

FACULTY AFFAIRS CODE, APPENDIX A

**THE UNIVERSITY OF NORTH CAROLINA
AT CHAPEL HILL**

SCHOOL OF MEDICINE

UNC Faculty Physicians

Approved by UNC Faculty Physicians Board February 24, 2020

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I. Introduction

In 1952, when the School of Medicine became a four-year school and the North Carolina Memorial Hospital opened, the medical service plan at The University of North Carolina at Chapel Hill was established as the Private Patient Service to provide a setting for the clinical faculty of the School of Medicine to provide patient care services to patients at the North Carolina Memorial Hospital and to bill patients on a fee-for-service basis. That medical service plan was established and subsequently operated under the ***Rules Regulations and Policies of the Division of Health Affairs of The University of North Carolina at Chapel Hill.***

In 1978, The Medical Faculty Practice Plan was established under the ***Rules Regulations and Policies of the Division of Health Affairs of The University of North Carolina at Chapel Hill*** as a successor to the Private Patient Service. The Medical Faculty Practice Plan of 1978 set forth policies and regulations for billing, collecting, budgeting and expenditure of professional fees generated by the faculty of the School of Medicine, and for the management and use of such professional fee funds.

The Medical Faculty Practice Plan was revised effective February 1, 1986, and was again revised and renamed UNC Physicians & Associates effective July 1, 1990. The name was changed to UNC Faculty Physicians (UNC FP) effective January 1, 2013.

With the passage of Senate Bill 1366 by the N.C. General Assembly effective November 1, 1998, revising North Carolina General Statutes Section 116-37, UNC Physicians & Associates became part of and accountable to the University of North Carolina Health Care System. The legislation reads in part, “The University of North Carolina Hospitals at Chapel Hill and the clinical patient care programs established or maintained by the School of Medicine of The University of North Carolina at Chapel Hill shall be governed by the board of directors of the University of North Carolina Health Care System.”

As part of the ***Rules Regulations and Policies of the Division of Health Affairs of The University of North Carolina at Chapel Hill***, this Appendix sets forth policies and regulations for UNC Faculty Physicians, a medical practice among the eligible clinical faculty of the School of Medicine who have agreed to the following principles:

- 1) The practice will be governed by a commitment to the highest standards of clinical practice in the service of the citizens of North Carolina, our patients and the clinical faculty.
- 2) Those standards will be driven by a constant striving for innovation, quality, and service guided by evidence and measurement, and will address all aspects of clinical care, including business, financial and operational excellence.

- 3) It is the intent of UNC Faculty Physicians to be known for its clinical success as one component of national recognition for its academic missions.

As such, UNC Faculty Physicians, in providing for the effective management of the clinical faculty practice of the School of Medicine of The University of North Carolina at Chapel Hill, should serve the following purposes:

- 1) Promote a clinical setting conducive to the furtherance of all missions of the School of Medicine and the UNC Health Care System: public service, the proper education of all trainees, the conduct of research, and the delivery of healthcare throughout the state of North Carolina;
- 2) Maintain and implement superior standards of excellence and improvement in the clinical faculty, the practice and its leadership;
- 3) Support the highest level of practice management services to include, but not limited to, billing, collections, information services, management education and reporting, contracting, scheduling, registration, ambulatory care services, insurance and payment verification, and relationships with payers and hospitals;
- 4) Achieve superior standards of care through continuous quality improvement and through the use of innovative techniques resulting in improved patient satisfaction and clinical outcomes;
- 5) In collaboration with The University of North Carolina at Chapel Hill and the UNC Health Care System, adhere to the highest standards of conduct to include compliance with all applicable laws and regulations, accounting and auditing procedures, and practice policies;
- 6) Provide an administrative structure to evaluate alternative health care financing and delivery systems, as well as new clinical services, and to determine the appropriateness of faculty participation in such programs;
- 7) Assist the School of Medicine in ensuring faculty recruitment and retention;
- 8) Provide leadership for operational, financial, and strategic planning, quality improvement, and innovation in the School of Medicine and the UNC Health Care System;
- 9) Support negotiations and enter into clinical service and managed care service contracts in the best interests of the practice;
- 10) Promote open communications and reporting to practice members;
- 11) Regularly conduct and collaborate with internal and external audits of practice activities.

