

Policies and Procedures of the Medical Practice Plan

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Capitalized terms used herein, unless otherwise indicated, shall have the meanings ascribed to them in the section herein entitled “Medical Practice Plan Definitions.”

Section 1 General Principles

1. The Faculty of Medicine of the American University of Beirut (“FM”) and the American University of Beirut Medical Center (“AUBMC”), as an integral part of the American University of Beirut (the “University”), is structured to serve the teaching of medicine, to support medical research and to deliver quality patient care. The University and its Medical Faculty have designed this Medical Practice Plan (“MPP”) to protect and promote the clinical endeavors of the Faculty of Medicine as well as to serve and promote the realms of teaching, research and professional training.

2. The MPP governs the management of the practice of medicine of the faculty (“Medical Faculty Participants”) in AUBMC’s clinical and service departments (“Departments”). In this context, the MPP’s goals are to:

- Support the recruitment and retention of qualified academic faculty members.
- Motivate and improve academic and clinical productivity.
- Ensure total utilization of all Faculty of Medicine/AUBMC diagnostic and therapeutic facilities by all its participants.
- Provide a system to enable Medical Faculty Participants to fulfill their commitment to high quality patient care.
- Establish incentives for Medical Faculty Participant compensation which enhance the attainment of the Faculty of Medicine/AUBMC goals of teaching, research and patient care.
- Promote the establishment of clinical group practice among participating Medical Faculty Participants.
- Support faculty development.

3. While recognizing service practice as a resource, it must not be carried out at the expense of the Medical Faculty Participants' academic responsibilities.
4. All Medical Faculty Participants who are employed full-time as members of the academic staff of the Faculty of Medicine and who are licensed to practice medicine in Lebanon and have clinical privileges at AUBMC are required to participate in the MPP. Other academic staff of the Faculty of Medicine may participate in the MPP provided that they meet the criteria set forth by their department and with the prior written approval of the Vice President for Medical Affairs/Dean ("VP/Dean").
5. The MPP is self-funded from revenues collected by AUBMC on behalf of Medical Faculty Participants in respect of professional fees for patient care. The MPP shall not impose any additional financial burden on the University, but will, through the growth of professional practice, and effective utilization of available facilities, human and material resources, promote the development of new and additional revenues to the Faculty of Medicine practice and the University.
6. The MPP shall have the necessary safeguards for the maintenance of reasonable equity in the distribution of resources among the Medical Faculty, the AUBMC and its departments, and the University.
7. There shall be a separate annual financial report on the operation of the MPP, including a status report of reserves on hand. This shall be made available to the Chairman of the MPP Committee, the VP/Dean, the President and the Board of Trustees. An independent external audit of the annual financial report shall be performed each year.

Section 2 Governance of the MPP

1. The Board of Trustees of the University, as the ultimate legal and fiduciary authority of the University, shall have primary responsibility and authority for the establishment, administration, amendment and/or termination of the MPP. The President of the University and the VP/Dean shall, in consultation with the Medical Practice Plan Committee ("MPP Committee") as described further below, have oversight responsibility for ensuring that the MPP is administered in accordance with these Policies and Procedures and consistent with the Applicable Rules and Regulations.
2. The Board of Trustees may amend, suspend, or terminate the MPP, in whole or in part, for any reason or no reason, with or without retroactive effect. Retroactive amendment, suspension, or termination may be required if necessary or appropriate to meet legal or regulatory requirements.
3. The MPP shall be reviewed annually by the MPP Committee and the VP/Dean. Proposals for amendments to the MPP Policies and Procedures may be initiated by individual Medical Faculty Participants, the MPP Committee, the VP/Dean, the President, and the Board of Trustees. Except as noted immediately below, proposed revisions and modifications to the MPP Policies and Procedures shall be approved in advance by the Board of Trustees.
4. Administrative amendments to the MPP Policies and Procedures may be adopted with the prior written approval of the President, provided

that such amendments do not materially change the financial impact of the MPP on the approved operating or capital budgets of the University and the AUBMC during any MPP Plan Fiscal Period, and provided further that such amendments are subject to ratification by the Board of Trustees at its next regularly scheduled Meeting. For example, administrative amendments to the table of MPP Bracket Contributions (Table A – Monthly Contributions Increments) may be made with the prior written approval of the President, subject to ratification by the Board.

5. Conflicts of interest with respect to the implementation of the MPP, including situations where an individual with authority to set compensation amounts hereunder has an interest in such transaction, shall be handled in accordance with the University's Conflict of Interest Policy.

