

East Carolina University The Brody School of Medicine

ECU Physicians Bylaws

January 2008

Approved: June 2005

Revised and Approved: April 2007

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Approved by ECU Board of Trustees: April 2008

I. PURPOSE

These bylaws provide a professional, financial, and legal structure for ECU Physicians, the medical faculty practice plan of The Brody School of Medicine (BSOM) at East Carolina University (ECU). They are adopted to provide a framework for ECU Physicians with regard to: (i) ECU Physicians' governance and discharge of responsibilities to fulfill consistently its primary role of pursuing the clinical care missions of the medical school and university and (ii) ECU Physicians' endeavors to foster quality of care and service excellence while ensuring the long-term financial viability of the clinical enterprise to support the education, research, and public service missions of the School.

The Chancellor of ECU is responsible to the University of North Carolina (UNC) Board of Governors for the administration, operation, and management of ECU Physicians. In the discharge of this responsibility, the Chancellor is assisted by the ECU Board of Trustees, the Vice Chancellor for Health Sciences, the Dean of BSOM, the ECU Physicians Board of Directors, and other individuals or groups to whom he/she may delegate specific responsibility and/or authority.

ECU Physicians is a division of BSOM and operates a clinical enterprise specifically to fulfill the clinical care missions of BSOM of ECU. It constitutes the practice plan of the clinical faculty of BSOM. Its organization, strategic development, and business practices are conducted in manners that ensure the long-term financial viability of the institution and support for the education, research, public service, and clinical care missions of BSOM. ECU Physicians, and any bylaws it may adopt, is created and organized to:

1. Cultivate a robust clinical enterprise that attracts a diverse faculty with breadth and depth of expertise, employing a productivity-based compensation model in an academic setting.
2. Provide healthcare through a service delivery model that helps meet the increasingly complex needs of patients throughout eastern North Carolina.
3. Develop and implement innovative, often multidisciplinary, clinical programs that capitalize on the expertise and integrity of the academically rich culture of the clinical faculty.
4. Develop and implement continuous improvements and "best practices," including alternative approaches, for consistently delivering superior patient care and service throughout the enterprise.
5. Develop and pursue strategies that progressively diversify its portfolio of clinical services as part of efforts to enhance access to care and serve the patient population of eastern North Carolina.

6. Respond quickly and effectively to local and regional market opportunities, including but not limited to, through joint venture arrangements.
7. Provide incremental funding to help support the programs of BSOM while simultaneously accumulating capital reserves for future investment in the clinical enterprise.
8. Contribute expertise and energy toward continuous academic enrichment of BSOM and support of education and research missions.
9. Promote an enhanced sense of self-determination and accountability for the operations and financial goals of ECU Physicians.
10. Take all necessary actions to ensure the long-term financial viability and sustainability of ECU Physicians, the medical faculty practice plan of and major funding source for BSOM.

II. ECU PHYSICIANS BOARD OF DIRECTORS

A. Composition and Chair

The ECU Physicians Board of Directors shall consist of:

1. The Dean of BSOM or his/her designee.
2. The Chairs of the clinical departments.
3. One basic science department chair, elected by the basic science chairs for a 2-year term.
4. Two elected full-time members of the BSOM clinical faculty who consistently spend at least 50 percent of their time in a clinical setting (i.e., treating patients) over the course of the year and whose duties are to represent and bring issues to the Board from the clinical faculty at large. These Board members are elected by the clinical faculty by a simple majority for terms of 2 years, and may be reelected but can serve no more than three terms consecutively¹. Not more than one member of any department shall be elected to serve on the Board at any one time.

¹ All faculty members who have 75 percent FTE appointments or greater, and who have a current healthcare provider license in North Carolina, and who have permanently tenured, probationary or fixed-term appointments, and who provide clinical care, and who are approved through the ECU Physicians Credentialing Plan, are eligible to vote for these clinical faculty members of the ECU Physicians Board of Directors.

5. The Associate Dean for Graduate Medical Education.
6. The BSOM faculty member who is the Chief or Immediate Past Chief of the Medical Staff of Pitt County Memorial Hospital (PCMH).
7. The Vice Chancellor for Health Sciences.
8. The Vice Chancellor for Administration and Finance of ECU.

The Dean shall be the Chair of the Board. The Dean may, in consultation with the Chancellor and Vice Chancellor for Health Sciences, either appoint another member of the Board of Directors to serve as its Chair or may allow the Board of Directors to elect a Chair from among its members. Unless the Dean is serving as the Chair of the Board of Directors, the Dean, in consultation with the Chancellor and Vice Chancellor for Health Sciences, shall reaffirm this appointment every 2 years or allow the Board of Directors to hold another election for a Chair, after receiving input from the Board of Directors. Irrespective of whether the Dean or an elected member of the Board serves as Chair of the Board, the Dean shall be and will remain President and Chief Executive Officer (CEO) of ECU Physicians.