II. Organizational Structure

As noted above, UNC Faculty Physicians was organized to provide the clinical faculty of the School of Medicine a vehicle for providing and billing for patient care services. The fees earned by the clinical faculty are property of and held by the University to secure faculty salaries, to satisfy bond obligations, and for other purposes consistent with the mission of the School of Medicine, UNC Health Care System, and as specified in Article III below. The Dean of the School of Medicine is accountable to the Chancellor and CEO of the UNC Health Care System regarding management and disposition of such patient care revenues. Because the clinical patient care programs of the School of Medicine are deemed by statute to be a component of the UNC Health Care System, the CEO of the UNC Health Care System is accountable to the UNC Health Care System Board of Directors regarding the operation and management of UNC Faculty Physicians. Thus, where the positions of Dean and CEO are held by a single person, as allowed by statute, that officer shall have ultimate responsibility both to the Chancellor and to the UNC Health Care System Board of Directors regarding UNC Faculty Physicians. In the discharge of this responsibility the Dean and CEO (for simplicity, hereinafter referred to as "Dean") shall be assisted by the, the President of UNC Faculty Physicians, the UNC Faculty Physicians Executive Committee, and the UNC Faculty Physicians Board.

A. Membership Eligibility in UNC Faculty Physicians.

The individuals that are eligible to be members of UNC Faculty Physicians for purpose of this document are those described in Sections 1.A (Basic Eligibility) and 1.B (Position Eligibility) of the document titled Interpretation of the Eligibility Criteria for Participation in the Supplemental Fringe Benefits Program of UNC Faculty Physicians.

B. Composition of the UNC Faculty Physicians Board.

The UNC Faculty Physicians Board shall consist of:

- 1) The President of the UNC Faculty Physicians as Chair.
- 2) The Chairs of the Clinical Departments of the School of Medicine, the President of the University of North Carolina Hospitals, and the Executive Dean of the UNC School of Medicine;
- 3) Six at large elected full-time members of UNC Faculty Physicians whose duties will be to represent and bring issues to the Board from the UNC Faculty Physicians membership at large. These Board members will be elected by all members of UNC Faculty Physicians in the following manner: three members from the six Departments with the largest clinical revenue (revenue from clinical operations) as determined annually in the same manner used to elect the Executive Committee and three members from the remaining Departments. Not more than one member of any department shall be elected to serve as an at large member on the Board at any one time;

- 4) The Associate Dean for Administration of the School of Medicine, the CFO of UNC Faculty Physicians, the Vice President of Operations for UNC Faculty Physicians, the Chief Clinical Officer of UNC Health Care, the CMO of UNC Health Care, the CMO of UNC Medical Center, the COO of UNC Faculty Physicians, the UNC Faculty Physicians Director of Quality and Safety, and the Chair of the ACA¹ Committee, as ex-officio and non-voting members.

Each at-large member of the Board shall serve a three-year term. Any vacancy in an at-large position on the Board shall be appointed by the President of UNC Faculty Physicians for the balance of the term.

Any vacancy in a Board seat that is named by position shall be filled by the interim serving in that position until a permanent replacement is available to assume the seat. In the event there is no interim appointed to the named position, that vacancy on the Board shall be appointed by the President of UNC Faculty Physicians to serve until a permanent replacement is available to assume the seat.

A quorum of fourteen (14) voting members will be required for an agenda item requiring a vote. No quorum is required for a meeting to occur. Presence, for purposes of establishing a quorum, may be in person (preferred), by phone, or through other audiovisual or telecommunications medium. A majority vote of a present quorum is necessary and sufficient for actions of the Board. In the case where a quorum cannot be established, all actionable agenda items will be placed on the next meeting's agenda.

