Faculty Income Plan
For Management of Professional Fees and Contractual Collections
Generated by the Faculty
Of the Louisiana State University (LSU) School of Medicine in New Orleans
May 1, 1994

I. INTRODUCTION

In their capacity as employees of the Louisiana State University School of Medicine in New Orleans (hereinafter referred to as “School”), faculty perform services to patients and to health care providers which generate collections to the School. Additionally, the School obligates itself through contracts with health care providers and others for the professional services of its faculty. The policies which govern the management of the collections generated from the professional activities of the School’s faculty are the subject of the Faculty Income Plan approved by the Board of Supervisors at its regular meeting on October 11, 1974. The Plan provides that modifications thereto require the approval of the Dean, the Chancellor of the LSU Medical Center (hereinafter referred to as “Chancellor”) and the President of the LSU System (hereinafter referred to as “president”). Appropriate approval has been obtained for all such modifications.

The intent of this document is to incorporate those modifications which have been made to the original Faculty Income Plan, and to restate the various modifications in one concise coherent document. This document does not change basic policy or premise about the Faculty Income Plan. In no case shall the Faculty Income Plan have the effect of superseding applicable federal or state law of policy of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (hereinafter referred to as “University”).

II. GOALS AND OBJECTIVES OF CLINICAL PRACTICE

A. To develop, maintain, and improve clinical skills of faculty.
B. To improve and diversify clinical educational opportunities for students and house staff.
C. To provide service to the community.
D. To provide the School with a framework under which a Departmental Practice Plan may be developed for each of the Clinical Departments and each of the School’s LSU units at Baton Rouge and Lafayette to address
the generation and use of collections resulting from professional activities of the faculty.

E. To assist LSU in its teaching, research, and service missions by strengthening the school by attracting and retaining high quality faculty.

F. To promote the success of the School by returning a portion of revenue generated from the professional activities of the School’s faculty for use under the direction of the Dean to promote the general welfare of the School.

G. To provide payment for certain costs of clinical practice including billing and collection.

III. PARTICIPATION REQUIREMENTS

A. All full-time faculty are required to participate in this Faculty Income Plan for their professional activities.

B. Part-time faculty and Full-time Affiliated faculty (as defined in PM 23) may be permitted to participate in this plan when such participation is in the best interest of the School. Such participation by these faculty members shall be with the approval of the Dean and Chancellor and such permission shall be granted in writing. A copy of all such approved instances will be maintained in the Offices of the Dean.

IV. COLLECTIONS

A. All collections generated from fees for faculty services in patient care shall become a part of this Income Plan. Collections generated from contracts for faculty services with the Louisiana Department of Health and Hospitals (DHH) or the Louisiana Health Care Authority (LHCA) are subject to the policies outlined in this Faculty Income Plan and the codicils attached hereto. Payments for patient care services in the form of gifts or other indirect compensation are not permitted, except as approved by the Dean.

B. Collections from honoraria, consultations note involving patients or patient care settings, Veterans Administration consultations, patent and copyright royalties, and collections from publications are not subject to the distribution schedule of the Faculty Income Plan codicils, but are governed by policies of the Department, in accordance with University Policy.
C. When expert testimony concerns patients cared for in the LSU School of Medicine in New Orleans system, collections from expert testimony shall be transmitted through the Faculty Income Plan and shall be subject to the distribution schedules of its Codicils. When expert testimony concerns patients who were not treated by the attending physician, collections are subject to disbursement according to Departmental and University Policies.

V. PLAN FOR DISTRIBUTION OF COLLECTIONS GENERATED UNDER THIS PLAN

A. The distribution schedule of money managed by the Faculty Income Plan will be disbursed for the following purposes:
   1. Clinical Management System, to support the cost of billing, collections, and operation of central clinical outpatient facilities;
   2. School Improvement Fund, to be directed by the Dean of the School and used to support faculty base salaries, salary supplements, fringe benefits, travel, equipment, supplies and other activities of benefit to the School.
   3. Departmental Improvement Fund, to be distributed under policies of the Departmental Practice Plans developed pursuant to Section V(D) hereof for the support of faculty base salaries, salary supplements, fringe benefits, travel, equipment, supplies, development of educational and research programs, and other activities of benefit to the Department.

B. For each of the cities (New Orleans, Baton Rouge, and Lafayette) where LSU maintains clinical practice units, the allocation of percentage distribution to the above-noted three areas shall be governed by the codicils attached hereto. Amendment to any codicil requires the approval of the Dean and Chancellor.