6. Disputes concerning (a) the interpretation or application of the MPP Policies and Procedures or (b) the negotiation, execution and implementation of Group Practice Plans shall be discussed and resolved in the first instance through good faith negotiation within the Group or, if applicable, among the concerned parties. If there is no resolution of the matter within seven (7) business days, the matter shall be forwarded for consideration and resolution by the departmental chair or center director. If there is no resolution of the matter within seven (7) business days, the matter shall be forwarded to the Chair of the MPP Committee, who shall make a final recommendation for resolution to the VP/Dean. The VP/Dean may, at any time, form a committee to review the matter and come up with a recommendation for resolution. The VP/Dean's decision on the resolution of disputes under this section shall be final. This dispute resolution mechanism shall apply to the exclusion of any other University grievance policy or procedure, provided that the President may, upon written request, refer a matter which includes issues falling within the jurisdiction of other University policies to be addressed through the faculty or other applicable University grievance policy.

Section 3 Role of the MPP Committee

1. **Election of MPP Committee Members.** Article I, Section 5(9) of the Faculty of Medicine Bylaws establishes the Medical Practice Plan Committee as a standing committee of the Faculty of Medicine. Article V, Section 10(3) **[N.B. this will be a new section to provide for election of the MPP Committee by MPP participants only]**, provides that:

“3. Election of MPP Committee Members

Members of the MPP Committee shall be elected for a term of two years from among the Medical Faculty Participants participating in the MPP. If a member is unable to complete their term, a substitute shall be elected to complete the remainder of the term. If this remainder is one year or less, the elected substitute shall be eligible for re-election to two more consecutive terms. Un-expired terms shall be filled by special elections for that purpose. If a member has been re-elected to serve for a full second consecutive term, they shall not be eligible for re-election except after the lapse of one year following the termination of their membership. All committee actions shall be recommendations to the dean. The president can decide exceptions to all provisions in this article.”

Members of the MPP Committee shall be elected in conformance with Article V, Section 10(3), of the Faculty of Medicine By-laws.

2. **Functions of the MPP Committee.** Article V, Section 10 (2) of the Faculty of Medicine By-laws, describes the functions of the MPP Committee:

“2. Functions

The MPP Committee serves as an advisory body to the Vice President for Medical Affairs and Dean to:

- Assess the merit of proposals seeking financial support from the MPP.
- Set the Annual Operating budget of the MPP.
- Review the MPP and recommend proposals for the modification of the MPP as the need arises.”

3. Composition of the MPP Committee. Article V, Section 10(1) of the Faculty of Medicine By-laws, sets forth the composition of the MPP Committee:

“1. Composition:

The Medical Practice Plan Committee shall consist of six elected Medical Faculty members. Two Medical Faculty members shall be elected from each of the following categories, and not more than one committee member may be elected from one academic unit:

- Non-Surgical Clinical Departments (Emergency Medicine, Family Medicine, Internal Medicine, Dermatology, Pediatrics and Adolescent Medicine, and Psychiatry).
- Surgical Clinical Departments (Obstetrics and Gynecology Ophthalmology, Otolaryngology and Head and Neck Surgery, and Surgery).
- Medical Service Departments (Anesthesiology, Diagnostic Radiology, Pathology and Laboratory Medicine, and Radiation Oncology).

The AUBMC Chief Financial Officer, the AUBMC Chief Medical Officer/Hospital Director, the VP/Dean and the University Comptroller shall be *ex-officio*, non-voting members of the MPP Committee.

The chair of the MPP Committee shall be the VP/Dean or the VP/Dean’s designee from among the Medical Faculty Participants in the MPP, but need not be appointed from among the elected by the members of the MPP Committee.”

Section 4 MPP Revenues and MPP Accounts

1. MPP Revenues shall consist of all Professional Fees generated by Medical Faculty Participants participating in the MPP. Other sources of revenue may be authorized from time to time by the VP/Dean or the President, in consultation with the MPP Committee, provided such revenues do not adversely affect the tax status of the University or otherwise create undesirable consequences for the University.
2. AUBMC shall bill for and collect through the AUBMC hospital billing system all payments for Professional Fees relating to services rendered by Medical Faculty Participants. The Medical Faculty Participants have agreed that all Professional Fees collected in and out-side AUBMC premises, whether in the out-patient clinics/facilities or in Affiliated Hospitals, shall be paid into an account opened and maintained in the name of the University and shall be considered MPP Revenues.
3. An MPP Master Account shall be maintained by AUBMC into which all MPP Revenues shall be initially deposited. MPP Revenues collected in US Dollars shall be kept in US Dollars and MPP Revenues collected in other currencies shall be immediately converted to US Dollars, unless

otherwise approved by the Vice President for Finance of the University.