C. Duties of the UNC Faculty Physicians Board.

The UNC Faculty Physicians Board shall assist the Dean of the School of Medicine/CEO of UNC Health Care System ("Dean") and the executive staff of UNC Faculty Physicians on matters relating to the management and operation of UNC Faculty Physicians, including Ambulatory Care Administration. To that end, the Board shall, meet at least bi-monthly, subject to the approval of the Dean, shall:

- 1) Develop rules and procedures for elections and the filling of vacancies in the membership of the Board and Executive Committee of UNC Faculty Physicians;
- 2) Review, and recommend both amendments to and approval of the operating budget of the UNC FP;

¹ "ACA" refers to the Associate Chair for Administration of the clinical Departments of the School of Medicine. The Chair of the ACAs is an elected position voted on by all ACAs. The position must be held by a member of the ACA Executive Committee, serve a 3 year term, and is eligible for reelection.

- 3) Receive recommendations from members of UNC Faculty Physicians and take appropriate action in advising the Dean and the executive staff of UNC Faculty Physicians;
- 4) Advise the Dean and the executive staff of UNC Faculty Physicians on matters pertaining to the effective and efficient operation of UNC Faculty Physicians including billing, collection, accounting and statistical reporting, supplemental fringe benefits for faculty, professional liability insurance, practice management, clinical contracts and contract payment review, clinical construction and renovations, managed care, and other alternative systems for financing and delivering health care, market analysis, relations with referring physicians and hospitals, use of UNC Faculty Physicians assets and reserves, and other matters of direct interest to the faculty practice;
- 5) Receive at least quarterly financial reports from the CFO of UNC Faculty Physicians, to include sources and uses of all funds collected from the clinical departments of the School of Medicine as appropriate;
- 6) Discuss the activities of UNC Faculty Physicians. Items may be placed on the agenda at the request of any Board member;
- 7) Establish and abolish standing and ad hoc committees and subcommittees of UNC Faculty Physicians members as needed to provide ongoing review of matters pertaining to the operation of UNC Faculty Physicians, without limiting the ability of the UNC Faculty Physicians Executive Committee to do the same;
- 8) Approve various policies and procedures brought forth by the UNC Faculty Physicians Executive Committee required for the operations of UNC Faculty Physicians. All policies and procedures to be formally considered by the UNC Faculty Physicians Board shall first be considered by the Executive Committee.

D. The UNC Faculty Physicians Executive Committee

The UNC Faculty Physicians Executive Committee shall be appointed by the Dean and shall consist of seven (7) voting members. The President of UNC Faculty Physicians shall be a permanent member and Chair of the Executive Committee. The President of the UNC Faculty Physicians will vote only in the case of a tie vote amongst the elected chair members. Additional Executive Committee members shall be chosen as follows:

- 1) Three voting members shall be elected by a vote of all clinical physician Chairs from among the Chairs of the six highest-earning clinical departments in the School of Medicine, based on total clinical revenues (revenue from clinical operations) deposited in the departments' UNCFP accounts during the most recently ending fiscal year ("Largest Departments"). For purposes of the election

of three voting members described in this paragraph, determination of the six Largest Departments shall exclude any department where such department's Chair is otherwise a voting member by virtue of position .

- 2) Three voting members shall be elected by a vote of all clinical physician Chairs from among the Chairs of the remaining clinical departments in the School of Medicine.
- 3) The Vice President of Operations for UNC Faculty Physicians, the Chief Clinical Officer of UNC Health Care, the Executive Dean of the School of Medicine, the CFO of UNC Health Care, the CFO of UNC Faculty Physicians, the COO of UNC Faculty Physicians, the UNC Faculty Physicians Director of Quality and Safety, and the Chair of the ACA Committee, as ex-officio and non-voting members.

Elected Members shall have three (3) year staggered terms.

A quorum of four (4) voting members will be required for agenda item requiring a vote. No quorum is required for a meeting to occur. Presence, for purposes of establishing a quorum, may be in person (preferred), by phone, or through other audiovisual or telecommunications medium. A majority vote of a present quorum is necessary and sufficient for actions of the Executive Committee. In the case where a quorum cannot be established, all actionable agenda items will be placed on the next meeting's agenda or acted upon via an e-mail vote.

