THE VANDERBILT MEDICAL GROUP
BYLAWS
GOALS AND OBJECTIVES

The Vanderbilt Medical Group ("VMG") is the operational unit for clinical practice by members of the faculty in the Vanderbilt University School of Medicine ("VUSM") and the Vanderbilt University School of Nursing ("VUSN"). It has been established by the faculty at the direction of the Deans of the VUSM and VUSN, the Vice Chancellor for Health Affairs of Vanderbilt University, the Chancellor of Vanderbilt University and the Vanderbilt University Board of Trust. It is therefore identified and functions as an organizational unit of (and subject to the relevant rules and policies of) Vanderbilt University Medical Center, an operational unit of Vanderbilt University.

The goal of the Group is to establish the Medical Center as a premier academic practice. In order to attain this goal, the VMG will support and coordinate professional practice of the group and each of its component parts, promoting the development of clinical programs in all relevant departments of the VUSM and VUSN. To meet this goal, the VMG shall:

(1) Encourage and assist in the unification of the faculty in the delivery of health care.
(2) Promote recognized quality standards of patient care at VUMC and its affiliated systems.
(3) Provide an adequate and appropriate patient population for the professional and educational needs of the VUSM and VUSN.
(4) Assist in the growth and development of the academic programs of the VUSM and VUSN.
(5) Promote, assist, or otherwise encourage clinician faculty to undertake significant clinical research, or to enroll patients in clinical trials supporting the research mission of the VUSM and VUSN to improve patient care.
(6) Create incentives for the participating members to practice in an environment that is efficient, cost-effective, and high quality.
(7) Encourage active clinical practice by providing the opportunity for participating members to share in the clinical revenues they generate.
(8) Develop methods for distributing income derived from VMG participation in managed care contracts.
(9) Provide standards, policies, and procedures for the administration of a group practice among the faculty members of the VUSM and VUSN who engage in professional practice in the care of patients.

(10) Provide the volume and extent of practice necessary to meet VUMC’s stated missions of teaching, research and patient care while maintaining a competitive position in the marketplace.

(11) Assist in the management of human, facility and physical resources necessary for the faculty to engage in clinical practice.

The organization of the VMG and the policies and rules governing participation in the VMG are set forth in the following Bylaws.
BYLAWS OF THE VANDERBILT MEDICAL GROUP

A. DEFINITIONS

1. “Adult Enterprise” shall mean the business enterprise through which inpatient and outpatient services are provided to adult patients of VUMC, including through Vanderbilt University Hospital and the VMG clinicians who care for adult patients.

2. “Children’s Enterprise” shall mean the business enterprise through which inpatient and outpatient services are provided to pediatric patients, including through Monroe Carell Jr. Children’s Hospital at Vanderbilt and the VMG clinicians caring for pediatric patients.

3. "Participating Member" of the VMG shall mean:
   a. Each full-time faculty member of the VUSM and VUSN who engages in professional practice in the care of patients and charges professional fees; and
   b. Any part-time faculty member of the VUSM and VUSN who engages in professional practice in the care of patients and charges professional fees, and who is approved for membership in the VMG by the appropriate representative of the VUSM or VUSN (normally a Chair and Dean), and the VMG Board.

4. “Participation Date” shall mean the date on which a Participating Member first executes a Participation Agreement and thus the date on which his/her participation in VMG shall be effective.

5. “Practice Earnings” shall mean fees received for professional services, including all Accounts Receivables (“ARs”), rendered by a Participating Member to patients or on behalf of patient care, whether in-person or by telemedicine or other means. An explanation as to what fees are excluded from this definition is found in Section A.2.c below.

A. PARTICIPATING MEMBERS

Each Participating Member of the VMG shall execute a Participation Agreement which shall specifically acknowledge the binding effect of, and incorporate by reference, these Bylaws. A Participating Member's participation in the VMG shall be effective on the Participation Date.
1. **RIGHTS AND DUTIES.**

The VMG Board shall have the following rights and duties:

a. Standard fees for professional services rendered in the care of patients by a Participating Member shall be established and, from time to time, may be revised by the VMG Board.

b. Agreements to provide patient care services, whether in-person or by telemedicine or other means, to a hospital or agency not affiliated with the VUMC must be consistent with the goals of the VMG, and must receive approval in writing by the appropriate VUSM Department Chair or VUSN representative followed by approval of the VMG Board.

