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1. GENERAL POLICIES:

The St. Luke's Roosevelt Hospital Center Faculty Practice Plan (SLR FPP) is established and organized for the benefit of the patient care programs, academic programs, and clinical practices of the participating professionals associated with St. Luke's –Roosevelt Hospital Center (SLRHC). The SLR FPP is under the aegis of SLRHC, and is a financially integrated element of SLRHC.

The SLRHC FPP provides a base of financial support for the individual members and SLRHC in an atmosphere conducive to clinical instruction, the advancement of medical knowledge and the professional development of its staff.

SLRHC recognizes that superior teaching and patient care are best achieved when a faculty member may practice medicine in conjunction with instructional and research activities. The provision of professional, direct patient care serves to maintain clinical acumen of

faculty members and increases the number, scope and complexity of illness treated at SLRHC. In addition, SLRHC recognizes its need for:

- a) Attracting and retaining high quality physicians to promote the academic and clinical missions of SLRHC.
- b) Retaining existing staff with established clinical practices on a full-time basis.
- c) Developing and maintaining a constant source of revenue in the form of fees generated by employed professional staff for meeting the above objectives and other SLRHC needs.
- d) Pursuing methods for reducing the cost of health care furnished by the faculty of SLRHC at approved sites of care.
- e) Promoting clinical teaching of high quality with a broad range of practice experiences.
- f) Promoting high quality patient care by encouraging direct, professional patient care Services.

Accordingly, SLRHC recognizes the necessity for its faculty members to engage in clinical practice and render direct patient care services to the extent that such practice does not interfere with assigned instructional, research activities and other duties, and that such practice is conducted consistent with the SLR FPP policies and procedures, institutional and departmental guidelines.

Furthermore, because of the importance to SLRHC of revenue in the form of fees generated by the professional staff, for the support of clinical, teaching, research, professional and departmental activities consistent with SLRHC's mission, Faculty Practice Plan activities will be integrated with other departmental functions through the budgetary mechanism.

2. PARTICIPATION IN FACULTY PRACTICE PLAN:

All full-time professional employees (defined as employed for thirty seven and a half (37.5) hours per week) of SLRHC engaging in clinical practice, and who are holders of appropriate licenses to practice their specialty, will participate in the SLR FPP and each is referred to herein as the "Participant". The Participant is a professional employee who provides medical or dental care under the auspices of the FPP. These professionals may include

- a) Physicians who are eligible for Icahn School of Medicine at Mount Sinai ("ISMMS") faculty appointments.
- b) Dentists who are eligible for ISMMS faculty appointments.
- c) Other full-time providers, as indicated who can bill for their professional services.

Part-time professional employee staff who is employed for less than 37.5 hours per week may, with the approval of the Chairman of the Department and President¹, participate in the SLR FPP under the following conditions:

- (1) Practice activities are conducted in SLRHC space, other SLRHC affiliated healthcare facilities or other sites that are approved by the President or his designee.
- (2) All professional fees generated in connection with professional, direct patient care services (wherever located as described in Section 2 subsection (1) above and attributable to SLRHC) are deposited into the appropriate SLR FPP designated account and are subject to all authorized FPP appropriations.
- (3) Distribution of funds will be handled in accordance with SLR FPP Policies and Procedures.

Any members of the professional employee staff who are not allowed to engage in clinical and/or private practice as part of their employment arrangement (eg: those employees in governmentally funded programs which do not allow the private practice of medicine), are not eligible to participate in the Plan.

In addition, members of any union which has a Collective Bargaining Agreement with SLRHC prohibiting compensation on a basis other than the formulas specified in the Union Contract are not eligible to participate in the Faculty Practice Plan.

Participation in SLR FPP activities shall cease upon termination of employment at SLRHC. The handling of fees collected for professional services rendered during the period of participation in the SLR FPP shall be determined in accordance with the provisions outlined in this policy.