The President of UNC Faculty Physicians may recommend to the Executive Committee removal of a member due to activities that include, but are not limited to: significantly disruptive behavior and continual poor attendance. A minimum of five (5) votes are required for dismissal from Executive Committee membership.

Any vacancy on the Executive Committee that is elected by vote shall be appointed by the President of UNC Faculty Physicians for the balance of the term.

Any vacancy on the Executive Committee that is named by position shall be filled by the interim serving in that position until a permanent replacement is available to assume the seat. In the event there is no interim appointed to the named position, that vacancy on the Executive Committee shall be appointed by the President of UNC Faculty Physicians to serve until a permanent replacement is available to assume the seat.

The Executive Committee shall meet at least monthly, and more frequently as required.

The Executive Committee shall:

- 1) Receive, review and advise the Board and the UNC Faculty Physician leadership regarding financial reports and recommendations;

- 2) Receive, review and advise the Board and the UNC Faculty Physicians leadership regarding reports and recommendations for other standing and ad hoc committees;
- 3) Appoint, as deemed necessary, standing and ad hoc sub-committees of the Executive Committee (with membership that may include non-members of the Executive Committee);
- 4) Appoint, as deemed necessary, advisory boards to the Executive Committee (with membership that may include non-members of the Executive Committee);
- 5) To the extent delegated to it by the Dean, to act on behalf of the Board when the Board is not in session, concerning any matter authorized to be decided by the Board in Section C above;
- 6) Consider and make recommendations regarding policies and procedures as requested by the UNC Faculty Physicians Board; and
- 7) Develop and approve various policies pertaining to the operations of UNC Faculty Physicians.

E. Chief Operating Officer (COO)

The President of UNC Faculty Physicians, with the approval of the Dean, may appoint a Chief Operating Officer (COO) to assist in directing the administrative operations of UNC Faculty Physicians. The COO shall be appointed and may be removed by the President of UNC Faculty Physicians with the Dean's approval. The COO shall be accountable to the President of UNC Faculty Physicians and FP Board for the administration and fiscal management of UNC Faculty Physicians. The COO and President of UNC Faculty Physicians will work in coordination with appropriate Department Chairs and clinical faculty on matters pertaining to UNC Faculty Physicians activities and will represent the practice, as appropriate, in negotiations with UNC Hospitals, other members of the UNC Health Care System, and/or outside parties.

F. Vice President of Operations.

The President of UNC Faculty Physicians, with the approval of the Dean, may appoint a Vice President of Operations to assist in directing the administrative operations of UNC Faculty Physicians. The Vice President of Operations shall be appointed and may be removed by the President of UNC Faculty Physicians. The Vice President of Operations shall be accountable to the COO of UNC Faculty Physicians and FP Board for assisting with and supporting the administration and fiscal management of UNC Faculty Physicians. The Vice President of Operations, the COO, the CFO, and President of UNC Faculty Physicians will work in coordination with appropriate Department Chairs and clinical faculty on matters pertaining to UNC Faculty Physicians activities and will represent the practice, as appropriate, in negotiations with UNC Hospitals.

G. Chief Financial Officer (CFO).

The President of UNC Faculty Physicians and the Executive Dean of the School of Medicine shall jointly appoint a financial executive to serve a dual appointment as Chief Financial Officer of both UNC Faculty Physicians and the School of Medicine. This role, with respect to UNC Faculty Physicians, is responsible for assisting in evaluating and directing the financial operations of UNC Faculty Physicians and supporting the fiscal management of the operation. The CFO will work in coordination with appropriate Department Chairs and clinical faculty on matters pertaining to UNC Faculty Physicians activities. The CFO may be removed by the President of UNC Faculty Physicians with approval of the Dean and Executive Dean.