B. Authorities and Responsibilities

The Dean and the ECU Physicians Board shall have delegated authority from the Chancellor to assist with his/her discharge of the responsibility for the administration, operation, and management of ECU Physicians. To that end, the Board of Directors shall:

1. Develop rules and procedures for elections and the filling of vacancies in the membership of ECU Physicians Board of Directors.
2. Develop and approve the operating budget of ECU Physicians.
3. Review and approve annual incentive plan guidelines (a.k.a. the variable supplemental adjustment guidelines) put forth by the finance committee.
4. Develop and implement appropriate plans, policies, and procedures to ensure the effective and efficient operation of ECU Physicians, including, but not necessarily limited to, issues of practice operations and management, finance, accounting and statistical reporting, billing and collections for services, clinical contracts and contract payment review, professional liability insurance, clinical facility construction and renovations, market analyses, relations with other physicians and hospitals, and other matters of direct interest to the clinical enterprise.

5. Authorize and approve the results of negotiations with payors for clinical services.
6. Receive from the ECU Physicians Executive Director, on a quarterly or more frequent basis, comprehensive financial reports that include sources and uses of all funds collected from the clinical departments.
7. Establish and abolish standing and ad hoc committees and subcommittees of the ECU Physicians Board of Directors as needed to advise and conduct the business of the Board. All standing committees shall be chaired by a member of the Board. The Chair of the Board shall appoint, in consultation with members of the Board, a member of the Board to serve as a chair of each standing committee. The six standing committees of the Board of Directors shall be the following:
 - a. Finance Committee.
 - b. Practice Management Committee.
 - c. Quality Committee.
 - d. Governance and Oversight Committee.
 - e. Personnel Committee.
 - f. Strategic Planning Committee.
8. Approve all group practice contracts entered into by ECU on behalf of ECU Physicians.

C. Meetings

1. The Board of Directors shall meet at least 11 times per year.
2. The Chair of the Board shall set the agenda and preside over all Board meetings. In his/her absence, the Chair of the ECU Physicians Finance Committee shall chair the meetings of the Board of Directors.
3. For the purposes of conducting business, a quorum shall be defined as the presence of at least 50 percent of the total voting members of the Board of Directors at the time of the meeting. A quorum must be present at the meeting at the time a vote is taken.
4. Voting members may attend meetings in person, by telephone, by videoconferencing, or by other electronic means. All voting members who are actively participating in the meeting, whether in person or electronically, shall be counted for the purposes of determining presence of a quorum.
5. If a voting member is unable to attend a meeting, he/she may send an individual of his/her choosing to attend the meeting. However, this individual will not have voting privileges.

6. Except where otherwise stated in these bylaws, votes taken by the Board of Directors shall require a simple majority of the votes cast to pass.
7. A proposed agenda for each Board of Directors meeting, along with other materials relevant to the meeting, will be distributed at the direction of the Chair approximately 1 week in advance of the meeting.
8. Draft minutes of each Board of Directors meeting shall be distributed at the direction of the Chair as soon after the meeting as practical.

D. Compensation

Members of the Board of Directors, including the Chair, shall not receive compensation for their work on the Board.

E. Removal from the Board of Directors

A member of the Board of Directors, except for the Dean of the BSOM, the Vice Chancellor for Administration and Finance, and the Vice Chancellor for Health Sciences, may be removed from the Board, with or without cause, by a vote of at least two-thirds of all the current Directors.

F. Vacancies on the Board of Directors

If for any reason a member of the Board ceases to qualify by virtue of change in employment status, resignation, removal, or inability to carry out his or her duties, a successor shall be named, subject to the following provisions:

1. If the individual is a clinical department Chair, then the Dean shall appoint an eligible replacement from the same clinical department.
2. If the individual is an elected clinical faculty member, or a basic science department Chair, and if the individual has served less than 1 year of his/her term, then the appropriate body will elect an individual to serve out the remainder of the term. If the individual is an elected clinical faculty member, or a basic science department Chair, and if the individual has served equal to or more than 1 year of his/her term, then the Dean and the Chair of the Board of Directors shall jointly appoint another individual to serve out the remaining term. If the individual is the Chief or Immediate Past Chief of the Medical Staff of PCMH, then the Dean and the Chair of the Board of Directors shall jointly appoint another individual to serve out the remaining term.
3. If the individual is a Vice Chancellor or Dean, the Chancellor shall appoint a replacement.