3. ORGANIZATION:

- a) Participation in the SLR FPP may be as an individual or as a sub-set of the department, in concert with other eligible full-time and part-time professional staff. A sub-set of the department may be established for the sole purpose of distributing supplemental income and for accounting of FPP funds on an aggregate group basis, as opposed to an individual basis, with the permission of the Chairman of the Department and the President.
- b) Each member of the SLR FPP is required as part of his/her participation, to sign a Faculty Practice Plan Agreement.
- c) Conditions pertaining to a sub-set of the department, herein referred to as groups:

¹ Note: Throughout this document, the term "President" means the President of Mount Sinai St. Luke's OR the President of Mount Sinai Roosevelt.

- (1) Subject to the approval of the Chairman of the Department and the President, two (2) or more participants are permitted to enter into a group arrangement, allowing them to bill and collect professional fees as a group.
- (2) Each member of the group will signify his/her assent to participate in the group arrangement.
- (3) New, eligible professional staff may be added to the group with the approval of the Chairman of the Department and the President and with the advice of the group.
- (4) Subject to the approval of the Chairman of the Department and President, each group shall maintain a Memorandum of Understanding outlining how they will function: method of billing, how authorized charges against the gross collections will be handled, the Supplementation arrangement for the distribution of available clinical surplus and other relevant issues.

A copy of the approved Memorandum of Understanding must be provided to the Faculty Practice Plan administration.

4. DEFINITION OF ACTIVITIES AND REVENUE SUBJECT TO SLR FPP:

The SLR FPP policies and procedures apply to all revenue generated from the provision of all forms of medical and dental health care, for which a fee for professional services is customarily charged. Such services shall include, but are not limited to, the following:

- a) Professional fees generated and collected by the participant or on behalf of the participant for treatment of individual patients, or income otherwise related to the practice of medicine and dentistry, including but not limited to consulting services, for which bills are rendered to patients, third party payers, or other professional or governmental entities.
- b) Any other professional service for which the participant renders a bill.

It is understood that all fees generated from direct patient care, or other professional activities generating revenue subject to the FPP, are subject to audit. The Participant authorizes SLRHC to audit all relevant books and records needed to analyze or evaluate the participant's compliance with FPP policies and procedures and terms of the FPP agreement.

5. PRACTICE FACILITIES:

- a) Participants shall be authorized to conduct a clinical practice and engage in professional consultation in facilities provided by or under the control of SLRHC in accordance with established guidelines. Authorized facilities include facilities within SLRHC clinical departments; other SLRHC affiliated health care facilities; professional offices provided by SLRHC; and other outside agencies, institutions and places as approved by SLRHC.

b) Participants may engage in professional patient care activities at SLRHC to the extent that, in the opinion of the Chairman of the Department and the President, such professional activities do not interfere with the performance of his/her responsibilities to SLRHC which may include but are not limited to administrative, instructional and research activities. SLRHC reserves the right to restrict professional practice of any participant if, in its opinion, such practice may interfere with other responsibilities of the participant.

c) With the prior written approval of the Chairman of the Department and the President, the full-time participant may render professional services outside of the institution.

6. PROFESSIONAL FEES, BILLING AND COLLECTION:

a). The Clinical Department is expected to arrange for and /or manage their professional fee billing. Departments are required to use Mount Sinai Billing unless the President consents to another arrangement.

b). SLRHC will have oversight over management decisions related to Departmental professional fee billing. This oversight may include:

i. Advising departments to ensure that they have the most effective and efficient systems necessary to meet their professional billing needs.

ii. Providing economies of scale by assisting those departments who can share professional billing resources (e.g. staff and in-house billing systems) to do so.

iii. Guiding the selection of an outside vendor, with the President's consent.

c) Upon collection, the monies shall be deposited promptly in the SLRHC designated FPP funds account for distribution in accordance with then current SLR FPP policies and procedures.

d) All professional fees will be deposited at the Cashiers office utilizing the SLRHC Cash Journal form. All professional fees received by mail should be sent to a lockbox.

e) SLRHC requires that all contracts with outside billing companies be between SLRHC and the billing company.