III. Management and Use of Income

The University shall maintain accounts for UNC Faculty Physicians for the deposit of all its members' professional fees and contractual income derived from and related to patient care and the disbursement of all expenditures. All professional fees and income from patient care activities of the UNC Faculty Physicians members, whether earned at The University of North Carolina at Chapel Hill campus or in other locations, shall be billed, collected, budgeted, and expended through UNC Faculty Physicians, except as otherwise approved by the UNC Faculty Physicians Executive Committee and by the Dean.² All professional income and fees from patient care services by all other health care providers employed by the School of Medicine, whether through UNC Chapel Hill or UNC Health Care System human resources, shall also be billed, collected, budgeted and expended through UNC Faculty Physicians except as otherwise approved by the UNC Faculty Physicians Executive Committee and by the Dean.

Professional income and fees shall mean **all fees and professional income** generated by members in the course of performing patient care services or other duties performed on behalf of the University, whether directly for UNC patients or through contracts arranged by UNCFP, including but not limited to direct patient care, patient care consultation, and medical-legal activities when such activities are assigned by or performed on behalf of the University (e.g. forensic psychiatry, Psychiatrists involved in Life Care Plans or Workers Compensation).

Medical-Legal activities that are not assigned by or performed on behalf of the University may be permitted in accordance with the "UNC Faculty Physician Policy on Medical-Legal Activities", which may be changed from time to time.

² Professional fee income generated through clinical practice at Area Health Education Centers (AHECs) shall be billed, collected, budgeted and expended by the AHECs, unless otherwise provided by contract. In addition, payments made under University contracts through which a School of Medicine department provides physician services to other entities for a set fee may be deposited in University contract trust accounts, subject to approval by the CEO of UNC Faculty Physicians or such CEO's designee.

Moonlighting activities that are not assigned by or performed on behalf of the University may be permitted in accordance with the “UNC Faculty Physician Policy on Moonlighting Activities” which may be changed from time to time.

In the event that The University of North Carolina at Chapel Hill enters into agreements on behalf of the School of Medicine with the University of North Carolina Hospitals or with other hospitals, institutions, clinics, or programs (including State agencies in such fields as mental health, public health, and corrections) whereby direct patient care services may be provided to said agencies by members of UNC Faculty Physicians, payment received for direct patient care activities pursuant to such agreements shall be remitted to UNC Faculty Physicians (except where such arrangements are made through Area Health Education Centers) and shall be deposited into appropriate departmental UNC Faculty Physicians Clinical Funds (28542).

At the discretion of the President of UNC Faculty Physicians, other billing arrangements may be developed contingent on regular auditable accounts being provided to the staff of UNC Faculty Physicians. Criteria concerning such accounts and their provisions will follow sound accounting practice as stipulated by UNC Faculty Physicians administrative staff. Any such exceptions will be reviewed by the President of UNC Faculty Physicians on an annual basis and reported to the UNC Faculty Physicians Board.

Collection of patient accounting data, charges, and other information relating to the billing, collecting, and disbursement of professional fees will be handled under the administrative direction of the President of UNC Faculty Physicians.

Annually, a budget of UNC Faculty Physicians, previously approved by the Board of Directors of the UNC Health Care System, shall be referred by the Dean to the Chancellor for approval. Internal and external audits of UNC Faculty Physicians will be done within the University in accordance with generally accepted University audit procedures and with the approval of the UNC Health Care System Board.

Monthly accounting reports will be created within the University’s financial system. The University’s fiscal office will provide reports to UNC Faculty Physicians administrative offices. The President and CFO of UNC Faculty Physicians will prepare financial reports and analyses for the Dean and UNC Faculty Physicians Board, for forwarding to the Vice Chancellor for Finance and Operations and the Chancellor. All financial reports and analyses will be part of the official records of The University of North Carolina at Chapel Hill. Reports will also be provided to the UNC Faculty Physicians Executive Committee or its delegated subcommittee detailing variances in the administrative budget on an annual or more frequent basis.

The chairs of the clinical departments will prepare an annual proposed budget for their unit (department) for review and approval by the President of UNC Faculty

Physicians. Thereafter, the President and CFO of UNC Faculty Physicians will prepare an annual proposed budget for administrative and other costs of operations of the entire UNC Faculty Physicians for review and approval by the UNC Faculty Physicians Board, the Dean/CEO, and the UNC Health Care System Board. The chairs will have the flexibility to operate within their budgeted targets to accomplish their tri-partite mission of clinical care, teaching and research.