C. To allocate the distribution of the Departmental Improvement Funds (Section V(A)(3)) each Department and Unit set forth below shall develop a plan for distribution of collections derived from fees for patient care or contracts for professional services. These Departmental Practice Plans must be approved by the Dean and the Chancellor. Collections may be shared by a formula with the faculty member, by written negotiated
contract with the faculty member or by other means proposed in writing by the Department Head, Medical Director or Executive Director and approved in writing by the Dean and the Chancellor. Such Departmental Practice Plans and their resulting provisions shall be in conformity with all applicable University and State regulations. In no case shall either this Faculty Income Plan or and Departmental Plan have the effect of superseding applicable State laws and/or University regulations.

Each of the following Departments and Units shall prepare Departmental Practice Plans:

1. Clinical Departments of the School:
   - Anesthesiology
   - Dermatology
   - Family Medicine
   - Medicine
   - Neurology
   - Neurosurgery
   - Obstetrics and Gynecology
   - Ophthalmology
   - Orthopedics
   - Otolaryngology
   - Pathology
   - Pediatrics
   - Psychiatry
   - Public Health and Preventive Medicine
   - Radiology
   - Surgery
   - Urology
2. LSU Units at the affiliated sites:
   1) Earl K. Long Hospital and the Pennington Biomedical Research Center in Baton Rouge
   2) University Medical Center in Lafayette

D. Some departments may wish to determine supplemental income to faculty by a formula approach, i.e., a percent of total collections generated. The Department also may choose to accomplish this determination differentially among the several sources of clinical collections, i.e., personal patient collections, collections from patients at hospitals operated by LHCA, or collections from contracts. Other Departments may choose to negotiate in advance a yearly contract with faculty members. Those negotiations might involve Department Head, Medical Director or Executive Director with Dean and Chancellor.

E. The Departmental Practice Plan may include provisions for evaluating each faculty's performance as related to faculty reimbursement in base salary and salary supplement. Total income for Full Time Faculty in the Clinical Departments and LSU Units described in Section V(D)(2) may be predicated on evaluation of overall performance in teaching, research and service. Activities to be evaluated may include medical student teaching, house staff training, continuing medical education, and other educational activities (e.g. educational development and administration); research, including quality, quantity, evident of productivity, and the capacity to attract outside funding; and quality and quantity of clinical care and the amount and value of community service.

F. The Departmental Practice Plan should be reviewed by departmental faculty and forwarded by the Department Head, Medical Director or Executive Director to the Dean for approval and recommendation to the Chancellor. A file of Departmental Practice Plans will be maintained by the Dean’s Offices.

VI. BILLINGS, COLLECTIONS AND CLINICAL CARE SITES
Billings and collections are the function of Clinical Management Systems. Advisory oversight of the billings and collection systems is the responsibility of
the Governing Board of the Professional Practice Association (PPA). In certain relatively infrequent instances, clinical management systems may contract for individual and group physician billing and collection services with other entities. Such exceptions must be approved by the Dean, the Chancellor, and the President.

The PPA, with the approval of the Dean and Chancellor, will be permitted to enter into appropriate contractual arrangements for LSU Physician’s professional services on a fixed compensation basis. Such arrangements will provide an appropriate level of compensation for the services provided by the relevant LSU physician(s). The specific intent of this provision is to permit the PPA to enter into “Managed Care” agreements with the various types of managed health care providers. Examples of “Managed Care” entities are commonly referred to as HMO and PPO organizations. The Dean of the School will send to the President a copy of all agreements for Managed Care Services to be rendered by School faculty.

Establishment of outpatient clinical practice sites requires the approval of the Dean, Chancellor and President.

VII. PROVISIONS FOR COLLECTIONS DISBURSEMENT AFTER TERMINATION OF EMPLOYMENT

At termination of employment, faculty may be eligible to receive continued supplemental income. However, after termination of employment, if participation by the terminating employee in the Faculty Income Plan was less than five years, no supplemental income payments will be made to the individual faculty member after the termination date. The reason for this stipulation is that many clinical faculty members are guaranteed a negotiated income level and the beginning of their employment (i.e. in the first year or two of employment when practice collections do not yet equal contractual supplements). After five years of participation, the faculty member will be eligible to receive either six months of negotiated contractual supplemental income or that faculty member’s contribution to the Departmental Improvement Fund from six months of collections, whichever is smaller. Exceptions may be granted by the Dean upon recommendation of the Department Head.