4. Each Group Practice shall have a dedicated MPP Account into which MPP Revenues associated with such Group Practice shall be credited. Where applicable, individual Medical Faculty Participants shall have a dedicated MPP Account into which MPP Revenues associated with the contribution of such individual participants shall be credited.

Section 5 MPP Expenditures

1. Expenditures from the MPP shall be made solely in furtherance of the advancement of the academic mission of the University and to promote clinical services at the AUBMC.

2. MPP expenditures shall be used to fund (a) the MPP on Account portion of a Medical Faculty Participant's annual compensation, and (b) the following elements of the University's benefits program ("MPP Benefits") subject to eligibility and other requirements of each program or plan:

The Education of Children Allowance described in Faculty Manual, Chapter 3 (Benefits), Section 1(f);

The cost of the applicable employer matching contributions described in the Faculty Manual, Chapter 3 (Benefits), Sections 1(L)(2)(**Retirement Plan "A"** (for US Citizen and Resident Alien employees)) and 1(I)(3)(**Retirement Plan "B"** (for Non-US Citizen or Resident Alien employees));

Such other benefits and/or allowances as may be proposed and recommended through the administrative amendment process described above at Governance of the MPP, Section 4.

3. In addition, MPP expenditures may be authorized to support the following activities:

Academic

Faculty recruitment and retention.

Educational activities.

Academic development and continuing medical education.

Protected time.

Membership in professional societies.

Facility and Patient Services Development

Cost of facility: to provide funding for the development of ambulatory clinical services including expenses related to the use and operation of outpatient facilities.

Support establishing new programs, satellite operations, equipment purchase and any other items that enhance patient services development.

Enhancement of professional fees collection.

4. In all cases, MPP expenditures shall be administered in accordance with these Policies and Procedures and with the approval of the VP/Dean.

Section 6 Medical Faculty Participant Contributions to the MPP

1. As noted above, all MPP Revenues generated from the collected Professional Fees of the Medical Faculty Participants, whether paid directly by patients or by third party payers, shall be exclusively credited to the MPP Master Account.
2. MPP Revenues shall be credited monthly from the MPP Master Account to the MPP Accounts of the applicable Group Practices or, in the absence of a Group Practice Agreement for any reason, to the MPP Account of the individual Medical Faculty Participant (according to the collected Professional Fees of the concerned individual).
3. MPP Revenues shall be distributed monthly to Medical Faculty Participants in accordance with applicable Group Practice Agreements or individually as noted above. Each Medical Faculty Participant's monthly distribution shall be subject to a bracket contribution to the MPP ("MPP Bracket Contribution"). The MPP Bracket Contribution shall be applied against distributions according to the increments set forth in Table A – Monthly Contribution Increments (e.g. 23% applied against the first \$2,999, 24% applied against the next \$3,000, and so on), and shall be settled monthly.

Table A: Monthly Contribution Increments

\$ 3,000 Increment	
Increments	% Contribution
0-2,999	23%
3,000-5,999	24%
6,000-8,999	25%
9,000-11,999	26%
12,000-14,999	27%
15,000-17,999	28%
18,000-20,999	29%
21,000-23,999	30%
24,000 and above	31%

4. In the event of an extraordinary monthly variation in an individual Medical Faculty Participant's collections, for example due to the timing of payments received from a governmental payer, the VP/Dean shall have authority to provide administrative relief from the application of a higher

Monthly Bracket Contribution due to such extraordinary circumstance.

