listed here:

Vice Chair Academic Administration - $85,416

Good Sam In-Patient Service Medical Director - $5,000

Clinical Compensation

Clinical compensation typically consists of a wRVU-generating (or ASA-generating) component, and may include other components such as amounts supported by clinical contracts; and other clinical components that do not have a productivity metric.

Clinical Base Compensation Determination

1. Established benchmarks is used to set a per session rate **(recognizing the academic comp salary are actually clinical dollars used to support salaries).**
    a. Clinic sessions include private clinic and precepting. In addition, nursing home, school-based clinic, or any other RVU-generating ambulatory clinical services can count as a clinic session. However, volumes must be equivalent, or better, to private clinic volume to be counted to as an eligible clinical session.

	Per session rate
All ranks	$19,600

2. Scheduled Utilization Reduction (only based on 12- month average private UKHC clinic sessions)
    a. If Scheduled Utilization is <82%, the per session rate is reduced by $500.
    b. Adjusted q 12 months (up or down) based on 12-month average.
    c. New hires will not be reduced for first 2 years of employment.
    d. If there is a major role change, defined as ≥ 3 sessions (ex. going from 2 clinic sessions to 5 sessions), no reduction or increase for 1 year.

	Per session rate
All ranks ≤ 82%	$19,100

3. Determine number of sessions and calculate total clinical comp
    a. Chair and faculty member determine the right number of clinical sessions based on salary desire, other roles and responsibilities, grants, scheduled utilization, etc. Chair has a right to set a minimum number of clinical sessions to ensure clinic access is maintained and anticipated department clinical revenue budget expectations will be achieved.

b. For hospital coverage and precepting, see clinic and program specific policy.

4. **If applicable,** adjust for hospital service
    a. Determine a per week salary coverage based on same benchmark.
    b. Determine a per week pay based on above calculated clinical comp.
    c. Determine number of hospital weeks (no adjustment for covering weekends only).
    d. Calculate reduction of clinical comp (since covering hospital service).
    e. Calculate increase for hospital service.
    f. Final clinical comp is then calculated.
    g. Once the fiscal year commences, it is the responsibility of the faculty member to find colleagues to switch or cover hospital coverage. No adjustment to base salaries for those who cover will be made. However, clinic obligation numbers will be adjusted.

Other Compensation Components

Additional components may include funded compensation from gifts, endowments, extramural funding and cost share, Veteran's Administration, and internal funding.

Research Compensation / Extramural funding and cost share

Research compensation may be a component of one's base salary if the start of the award concedes in the calculation of one's base salary. This may also include formally executed contracts. However, due to federal regulation, a salary cannot be augmented as a result of a grant award. The faculty may buy out their clinical time that equals their grant offset amount, which may include cost share, at the applicable per session rate (Part 3 - Clinical) and their clinic time reduction will be proportional to that per session rate. Any excess offset can be converted to a wRVU target reduction at the applicable rate. However, the overall base salary cannot change. If the faculty member chooses not to reduce clinic time, their wRVU target will be reduced at a rate of $30-35 per wRVU (per quality measure achievement described below) based on the total dollars offset by the grant. If grants end or are terminated, salary will be reduced by the offset amount if grant was part of their base salary calculation, at which time the faculty can increase their clinic time with the associated clinical compensation detailed in Part 4. If their wRVU target was reduced because of the grant, then the wRVU target will go back up by the amount it was originally offset.

Gifts & Endowments

Applied if applicable and available. The Chair will work with faculty to determine how much time is needed/required to fulfil all roles.

SCHEDULE B
PRODUCTIVITY INCENTIVES
APPROVED FOR FY2022

Description

Productivity incentives provides a mechanism to reward faculty for clinical wRVU generation beyond an individual or group target.

Eligibility

1. First-year (wRVU-producing) faculty members are eligible for a productivity incentive, as noted in the offer letter. If a faculty received a loan forgiveness note, the amount forgivable in the period may be factored in as compensation in establishing the wRVU target.

2. Specific commitments in offer letters regarding compensation may supersede the practice plan. In those instances, the faculty member is not eligible for any productivity incentive outside of that specified in the offer letter.

3. Faculty must be employed on the last day of the reporting period to be eligible for a productivity incentive.

4. A faculty member with wRVU productivity that is annualized to be less than 500 wRVUs is not eligible to participate in the productivity incentive.

5. The department chair is not eligible for productivity incentive as outlined in this schedule.

6. New faculty within two years of their start date are not at risk for a salary reduction solely based on not meeting their wRVU productivity target.

Advanced Practice Providers

In establishing physician productivity targets, the impact on productivity and cost of advanced practice providers must be considered and should be reflected in the approved specialty compensation per wRVU rate.

Compliance Adjustment

In the event that charges are adjusted, the change in wRVUs will be applied to the faculty's actual wRVUs reported for the period in which the adjustment is made. For example, if an audit of a prior year's charges resulted in refunds, the associated wRVUs would be deducted from current productivity.

In the event that necessary documentation for professional billing is not completed, signed and/or attested within ten (10) calendar days from the date of service in accordance with UK HealthCare policy, the faculty member shall not receive credit for the associated wRVUs and, if necessary, his/her wRVU count will be adjusted accordingly.

Calculation

The wRVU target is established for the period using the components documented on the approved Compensation Agreement. Clinical Compensation is to be supported by wRVUs. The wRVU target is established for the period based on the specialty benchmarked rate approved for the fiscal year. Productivity is anticipated to be reviewed for incentive payouts on a cumulative (YTD basis). If a faculty member's net wRVU productivity exceeds target, the payout is based on the approved compensation per wRVU.