c. All fees received for professional services, including all Accounts Receivables (“ARs”), rendered by a Participating Member to patients or on behalf of patient care, whether in-person or by telemedicine or other means, (“Practice Earnings”) shall be endorsed over to, and shall become the property of, Vanderbilt University. Practice Earnings shall not include the following: (i) any fees received pursuant to agreements between a Participating Member or his or her Department and outside hospitals or agencies which involve primarily teaching and research activities and which were in existence prior to and on the Participation Date of the relevant Participating Member; (ii) consultation fees for professional services (other than those rendered to or on behalf of patients) and which are otherwise in accordance with the Faculty Manual and other relevant University and VUSM and VUSN policies, i.e. medical legal consulting, and/or expert witness reviews for litigation or potential litigation; (iii) honoraria, royalties, awards, gifts and prizes; and (iv) with the prior approval and recommendation of the appropriate VUSM Department Chair or VUSN representative, the Dean of the School of Medicine or School of Nursing or the Dean’s designee, the Deputy Vice Chancellor for Health Affairs/ Chief Executive Officer, Vanderbilt Health
System and the VMG Board, a Participating Member’s earnings from professional services rendered to or on behalf of patients performed outside the VUMC during periods of annual or other authorized leave, or for part-time work specifically approved by the above individuals. Participating Members doing such part-time work must be specifically recruited to fulfill an identified need at Vanderbilt as proposed by the Department Chair, approved by the Dean or designee, the Deputy Vice Chancellor for Health Affairs/Chief Executive Officer, Vanderbilt Health System and the VMG Board, and who has disclosed any conflicts and been approved for such activities by the VUMC Conflicts of Interest Committee. Such part-time providers recruited under this exception must have been engaged in professional practice in a non-VMG practice which was in existence prior to and on the Participation Date of the relevant Participating Member. The Participating Member must provide evidence of and maintain adequate professional liability insurance apart from the Vanderbilt Self Insurance Trust Fund for their non-VMG practice; and, (v) with the approval and recommendation of the appropriate VUSM Department Chair and/or Center Director, or VUSN representative, and the Dean of the School of Medicine or Dean of the School of Nursing, and the VMG Board, a participating Member may bill for professional services rendered to or on behalf of patients performed through a non-Vanderbilt entity, including but not limited to an IPA, to fulfill an identified need at Vanderbilt as proposed by the Department Chair and/or Center Director, approved by the appropriate Dean or designee, the Deputy Vice Chancellor for Health Affairs/Chief Executive Officer, Vanderbilt Health System, and the VMG Board, and is consistent with the Vanderbilt University Faculty Manual Conflict of Interest and Conflict of Commitment Policies. The alternate billing or IPA agreement must be approved by the Executive Director of the Vanderbilt Medical Group. Such Participating Members must reassign all such billings or IPA earnings to the VMG as described herein.
d. Practice earnings will be distributed as follows:

1) There shall be an annual assessment, which will be presented each year by the financial officers of the VMG, to the VMG Board for their approval based on gross practice earnings for operation of the VMG, and for payment of the University IDS tax.

2) A second assessment of 10% of gross practice earnings shall be put into the funds of the School of Medicine and the Medical Center.

3) The remainder of practice earnings shall be divided between the individual members and his or her department and/or division. In each instance, this distribution will follow the rules of a departmental compensation plan approved by the Dean or designee and Vice Chancellor for Health Affairs. Each Department shall have a written compensation plan which is approved by the Dean of VUSM or Dean of VUSN or their designees which may be amended and modified from time to time.

4) In all distribution arrangements in a department, including the distribution of ARs, there must be incentives for activities which are compliant with applicable law, and add value to the clinical enterprise in accordance with the overall goals of the VMG. The mechanism of these incentive distributions should be part of the compensation plan mentioned above.

e. The periodic audits performed by the Vanderbilt University Department of Internal Audit will be reported to the VMG Board. In addition, an outside audit of VMG operations can be requested by the VMG Board with the approval of the Vice Chancellor for Health Affairs.

f. Periodic meetings of all Participating Members may be called by the Chair of the VMG Board, at which time the CMO(s) will lead the meeting following an agenda prepared in collaboration with the VMG Board. Each Participating Member shall be given notice by e-mail or
other means as approved by the VMG Board of every meeting of the VMG membership not less than 5 days prior to the meeting.