Section 7 Administration of Payments to Medical Faculty Participants

1. Medical Faculty Participants shall be paid a monthly Base Salary which shall include compensation for Teaching and Administration as well as an Administrative Supplement (where applicable).
2. Medical Faculty Participants shall also be paid a monthly sum in respect of MPP on Account.
3. Eligible Medical Faculty Participants shall be paid a monthly sum in respect of Clinical Practice Income (CPI).
4. Medical Faculty Participants shall be paid a monthly sum in respect of Variable Income, where applicable.
5. Monthly Base Salary and MPP on Account amounts (together "Floor Income") shall be paid to each Medical Faculty Participant irrespective of MPP Revenues associated with such Medical Faculty Participant's collected billings and/or expected or historical Variable Income. In the case where an individual Medical Faculty Participant's Professional Fees collected are insufficient to cover such participant's MPP on Account, the MPP shall cover the difference.
6. A Medical Faculty Participant's Floor Income shall form the eligible base against which MPP Benefits shall be assessed and paid.
7. All MPP distributions to Medical Faculty Participants shall be made in conformance with approved Group Practice Plans or, in the absence of a Group Practice Plan for any reason, according to the collected Professional Fees of the concerned individual(s).
8. All Group Practice Plans shall specifically address the manner in which payments in respect of Professional Fees billed but not collected shall be made to former Medical Faculty Participants who are no longer employed by the University for any reason (e.g. retirement, death, resignation, termination).
9. All payments to Medical Faculty Participants shall be subject to deductions for taxes, social security and other similar contributions as may be required under Lebanese, US or other applicable law.
10. Payments to Medical Faculty Participants in respect of Professional Fees billed (but uncollected) prior to the Effective Date of these MPP Policies and Procedures shall be governed by these MPP Policies and Procedures.

Section 8 Responsibilities and Duties of the Active Medical Staff

1. Medical Faculty Participants must strictly abide by, and render medical and/or surgical services at the AUBMC and Affiliated Hospitals in a manner consistent with the Applicable Rules and Regulations.

2. Medical Faculty Participants must strictly abide by the AUBMC billing regulations, and must agree that the professional fees set by the AUBMC are maximum charges. Patient billing for all services rendered in the AUBMC must be processed through the AUBMC hospital billing system. Any patient billing outside this system is considered a breach of AUBMC policy. Any referrals of diagnostic services outside of AUBMC that may be construed as incentivized referrals are also a violation of medical ethics and will be subject to review and possible disciplinary action against the concerned Medical Faculty Participant, including suspension of privileges.

3. All Medical Faculty Participants shall devote their best efforts to the performance of their appointment and to their service as a member of the Faculty of Medicine. During the term of their appointments, Medical Faculty Participants shall not, at any time or place, either directly or indirectly, engage in the practice of medicine or surgery to any extent whatsoever, except pursuant to the Applicable Rules and Regulations.

4. Medical Faculty Participants must restrict their professional practice to the AUBMC facilities, its outpatient department, other medical care facilities administered by the Medical Faculty or Affiliated Hospitals, as assigned by the Chairman of the participant's Department and the VP/Dean.

5. Medical Faculty Participants shall have complete control over the diagnosis and treatment of their patients and no other physician or person shall exercise any direct supervision or control over the individual treatment of such patients.

6. Medical Faculty Participants must recognize the importance of their unique role in the Faculty of Medicine and thereby reaffirm their ongoing commitment to support its academic mission. Medical Faculty Participants shall devote a substantial part of their activities to enable the Faculty of Medicine:

To provide teaching services to its medical students.

To provide for administration of its academic clinical or service departments.

To encourage and support research.

To provide teaching, supervisory and administrative services to support and enhance postgraduate training.

To provide supervisory and medical administrative services to the AUBMC and to the Faculty of Medicine.

7. Medical Faculty Participants shall form Group Practice Plans and enter into Group Practice Agreements.

8. Medical Faculty Participants must refer to AUBMC all diagnostic tests and utilize its therapeutic facilities designated by the University, for the care of their patients.

9. Medical Faculty appointments may be terminated in accordance with the Applicable Policies and Procedures. In addition, the privilege of admitting and caring for patients at AUBMC may be terminated immediately, or at any time, by the University for cause. The term "cause" as used herein includes, but is not limited to:

a Medical Faculty Participant's fraud, dishonesty, or willful misconduct or gross negligence in the performance of their duties, or

a Medical Faculty Participant's breach of any material provision of the Applicable Policies and Procedures.

10. Admitting privileges will automatically terminate without notice upon termination or expiration of (a) a Medical Faculty Participant's academic appointment to the Faculty or (b) a Medical Faculty Participant's professional licensure.

Section 9 Medical Practice Plan Definitions

1. **“Administrative Supplement”** is a salary amount paid to Medical Faculty Participants who are performing additional significant administrative duties as assigned by the VP/Dean in writing. The Administrative Supplement will be discontinued as soon as the concerned Medical Faculty Participant stops performing their assigned administrative duties for any reason and without prior notice.