The clinical departments of the School of Medicine shall be assessed a proportionate part of UNC Faculty Physicians administrative costs. The method of apportionment of administrative costs shall be established by the UNC Faculty Physicians Executive Committee with the approval of the UNC Faculty Physicians Board and the Dean. Partial or full exemption of these assessments can be made by the President of UNC Faculty Physicians, with approval by the UNC Faculty Physicians Executive Committee. Existing exemptions shall be reviewed and approved by the UNC Faculty Physicians Executive Committee, and reported to the UNC Faculty Physicians Board, annually.

A percentage of all professional fees collected shall be deposited in the Medical School Trust Fund, utilizing a methodology determined by the Dean. The Medical School Trust Fund is established to provide a funding source for activities of the School of Medicine in achieving overall objectives for which other fund sources are inadequate or unavailable. The uses of these funds may include support of the budget or operational fund of any Department or School of Medicine projects. The distribution will be made monthly from the net receipts of UNC Faculty Physicians.

Other UNC Faculty Physicians revenue assessments such as for Administration, UNC Health Care System Shared Services, the Dean's "tax", and the UNC Health Care System Clinical Investment Fund may also be collected at the direction of the Dean.

For each clinical department, a UNC Faculty Physicians Academic Reserve Fund (hereinafter "Departmental Reserve Fund") shall be established from net profits from operations in excess of budgeted amounts (i.e, the "budget surplus") and gain share distributions allocated to that department, for the purpose of enhancing and satisfying the tri-partite missions of the department.

An annual clinical budget shall be prepared by each Department Chair outlining planned expenditures from their UNC Faculty Physicians Departmental Reserve Fund according to guidelines established by the Administrative Office of UNC Faculty Physicians in collaboration with the UNC School of Medicine Dean's Office. All other funds will be held centrally by the UNC Faculty Physicians in support of the general practice (hereinafter, "UNC Faculty Physicians Central Fund").

After approval by the administration of UNC Faculty Physicians, the clinical budget will be integrated with other aspects of the Department's global budget following

guidelines from the Dean's Office. Each Department Chair shall then submit the proposed annual budget to the Dean for review and approval. The clinical budget will then be included in the proposed annual budget for UNC Faculty Physicians. The Dean shall send the annual budget of UNC Faculty Physicians to the Chancellor after approval by the UNC Health Care System Board.

University, UNC Faculty Physicians Central Funds and UNC Faculty Physician Departmental Reserve Funds, or any other funds may not be used to fund items which would be construed as non-business or personal in nature. Funds deposited into UNC Faculty Physicians Central or Departmental Reserve Funds may be expended on approved budgeted items which serve to maintain and/or improve the departmental capabilities in the areas of teaching, research, patient care, and public service. Examples of such expenditures include, but are not limited to, the following:

- 1) Faculty, staff, temporary and other salaries plus all fringe and supplemental benefits;
- 2) Faculty compensation supplemental payments in accordance with each Department's approved Faculty Compensation Plan and the School of Medicine Compensation Plan;
- 3) Professional liability insurance premiums and contributions to related self-insurance trust funds;
- 4) Licenses and privilege taxes;
- 5) Expenses incurred as a result of appropriate professional travel, attendance at meetings, and operational costs of the department in accordance with approved budgets;
- 6) Medical society and any other dues, memberships, or subscriptions that relate to the individual's specialty and/or job function in accordance with departmental policy;
- 7) Equipment and laboratories for departmental activities;
- 8) Expenditures for supplies and general operational costs, including, but not limited to, communications, printing, fixed costs, maintenance contracts, repairs, amenities, and any other expenditures as recommended by the UNC Faculty Physicians Executive Committee, endorsed by the Dean, and properly approved as budgeted expenditures for programs of the department;
- 9) Business-related expenses incurred hosting professional visitors, including recruitment expenses for prospective faculty and staff. Recruitment expenses specifically include, but are not limited to, travel, hotel, meals, associated entertainment for the recruit and his/her immediate family. Such anticipated expenses shall be approved in advance by the Department Chair;