2. COMPENSATION
   a. In consideration for the performance of teaching, research, and other faculty duties, Participating Members shall receive an annual letter describing their compensation from their Chair with the approval of the appropriate Dean or designee.
   b. In addition to the annual compensation letter mentioned above, Participating Members who engage in clinical practice may receive incentive income determined by their Department’s compensation plan, as approved by the VUSM or VUSN, as the member’s Department is able.
   c. In no event shall compensation or compensation plans include any payment of Accounts Receivable (ARs) upon or following the departure of a Participating Member from the VMG or Vanderbilt.

B. THE VMG BOARD
   1. BOARD COMPOSITION
      The VMG Board shall consist of the following members:
      ➢ The Chair of the 16 clinical departments in the VUSM: Anesthesiology; Emergency Medicine; Medicine; Neurology; Obstetrics and Gynecology; Pediatrics; Ophthalmology and Visual Sciences; Orthopedics; Radiation Oncology; Otolaryngology; Pathology, Microbiology and Immunology; Hearing & Speech Sciences; Physical Medicine and Rehabilitation; Psychiatry; Radiology and Radiological Sciences; and the Section of Surgical Sciences. Chair of each of these 16 clinical departments shall serve on the VMG Board (whether or not the Chair is a physician).
      ➢ The Dean of the School of Medicine or designee;
      ➢ The Dean of the School of Nursing or designee;
      ➢ The Deputy Vice-Chancellor for Health Affairs/Chief Executive Officer, Vanderbilt Health System;
➢ The Chief Medical Officer(s) of the VMG.
➢ Ex officio members include the Executive Director, VMG (ED); CEO of the Adult Enterprise; CEO of the Children’s Enterprise; Health System Chief of Staff; Executive Chief Nursing Officer, VUMC; and the Vanderbilt Health System Chief Financial Officer (CFO) or designee.
➢ A departmental vacancy on the Board shall be filled by the interim chair of the relevant Department.

2. VMG BOARD RESPONSIBILITIES
The VMG Board is responsible for all operations of the VMG, including specifically:

a. Participating in the evaluation of the executives engaged in the oversight of the practice environment for the members of the VMG and VUMC operations, including the Chief Medical Officer(s) (CMO(s)), Executive Director, VMG; CEO of the Adult Enterprise; CEO of the Children’s Enterprise; Executive Chief Nursing Officer (ECNO), VUMC; and the Vanderbilt Health System CFO or designee.

b. Directing and providing medical leadership for all inpatient and ambulatory medical practice at VUMC and its affiliated sites.

c. Providing oversight for and reviewing the billing and collection activities for all Participating Members who engage in clinical practice.

d. Developing and implementing care and service improvement processes related to the clinical practice of the Participating Members including, but not limited to, practice standards, service standards, and productivity standards.

e. Developing a mechanism for approval by the VUSM Dean/Vice Chancellor for Health Affairs or designee to allow for the equitable distribution of income from managed care contracts.

f. Developing an annual budget for the VMG for approval by the VUSM Dean or designee, VUSN Dean or designee, the Deputy Vice Chancellor for Health Affairs/Chief Executive Officer, Vanderbilt Health System, and the Vice Chancellor for Health Affairs.
g. Recommending and developing strategies to ensure appropriate provider referral networks and clinically integrated networks for the VMG.

h. Keeping the Participating Members informed about their financial and service performance and that of the VMG.

i. Reporting VMG Board meeting minutes to the VMG membership, preferably by e-mail newsletter.

j. Providing a mechanism for broad faculty input on clinical practice activities.

3. **VMG BOARD CHAIR**

   a. The Chair of the VMG Board shall be elected/selected by two-thirds (2/3) approval vote of the voting members of the VMG Board on an annual basis.

   b. The Chair-elect of the VMG Board shall be elected/selected by two-thirds (2/3) approval vote of the voting members of the VMG Board on an annual basis.

   c. The term of the Chair shall be one year and the Chair cannot succeed him- or herself for two years.

   d. The Chair of the VMG Board will work collaboratively with the Deputy Vice Chancellor for Health Affairs/Chief Executive Officer, Vanderbilt Health System, the VUMC ECNO, the CMO(s) and other VMG officers to support function and provide accountability of the VMG at all levels of medical center responsibility.

   e. The Chair of the VMG Board along with the CMO(s) will represent the VMG at all levels of medical center governance as it relates to VMG clinical policy, operations, and finance. The Chair of the VMG Board will be invited to sit on appropriate committees dealing with VMG activities, as determined by the Dean.