VIII. OWNERSHIP OF MONIES
All professional and related collections generated under the rules and regulations of the Faculty Income Plan is the property of the University and the State of Louisiana.

IX. MALPRACTICE INSURANCE
Malpractice insurance coverage is provided for clinical activities as described in Act 660 (LSA-RS.40:1299.39 et seq). Deviations from the provision of this practice plan or Act 660 may result in loss of coverage.

X. SANCTIONS
Violation of these rules and this practice plan may be cause for dismissal of Faculty. All current and subsequently employed Full-Time Faculty must sign a statement that they have received, reviewed and accepted the provisions described herein as a part of their current or initial employment agreement. (Attachment #1). Current and subsequently employed Part-Time and Affiliated Faculty participating in this plan must do so as well.
XI.  FURTHER MODIFICATIONS
Modifications to this plan may be made subject to the approval of the Dean of the School of Medicine in New Orleans, the Chancellor of the LSU Medical Center and the President of the LSU System.

X.  RELEVANT UNIVERSITY POLICIES
Faculty members should be aware that there are University PM’s which relate to non-practice plan income and it is the faculty member’s responsibility to determine any PM’s applicability to such other income sources.
Codicil #1 to the Faculty Income Plan:  
Distribution of Collections for LSU School of Medicine in New Orleans

The January 1, 1993 document, “Faculty Income Plan for Management of Professional Fees and Contractual Collections Generated by the Faculty of the Louisiana State University (LSU) School of Medicine in New Orleans,” implements the principles and policies of the “Faculty Income Plan” approved by the Board of Supervisors of LSU and A&M College at its October 11, 1974 meeting. The Purpose of this codicil is to provide for distribution percentages within the framework of the Faculty Income Plan document of January 1, 1993. These percentages may be revised with approval of the Dean of the LSU School of Medicine in New Orleans and the Chancellor of the LSU Medical Center.

1. Collections derived from activities at hospitals operated by DHH or LHCA in New Orleans;

The money billed and collected by Clinical Management Systems from the professional activities of the faculty at hospitals operated by DHH or LHCA in New Orleans shall be distributed at follows:

A. 30% to Clinical Management System  
   15% to the School Improvement Fund  
   55 % to the Department Improvement Fund, to be distributed according to the Departmental Practice Plan.

III. Collections Derived from Contracts for Professional Service

Contracts for professional services to provide patient care, administration, teaching, clinical or research services are properly executed between the appropriate representative of the Board of Supervisors of LSU and A&M College and the contracting entity engaging the services. Collections from such contracts shall be distributed as follows:

A. The collections from contracts where no billing and collecting is required for individual professional services will be distributed as follows:

   9% to Clinical Management Systems  
   1.5% to the School Improvement Fund  
   89.5% to the Department Improvement Fund to be distributed according to the Departmental Practice Plan.
B. For those contractual relationships where Clinical Management Systems bills and collects for individual professional services rendered, collections shall be distributed as follows:

30% to Clinical Management Systems
5% to the School Improvement Fund
65% to the Department Improvement Fund to be distributed according to the Departmental Practice Plan.

III. Professional Collections Derived from Personal Patient Service

Except as set forth in I and II above, the money collected from the professional activities with personal patients of LSU School of Medicine in New Orleans through its New Orleans-based faculty shall be distributed as follows:

30% to Clinical Management Systems
5% to the School Improvement Fund
65% to the Department Improvement Fund to be distributed according to the Departmental Practice Plan.
Codicil #2 to the Faculty Income Plan:
Distribution of Collections for the LSU Unit at Earl K. Long Hospital
and Pennington Biomedical Research Center in Baton Rouge

The January 1, 1993 document, “Faculty Income Plan for Management of Professional Fees and contractual Collections Generated by the Faculty of the Louisiana State University (LSU) School of Medicine in New Orleans,” outlines the principles and policies of the “Faculty Income Plan” approved by the Board of Supervisors of the LSU and A&M College at its October 11, 1974 meeting. The principles and policies of the plan may not be altered without approval of the governing board of the University. The purpose of this codicil is to provide for distribution percentages within the framework of the Faculty Income Plan document of January 1, 1993. These percentages may be revised with approval of the Dean of the LSU School of Medicine in New Orleans and the Chancellor of the LSU Medical Center.

G. Collections Derived from Professional Activities Rendered in Earl K. Long Hospital For professional collections from faculty services occurring at Earl K. Long Hospital, the distribution of collections shall be as follows:
   25% to Clinical Management Systems
   10% to the School Improvement fund
   5% to the relevant New Orleans Departmental Improvement Fund
   60% to the LSU/EKL Improvement Fund to be distributed according to the LSU/EKL Hospital Departmental Practice Plan.