III. MEDICAL DIRECTOR AND EXECUTIVE DIRECTOR

The Board of Directors shall appoint, in accordance with all applicable University policies and with the approval of the Dean of BSOM, the Medical Director and Executive Director of ECU Physicians.

A. Medical Director

The Medical Director shall be hired and/or appointed to provide continuous senior medical leadership for ECU Physicians, including all clinical sites. The Medical Director shall report to the Dean and the ECU Physicians Board of Directors. He/she shall serve as staff to the Board of Directors, and work closely with the Board of Directors' members to develop and implement appropriate policies and procedures related to operating the clinical enterprise. He/she shall in essence serve as the "Chief Medical Officer" of the practice and oversee areas such as but not limited to peer review, clinical quality, credentialing, customer service, and patient access. The Medical Director shall work closely and collaboratively with the Executive Director to improve continuously and advance the clinical enterprise under the direction of the Dean and the ECU Physicians Board of Directors.

B. Executive Director

The Executive Director shall be hired and/or appointed to provide continuous senior administrative leadership for ECU Physicians, including all business and financial affairs. The Executive Director shall report to the Dean and the ECU Physicians Board of Directors. He/she shall serve as staff to the Board of Directors, and work closely with the Board of Directors' members to develop and implement appropriate policies and procedures related to operating the clinical enterprise. He/she shall in essence serve as the "Chief Operating Officer" of the practice and be responsible for business planning and fiscal management of ECU Physicians, including participating in negotiations affecting practice finances. The Executive Director shall work closely and collaboratively with the Medical Director to improve continuously and advance the clinical enterprise, and support the Dean and the Board of Directors.

IV. GENERAL PROVISIONS

The Board of Directors additionally has the following duties, responsibilities, and functions:

1. *Budget* – Annually, the Board of Directors shall approve a budget for ECU Physicians and provide it to the Chancellor.

2. *Audits* – The Board of Directors shall commission and approve internal and external audits of ECU Physicians in accordance with generally accepted University audit procedures.
3. *Monthly Financial Reports* – The Board of Directors shall receive monthly accounting reports from the Executive Director. Financial reports and analyses will be forwarded to the Vice Chancellor for Finance and Administration, the Vice Chancellor for Health Sciences, and the Chancellor. All financial reports and analyses will be part of the official public records of ECU.
4. *ECU Physicians Funds* – The Board of Directors shall mandate that all professional fees from patient care activities of ECU Physicians providers, whether earned at BSOM or other approved locations, shall be billed, collected, budgeted, and expended through ECU Physicians or its agents. All contractual payments to BSOM for physician leadership services, or medical expert witness services, or similar work provided to outside entities, shall be considered ECU Physicians funds. All professional income will be deposited in the ECU Physicians fund accounts of ECU consistent with applicable ECU policy. All activities related to these funds shall be consistent with applicable University policies.
5. *Departmental Operating Funds* – The Board of Directors, by virtue of approving an annual budget, shall establish departmental operating funds that are managed by department Chairs and utilized for funding those activities that contribute to the financial viability of departments, BSOM, and ECU Physicians. Departmental operating funds shall not be used to fund items that may be construed as nonbusiness or personal in nature. Such funds may be expended on approved budgeted items that serve to maintain and/or improve departmental capabilities in the areas of teaching, research, patient care, and public service. All activities related to these funds shall be consistent with applicable University policies.
6. *ECU Physicians Reserve* – The Board of Directors shall work to ensure that an ECU Physicians Reserve is maintained with a fund balance equal to or greater than 90 days' of operating expenses, including all compensation. The Board of Directors shall approve expenditures from the ECU Physicians Reserve. The Reserve may not be used to fund items that may be construed as nonbusiness or personal in nature. Funds deposited into the Reserve may be expended on approved budgeted items that serve to maintain and/or improve ECU Physicians' capabilities in the areas of teaching, research, patient care, and public service. All activities related to this Reserve shall be consistent with applicable University policies.
7. *Management of Departmental Deficits* – The Board of Directors shall establish annual budget targets for the clinical component of each clinical department and/or center. Should a department be unable to meet its budget target or present a “deficit budget” for approval, the following steps will be initiated:

- a. The Executive Director shall work with the affected department's Chair and administrator to prepare an analysis of the situation. The department Chair shall then provide to the ECU Physicians Board of Directors a plan for resolution of the deficit. Such a plan shall include a timeline for resolution, specific steps to be taken, and a recurrent schedule of reports until the deficit is resolved.
 - b. The Board of Directors shall either approve or disapprove the plan. If approved, the Board of Directors shall monitor adherence to the plan and progress toward deficit resolution. If not approved, the Board of Directors may direct the department Chair and Executive Director to submit an alternate plan, or the Board may take other action as it deems necessary. The Board of Directors may also reassign authority for further financial management of a department with an operating deficit, or a department that is unable to meet its budget targets, to another appropriate individual or body.
8. *Faculty Salaries and Fringe Benefits* – The Board of Directors endorses the annual budgeted salary of each faculty member by virtue of approving the budget of each ECU Physicians department and/or center. The annual budgeted salary of each clinical department faculty member is recommended by the department Chair, reviewed by the Finance Committee, endorsed by the Board of Directors, and approved by the University. The Board of Directors reserves the right to review the compensation of individual faculty as needed.
 - a. Though the salary may be paid from one or more sources, each faculty member's salary from all sources cannot exceed faculty salary ceilings established annually by the UNC Board of Governors unless one of a limited number of exceptions is used.
 - b. The mechanism for payment of salaries to faculty in clinical departments is set forth in the Clinical Faculty Compensation Plan most recently approved by the Chancellor. Changes to the Clinical Faculty Compensation Plan must be submitted to and approved by the Chancellor.
 - c. A supplemental fringe benefit program may be maintained by ECU Physicians contingent on available funds. The ECU Physicians fringe benefit program shall be developed and revised as needed by the ECU Physicians Board or its delegated committees and submitted to the Chancellor for review and approval. The supplemental fringe benefit program shall be designed (when combined with the prevailing salary levels) to achieve a goal of total compensation that is competitive with the total compensation of medical faculties of comparable United States university medical centers.
9. *Legal Counsel* – The Board of Directors may deem it necessary or advisable for ECU Physicians to secure private legal counsel or representation. When such representation be-

comes necessary, then the Board of Directors shall first seek and secure the Chancellor's approval, through the Office of the University Attorney. If the Chancellor approves, then such representation shall be properly retained in a manner consistent with applicable North Carolina statutes.

10. *Outside Consulting Services* – The Board of Directors may deem it necessary or advisable for ECU Physicians to secure the services of outside consultants for such purposes as operational or accounting audits, planning, organizational analysis, system review, or other professional services. Such services may be secured either in accordance with applicable provisions of N.C.G.S. 143-64.20 et seq or through the approved purchasing procedures of ECU.
11. *Confidentiality and Protected Information* – ECU Physicians is a division of a public institution, and Directors are employees of the State of North Carolina. While executive sessions may be conducted, which limit attendance, documents and documentary materials constitute public records under applicable North Carolina statutes, and documents and deliberations of the Board shall be disclosed unless applicable North Carolina statutes prevent disclosure.
12. *Robert's Rules of Order* – The Board of Directors shall conduct its meetings in accordance with Robert's Rules of Order. Voting results will be decided by simple majority, with the exception of votes on bylaws amendments, personnel actions related to the Executive Director and Medical Director, removal of a Board of Directors member, or overturning a veto by the Dean, which require a two-thirds majority of all members.
13. *Conflict of Interest* – Board of Directors members shall comply with the University and BSOM conflict-of-interest policies and complete disclosures as required. In the event of an actual or apparent conflict of interest, that Board member(s) will not participate in discussions or voting on the relevant issue(s).

V. ROLE OF THE DEAN

The Dean of BSOM, in addition to all other responsibilities and authorities, serves as the President and CEO of ECU Physicians and is a member of the Board of Directors.

The Dean shares with the Board of Directors delegated authority from the Chancellor to assist with his/her discharge of the responsibility for the administration, operation, and management of ECU Physicians. The Dean may move to "postpone indefinitely" when he/she may require additional time for consideration of a pending Board of Directors action. Within 15 calendar days of a Board of Directors action, the Dean may exercise a veto regarding that action. A two-thirds majority vote of

the entire Board of Directors is required to overturn a Dean's veto. If the Dean and the Board of Directors are unable to resolve action related to a matter, then the issue shall be referred by the Dean and the Board of Directors to the Chancellor for final resolution.

Department Chairs report to the Dean and serve at the pleasure of the Dean. The ECU Physicians Medical Director and Executive Director report jointly to the Dean and the ECU Physicians Board of Directors.

VI. AMENDMENTS

Amendments or revisions to these bylaws may be proposed in writing at least seven calendar days in advance of any meeting of the Board of Directors by any member of the Board of Directors. For inclusion in the bylaws, proposed amendments or revisions require ratification by two-thirds of the current Board of Directors. All ratified amendments and revisions must then be approved by the Chancellor to become final.