2. **“Affiliated Hospital”** is any medical facility with which the AUBMC or the University maintains a formal affiliation agreement, cooperation agreement, or similar arrangement pursuant to which Medical Faculty Participants are permitted to provide services which generate Professional Fees.

3. **“Applicable Rules and Regulations”** means (i) the Bylaws of the Faculty of Medicine; (ii) the Policies and Procedures of the Medical Practice Plan including the procedures related to the Medical Practice Plan income distribution; (iii) the Bylaws of the Medical Staff; (iv) the Rules and Regulations of the Medical Staff; (v) all other policies and procedures of the AUBMC and the University, (vi) the rules and regulations of appropriate agencies, (vii) the decisions of the MPP Committee, (viii) Lebanese law; and (ix) the applicable canons of professional ethics, all of the foregoing as from time to time amended.

4. **“Base Salary”** is the annual salary of a full-time Medical Faculty Participant as set forth in such participant's Letter of Appointment and consists of the following when applicable:

Teaching and Administration

Administrative Supplement Base Salary is budgeted and funded through the AUBMC's and the Faculty of Medicine's departmental budgeting process and is paid monthly to the Medical Faculty Participant through the University's payroll system.

5. **“Clinical Practice Income (CPI)”** is a monthly sum established and distributed by the MPP to support the income of newly recruited clinical faculty for a defined period of time. Unlike MPP on Account, CPI is not included in Floor Income and shall be discontinued as and when the affected Medical Faculty Participant's Professional Fee collections deposited into the MPP exceed the established accumulated CPI amount. The distribution of CPI will be made according to the following guidelines:

To be distributed to selected newly recruited Medical Faculty Participants, and only on a monthly basis.

The Professional Fees collected of the Medical Faculty Participant concerned will be retained by the MPP and credited to a CPI Fund during the term of contractual appointment, or as long as they are receiving CPI.

On a monthly basis, the Medical Faculty Participant concerned will be receiving their Floor Income and CPI. Distributions beyond CPI are dependent on Variable Income and its covering earlier CPI payments for the term of the initial contractual appointment.

6. **“Effective Date”** means the date that these MPP Policies and Procedures are adopted by the Board of Trustees.
7. **“Floor Income”** is the sum of the annual Base Salary and the MPP on Account of full-time Medical Faculty Participants.
8. **“Group Practice Agreement”** is the written document setting forth the terms of a Group Practice Plan.
9. **“Group Practice Plan”** is an arrangement under which Medical Faculty Participants form a collaborative medical practice affiliation, including the sharing and distribution of MPP Revenues attributable to their collective practices. Group practices may be formed with a minimum of two Medical Faculty Participants as part of a division, department or as part of a multi-disciplinary group across divisions and departments. Group practices are intended to provide easy access to colleagues for advice and referrals and to have shared schedules for on-call and weekends. Group Practices are also intended to help Medical Faculty Participants share best practices, standardize guidelines of care and provide coordinated, collaborative and comprehensive care. All group practices are formed with the consent, review and approval of a majority of the members in the group. Signature of all members of the group is needed, however, and final approval of the Group Practice Plan is conferred by VP/Dean or the VP/Dean’s designee. All Group Practice Plans should reflect as best possible an equitable distribution of duties and resources in light of objective criteria (e.g. collected billings, years of service, faculty rank, etc.).
10. **“MPP on Account”** is a fixed monthly sum determined by estimating an individual Medical Faculty Participant’s expected MPP distributions (after deduction of estimated MPP Bracket Contributions) based on such participant’s past billing and collection of Professional Fees activity. MPP on Account is budgeted and funded through the annual MPP budgeting process.
11. **“MPP Plan Fiscal Period”** is the annual period determined by the University, in consultation with the MPP Committee and the VP/Dean, upon which accounting, reconciliation, reporting and other administrative matters affecting the administration of the MPP shall be based.
12. **“Professional Fees”** means fees generated and collected in Lebanon in respect of services provided in Lebanon related to patient care.
13. **“Teaching & Administration”** is a salary amount associated with two tasks -- administrative and academic:
 - Academic Salary (Teaching):** Determined from the Academic Effort report.
 - Administrative Salary:** Determined from the Administrative Effort report.
14. **“Variable Income”** is a sum that will be paid to a Medical Faculty Participant from such participant’s collected Professional Fees after subtracting (1) the MPP Bracket Contribution, (2) the MPP on Account, and (3) accumulated CPI (as defined above).

DRAFT of 3-7-11, approved by the Medical Faculty Participants