7. HANDLING OF OTHER INCOME UNDER SLR FPP:

a) Income that is not subject to the SLR FPP distribution but which is subject to departmental policies and which may therefore be retained entirely by the participants include the following:

i. Honoraria, defined as payments made to the participants for which the amount paid is not determined by the participant but rather by the paying

institution, and services which might reasonably have been expected to be provided even if no fee were paid at all.

ii. Royalties or payments received from authorship of academic and/or professional publications.

iii. Income generated from providing consulting services and other services provided to outside entities is subject to the applicable policies of ISMMS and is excluded from FPP collections.

b) Medical Research funds (eg: NIH grants) shall be handled in accordance with existing rules and regulations governing such grant activity, through the restricted fund accounts. These will not be part of the FPP.

8. SLR FPP REVENUE DISTRIBUTION:

All professional revenue (defined as Gross Practice Revenues) deposited in the SLR FPP will be distributed in accordance with the policies of SLR FPP and the participants' agreement.

a) Deductions from Gross Practice Revenues:

Expenses of the professional practice will be processed through the FPP as a reduction from Gross Practice Revenues.

b) Distribution of Adjusted Gross Practice Revenue:

Adjusted Gross Revenue or Net Collections are defined as the balance of the gross collections remaining after applicable deductions have been made (as defined above):

i) Gross practice revenue shall be used to support the Department Improvement Fund (DIF) requirements of the participant's department.

ii) FPP participants shall be paid on a revenue minus expenses model. This arrangement is applicable to individual participants only, as the precise arrangement for groups may vary.

iii) Subject to the approval of the Chairman and President, two or more participants within a Department or division may be permitted to enter into a group arrangement, allowing them to bill and collect professional fees as a group. Group participants will develop their own supplemental arrangements for distribution of net collections which shall be subject to the approval of the Chairman and President.

c) Maximum Supplementation:

The President or Chief Financial Officer may periodically review the reasonableness of the total compensation of the participant to ensure it is fair market value and meets legal requirements and may in his discretion impose constraints on total compensation packages. As noted above, SLRHC also reserves the right to limit professional practices of FPP participants if they interfere unduly with the participants' other responsibilities.

9. SUPPLEMENT PAYMENT SCHEDULE:

a) Supplementation Payment Schedule:

All supplements are issued monthly through the regular payroll system. An FPP financial statement will be provided to the participant reflecting the calculation of that period's supplementation payment amount.

10. ADMINISTRATIVE PROCEDURES FOR HANDLING GROSS PRACTICE REVENUE AND ALLOWABLE FPP EXPENSES:

- a) All gross practice revenue subject to the FPP will be deposited promptly into the designated SLR FPP account and distributed in accordance with the distribution schedule as described in section 8 above.
- b) All deposits of FPP revenue should be made in accordance with hospital/cashier office policies.
- c) The Participant's Department should maintain copies of all cash journals and/or other forms related to the deposit of FPP revenue.
- d) All FPP accounts and records are maintained in accordance with uniform standards and generally accepted accounting principles and are subject to periodic audit.
- e) All records maintained by the participant and the department relating to the financial management of clinical practice within the scope of the FPP are to be made available for inspection by the President, the Chairman of the Department or their designees. Accounts and records available for inspection are the same as those available for audit and relate to billing and receipt of clinical practice revenue and the appointments and schedules of patients.

11. TERMINATION FROM THE SLR FACULTY PRACTICE PLAN:

Membership in the FPP terminates upon the occasion of expiration, resignation, retirement or termination for any reason of the participant's full-time or part-time salaried position.

Upon termination from SLRHC, all practice accounts receivable and receipts shall be the property of the Hospital, and no amounts received after a participant's last day will be distributed to the participant.

12. OWNERSHIP OF MEDICAL RECORDS:

All patient records are the property of the SLRHC. Upon termination from the FPP, individual physicians will be provided with copies of medical records of patients upon a patient's submission of a signed authorization for release of medical records.

13. MISCELLANEOUS

- a) Fringe Benefits: The fringe benefits of each participant are based upon base salary or agreed upon fringe benefit base. Fringe benefits are not paid on FPP supplementation.**
- b) Ownership of all assets used by physicians to provide FPP patient care including office furniture, furnishings, professional equipment purchased with practice income and used to generate income from professional practice or other professional activities shall be vested in SLRHC.**
- c) Amendments:**

The above rules, procedures and allocations may be amended from time to time by the President or Chief Operating Officer.