- 10) Costs of departmental meetings of faculty and staff for purposes of discussing, modifying, or otherwise achieving departmental goals and objectives; costs of periodic meetings and gatherings for the purposes of team building and/or recognition of efforts and/or milestone events. Such meetings and/or gatherings shall be approved in advance by the Department Chair. Expenditures of funds shall be limited to expenses of the faculty and staff; and guests as approved by the Chair or Dean. Allowed expenditures include, but are not limited to, facility rental, provision of meals and other foods, and entertainment as approved by the Chair or Dean;
- 11) Payments due under terms of contractual agreements entered into with the University of North Carolina Hospitals or other State agencies or other entities (contractual agreements require approval of persons authorized to sign such agreements on behalf of The University of North Carolina at Chapel Hill);
- 12) Expenditures for awards and prizes in recognition of outstanding service or achievement shall be properly established in an approved category of awards and prizes agreed upon in advance by the Department Chair and the Dean;
- 13) Transfer of funds to other University, Departmental fund accounts when appropriate and approved by the UNC Faculty Physicians Board and/or the President of UNC Faculty Physicians . Transfer of funds outside of the University is not allowed.

As determined by the President of UNCFP, should poor departmental operational performance occur, especially if present in multiple consecutive years, or a deficit in a UNC Faculty Physicians Department's Reserve Fund be anticipated, the President of the UNC Faculty Physicians may initiate the following steps:

The President of UNC Faculty Physicians and the affected Department Chair, in collaboration with the UNC Faculty Physicians Executive Committee and the Dean's Office, shall prepare an analysis of the situation. The Chair will then provide to the Dean, as well as the President of UNC Faculty Physicians, a plan for resolution of the deficit or poor operational performance. Such a plan will include a timeline for resolution, specific steps to be taken, and a recurrent schedule of reports until the performance is improved or the deficit is resolved.

The President of UNC Faculty Physicians with the approval of the Dean may also reassign authority for any further financial management by a department running an operating fund deficit to another appropriate body, as advised by the UNC Faculty Physicians Executive Committee or its delegated subcommittee.

IV. Supplemental Fringe Benefits

A supplemental fringe benefit program may be maintained by UNC Faculty Physicians for its faculty and executive members, contingent on available funds. The UNC Faculty Physicians fringe benefit program shall be developed and revised as needed by the UNC Faculty Physicians Board or its delegated committees, in coordination with the President of UNC Faculty Physicians, and submitted to the Dean for review and approval. The supplemental fringe benefit program will be designed (when combined with the prevailing salary levels) to achieve a level of total compensation that as nearly as possible will be competitive with the total compensation of medical faculties of comparable university medical centers nationally.

V. Participation in the Supplemental Fringe Benefits Program

Eligibility for participation is dependent on meeting the qualifications contained in the document entitled “Interpretation of Eligibility Criteria for the Supplemental Fringe Benefits Program of UNC Physicians and Associates” (now “UNC Faculty Physicians”), initially effective May 1, 2004, as it may be amended from time to time, and approved by the UNC Faculty Physicians Board.

VI. Outside Consulting Services

If it should be deemed necessary or advisable at any time for UNC Faculty Physicians to secure the services of outside consultants for such purposes as operational or accounting audits, planning, organizational analysis, and system review, such services may be secured either in accordance with applicable provision of N.C.G.S. 143-64.20 et seq or through the approved purchasing procedures of the UNC Health Care System.

VII. Amendments

Proposals for amending this Appendix may be made to the Chancellor by the Dean so that necessary or advisable revision may be considered; provided however, that the UNC Faculty Physicians Executive Committee shall, with approval of the Dean, and with no other required approvals, at any regular or special meeting, be authorized to amend the Exhibit describing supplemental fringe benefits participation attached to the document entitled “Interpretation of Eligibility Criteria for the Supplemental Fringe Benefits Program of UNC Physicians and Associates” (now “UNC Faculty Physicians”), initially effective May 1, 2004.