II. Collections Derived from Contracts for Professional Services of Earl K. Long Hospital-based Faculty with Entities other than Earl K. Long Hospital.

Contracts for professional services to provide patient care, administration, teaching, clinical research services are properly executed between the legal entity of the Board of Supervisors of LSU and A&M College and the contracting entity engaging the services. Collections from such services shall be distributed as follows:

A. When there is no billing and collection for individual patient services, 100% of the collections from the contract may be distributed as a supplement to the faculty member.

B. In those instances where Clinical Management Systems bills and collects for contracted services, the distribution will be as follows:
20% to Clinical Management Systems
5% to the School Improvement Fund
75% to the LSU/EKL Improvement Fund to be distributed according to the LSU/EKL Hospital Departmental Practice Fund.

IV. Collections Derived from Faculty Services Rendered at Pennington Biomedical Research Center (PBRC);

When Clinical Management Systems bills and collects for individual services of physicians occurring at PBRC or one of Pennington clinical sites, collections will be distributed as follows:

20 % to Clinical Management Systems
2.5% to LSU/EKL Improvement Fund
2.5% to the School Improvement Fund
75% to be distributed according to the PBRC Departmental Practice Plan
Codicil #3 to the Faculty Income Plan: Distribution of Collections for the LSU Unit at University Medical Center in Lafayette

The January 1, 1993 document, “Faculty Income Plan for Management of Professional Fees and Contractual Collections Generated by the Faculty of the Louisiana State University (LSU) School of Medicine in New Orleans,” outlines the principles and policies of the “Faculty Income Plan” approved by the Board of Supervisors of LSU and A&M College at its October 11, 1974 meeting. The plan may not be altered without approval of the governing board of the University. The purpose of this codicil is to provide for distribution percentages within the framework of the Faculty Income Plan document of January 1, 1993. These percentages may be revised with approval of the Dean of the LSU School of Medicine in New Orleans and the Chancellor of the LSU Medical Center.

H. Collections Derived from Professional Activities Rendered in University Medical Center

For professional collections from faculty services occurring at University Medical Center, the distribution of collections shall be as follows:

- 25% to Clinical Management Systems
- 10% to the School Improvement Fund
- 5% to the relevant New Orleans Department Improvement Fund
- 60% to the LSU/UMC Improvement Fund to be distributed according to the LSU/UMC Departmental Practice Plan

II. Collections Derived from Contracts for Professional Services of University Medical Center-based Faculty with Entities other than University Medical Center.

Contracts for professional services to provide patient care, administration, teaching, clinical or research services are properly executed between the legal entity of the Board of Supervisors of LSU and A&M College the contracting entity engaging the services. Collections from such services shall be distributed as follows:

A. When there is no billing and collection for contracted individual patient services, 100% of the collections from the contract may be distributed as a supplement to the faculty member.
B. In instances where Clinical Management Systems bills and collects for contracted professional faculty services, the distribution will be as follows:
   20% to Clinical Management Systems
   5% to the School Improvement Fund
   75% to the LSU/UMC Improvement Fund to be distributed according to the LSU/UMC Departmental Practice Plan.

III. Collections Derived from Personal Patient Services rendered off site by University Medical Center based LSU faculty.

   Except as set for the in I and II above, the distribution of collections from personal patient services shall be as follows:
   20% to Clinical Management Systems
   5% to the School Improvement Fund
   75% to the LSU/University Medical Center (LSU/UMC) Improvement Fund to be distributed according to the LSU/UMC Departmental Practice Plan.
(ATTACHMENT 1)

I have received a copy of the document, “Faculty Income Plan for Management of Professional Fees and Contractual Collections Generated by the Faculty of the Louisiana State University (LSU) School of Medicine in New Orleans – January 1, 1993.” I have reviewed the document and agree to abide by the provisions set forth in this document as a condition of my employment at LSU School of Medicine in New Orleans.

__________________________________________
Faculty Signature

__________________________________________
Department

__________________________________________
Date

__________________________________________
Department Head/Medical Director/Executive Director
Approved:

Robert L. Marier, MD, MHA
Dean, LSU School of Medicine N.O.

Date

Mervin L. Trail, MD
Chancellor, LSU Medical Center

Date

Fred Cerise, MD
Medical Director, EKL

Date

George A. Bray, MD
Pennington Biomedical Research Center

Date