4. **VOTING**

   a. All actions of the VMG Board shall be taken by a vote of a majority of those present except for amending these Bylaws, which shall require a vote of a two-thirds majority of the entire Board and approval by the Vice
Chancellor for Health Affairs or designee.

b. If a Board member is unable to attend a meeting of the Board, the Board member may delegate a representative duly authorized by the Board to attend, with the same voting rights as the absent Board member.

5. MEETINGS

The VMG Board normally will meet bi-weekly, unless the Chair deems otherwise. Special meetings may be called with at least forty-eight hours’ notice by the Chair of the VMG Board or by any ten members of the VMG Board. The Board Chair may request that a VMG Board Meeting go into executive session such that the only participants would be the Dean of the School of Medicine/Vice Chancellor for Health Affairs, the 16 Departmental Chairs, and others at the invitation of the Board Chair.

6. COMMITTEES

The Board is authorized to appoint such committees, as it may deem desirable or necessary to conduct the affairs of the VMG.

7. OFFICERS OF THE VMG

The following individuals shall be known as officers of the VMG:

a. The officers of the VMG shall consist of the Chair of the Board, the CMO(s), the VMG ED, the VUMC ECNO, the Vanderbilt Health System CFO or designee, the VMG Board Chair-Elect, the immediate past Chair of the Board, and such other officers as may be recommended by the VMG Board from time to time.

1) Chief Medical Officer – The CMO(s) is/are the senior administrative officer(s) of the VMG. The CMO(s) shall report to the Vice Chancellor for Health Affairs, the Deputy Vice Chancellor for Health Affairs/Chief Executive Officer. The CMO(s), in conjunction with the VMG ED, shall be responsible for supervising the administrative tasks associated with all the operations of the VMG, including responsibilities for the development and
implementation of VMG practice and operating standards as they relate to operations of the Adult Enterprise and Children’s Enterprise. He/she shall represent the VMG interests to the medical center, as determined by the VMG Board. He/she shall supervise the preparation of the annual budget of the VMG, with the consultation of the Budget and Finance Committee, and will work with the VMG ED to create the budget prior to its submission to the VMG Board for approval of the Board. When it is time to appoint a new CMO, the Deputy Vice Chancellor for Health Affairs/Chief Executive Officer, Vanderbilt Health System will form a search committee consisting of the VMG Board. This Search Committee will be asked to submit up to three candidates for consideration first by the VMG Board. After selection by the Board, the Deputy Vice-Chancellor for Health Affairs/Chief Executive Officer, Vanderbilt Health System and the Vice Chancellor for Health Affairs will approve and appoint the CMO(s).

2) **Executive Director, VMG (ED)** – In conjunction with the VMG CMO(s), the ED is responsible for the development of the VMG practice and operating standards and the administrative tasks associated with operationalizing these standards working in conjunction with the CEO’s and other executives of the Adult Enterprise and Children’s Enterprise with an aim to optimize an effective practice environment for participating members of the VMG. The ED shall report to the CMO(s), and together they shall report to the Deputy Vice Chancellor for Health Affairs/Chief Executive Officer, Vanderbilt Health System. When it is time to appoint a new ED, the Deputy Vice Chancellor for Health Affairs/Chief Executive Officer, Vanderbilt Health System with approval from the VMG Board, will form a search committee. Selection of the final candidate will be approved first by the VMG Board, the Deputy Vice Chancellor for Health Affairs/Chief Executive Officer,
Vanderbilt Health System, and the Dean of VUSM or designee, Dean of VUSN or designee and the Vice Chancellor for Health Affairs.

3) Vanderbilt Health System Chief Financial Officer (Health System CFO) – The Health System CFO is responsible for all financial reportings of the VMG and for the operations of the billing and collection functions. The Health System CFO reports to the Vice Chancellor for Finance and in a dotted line relationship to the CMO(s) and ED.

b. The officers of the VMG are responsible to the VMG Board and shall be expected to carry out faithfully the wishes of the VMG Board on all activities relating to operations of the VMG.

C. AMENDMENT OF BYLAWS

The Bylaws of the VMG may be amended only by the vote of a two-thirds majority of the entire VMG Board and with the approval of the Vice Chancellor for Health Affairs and the Deputy Vice Chancellor for Health Affairs/Chief Executive Officer, Vanderbilt Health System. Any member of the VMG Board or at least 10% of the Participating Members of the VMG may submit a proposed amendment of the Bylaws to the Board for consideration. Board members may vote on amendments by means of conference telephone, electronically or similar communications equipment by means of which all members are notified of the vote. Voting by such means shall constitute attendance and presence in person at such meeting.