An individual's total compensation cannot exceed reasonable fair market value. For any faculty with total compensation projected to exceed the 90th percentile, a review will be conducted by the Dean/designee prior to processing a productivity incentive.

To be calculated quarterly:

RVU Targets are calculated using most recently available MGMA wRVU data

Outpatient private clinics, [non-precepting wRVUs] will go to individual attending

In-patient/Obstetrics wRVUs will go to the attending on service.

Outpatient precepting wRVUs will be held separate and pooled

Next, all wRVUs billed under "as-needed" and/or part-time faculty preceptors will be bought back from the outpatient precepting wRVU pool.

Next, an average wRVU/session will be calculated based on a faculty member's private clinic sessions (p-wRVU/session). The faculty member receives p-wRVU/session x the number of outpatient precepting sessions done for the year.

In summary, the potential total wRVUs for the year for a faculty member will be the sum of private clinic wRVU + In-patient/Obstetrics wRVUs + precepting wRVUs (as calculated above).

Incentive Pay

$30 per wRVU above one's target, which a portion will be distributed every 3 months and any balance reconciled at the end of the year. Annual quality measures are set by UK HealthCare. An additional $5 per wRVU can be realized if the following quality measure goals are met on a rolling 12-month basis

If <8 quality measures are met: $30 per wRVU

If ≥8 quality measures are met: $35 per wRVU

wRVU targets

The wRVU target is based on Family w/o OB benchmarks at the 50%tile = 4885. Targets will be adjusted based on one's clinical effort.

wRVU payout and reconciliation plan

If physician has a positive wRVU variance at the end of each quarter, 75% of the wRVUs will be paid out each quarter and 25% will be reserved. If the wRVU variance is negative in any following quarter, the amount will be deducted from the reserve balance, if any. If at end year there is a positive balance, then it will be paid out in lump sum based on the above methodology calculations for the quarter in which the wRVUs were earned. If there is a negative balance, the following year's base salary will be adjusted by the amount based on the above methodology calculations for the quarter in which the wRVUs were earned.

Processing

The unit may determine the appropriate frequency for distribution (quarterly, semi-annually, annually). Productivity incentives are generally processed in the months of November, February, May and August.

All Family and Community Medicine Units will process productivity incentives quarterly: November, February, May, and August.

SCHEDULE C

ADDITIONAL PAYMENTS APPROVED FOR FY2022

[n/a for Family and Community Medicine Units for FY22]

Description

In certain circumstances, a unit may compensate faculty for additional shift coverage beyond their base compensation.

Eligibility

<<department adds any specifics needed regarding eligibility including defining the minimum expected for base prior to additional payments being made>>

Calculation

Detail each type of shift, hours, FTE and dollar amount that has been approved for payment.

Processing

Additional payments are to be submitted by the deadline the first few days of the month following the activity to be processed. For example, work performed in July is submitted in the first few days of August to be included in the August 31 paycheck.

SCHEDULE D
GUIDELINES FOR RESERVES
APPROVED FOR FY2022

Description

At the close of the fiscal year, the department is expected to have a positive margin and develop a reserve/contingency fund. Guidelines for maintaining reserves will be approved by the Joint Operating Committee.

No portion of reserves generated in FY22 will be used for additional compensation in FY22. For FY23, providing the department's reserve/contingency fund level is at least 30 days or more, it is anticipated any use of excess reserves for additional compensation for FY23 would be calculated and based upon Incentive Pay calculations outlined in Schedule B.

SCHEDULE E
ADVANCED PRACTICE PROVIDERS
APPROVED FOR FY2022

Description

A department may employ Advanced Practice Providers (APPs) to assist in care delivery. As staff, APPs are not eligible for faculty incentives, but may be subject to productivity targets and eligible for productivity incentives, and/or may be eligible for additional payments as detailed in this schedule.

Eligibility

APP will be considered bonus eligible if employed for the six months prior to the period ending date of bonus period

Calculation of targets

Current expectations are to utilize the Sullivan Cotter National targets for specialty-specific medical group median benchmark for individual targets, based on FTE.

In accordance with APP RVU productivity guidelines set forth by the Sullivan Cotter National targets for specialty-specific medical group median benchmark for individual targets, based on FTE, APP targets are set as follows:

3,327 for Family Medicine
3,913 for Urgent Care

These targets are prorated for employment start date if applicable, and less than full time cFTE.

Productivity incentives

The current APPRC framework allows for an incentive distribution of $5 per wRVU in excess of the established target. Productivity incentives should be distributed on the same frequency as physician productivity incentives for the specialty.

Additional payments

In certain circumstances, a unit may compensate APPs for additional shift coverage beyond their base compensation.

Calculation

Additional UCC [FCM Urgent Care Clinic – Turfland] Shifts in excess of regularly scheduled shifts are paid as follows:

$350	4-6 hours shift
$466	6-8 hours shift
$583	8-10 hours shift
$700	10-12 and higher
$150	Weekend Stipend for each day of a weekend worked.

NOTE: The weekend stipend is only paid for regularly scheduled weekend shift work. It cannot be paid in addition to excess shift payments that happen to fall on a weekend.

Processing

Additional payments are to be submitted by the deadline the first few days of the month following the activity to be processed. For example, work performed in July is submitted in the first few days of August to be included in the August 31 paycheck.