

**Policy Name:** Health Care Contract Management

**Approval Authority:** RBHS Chancellor

**Originally Issued:** 05/01/91

**Revisions:** 4/02/01, 6/24/13

**1. Who Should Read This Policy**

All Rutgers University research faculty and staff within Cancer Institute of New Jersey, Robert Wood Johnson Medical School, School of Health Related Professions, Rutgers School of Dental Medicine, New Jersey Medical School, Graduate School of Biomedical Sciences, School of Public Health, and School of Nursing (former UMDNJ School of Nursing).

**2. Related Documents (refer to [policies.rutgers.edu](http://policies.rutgers.edu) for additional information)**

1. Clinical Affiliation Agreements
2. Signatory Authority Policy (50.3.13)

**3. The Policy**

Definitions

Professional Health Care Services and Provider Agreements - agreements with HMO's, Faculty Practice, or other health care providers for medical and dental treatment and diagnosis and other related and health care services.

Policy

- A. Any faculty or staff member who wishes to participate in a project with an entity outside the University must initiate the necessary procedures by obtaining approvals for the project from the responsible Dean and Vice Chancellor of RBHS. Such approvals are based on a business plan, submitted by the faculty or staff member, that identifies the objectives of the project, the source of funding, and the support required from other impacted departments. In a case where the project involves the purchase or lease of real estate, approval by the Vice President for Facilities and Capital Planning is also required. The business plan is then forwarded to the Vice Chancellor for Finance and Administration of RBHS or their designee for review and approval.

- B. Upon the approval of the business plan by the Vice Chancellor for Finance and Administration, a faculty or staff member designated by the Dean or Vice Chancellor shall negotiate the basic terms of the agreement with the outside entity.
- C. The appropriate Dean or Vice Chancellor shall be responsible for monitoring the negotiations, and obtaining assistance from the Office of the Senior Vice President and General Counsel to prepare/review an agreement, based on the standard contract terms utilized by the University.
- D. Upon successful completion of negotiations, the contract shall be executed in accordance with Signatory Authority Policy (50.3.13).
- E. Upon full execution of the contract, the initiating faculty or staff member is responsible for informing supporting departments, establishing accounts and coordinating and administering all activities specified in the agreement, including any renewal terms and notifications.

V. PROCEDURES

**Performed by:**

**Action Taken:**

Faculty or Staff

1. Initiates proposal by:
  - a. defining objectives;
  - b. identifying sources of funding;
  - c. informing the Dean or Vice Chancellor of the proposal;
  - d. under the direction of the Dean or Vice Chancellor, identifying and obtaining support from other departments (See EXHIBIT A for guidance - Coordination With Other Departments); and
  - e. coordinating with Vice President for Facilities and Capital Planning if proposal includes real estate lease or purchase.
2. Forwards proposal and the completed Business Plan (See EXHIBIT B - Business Plan) to Dean or Vice Chancellor for approval.

**Performed by:**

**Action Taken:**

Dean or Vice Chancellor

3. Reviews and comments on the program.
4. Either approves or denies going forward with the next step:
  - a. if only the departmental or school funds are used, only the Dean/Vice Chancellor needs to approve; and
  - b. if approved, forwards proposal to Vice Chancellor for Finance and Administration for review and approval.

Vice Chancellor for Finance and Administration

5. Reviews and approves or denies the Business Plan within ten (10) working days:
  - a. if funding/financing is required from other schools, Central Administration or an entity outside of the University, approval of the Chancellor is required; and

Dean/Vice Chancellor or designee

6. Upon approval by Dean and the Vice Chancellor for Finance and Administration, negotiates basic terms of the agreement with outside organization giving consideration to the needs of other departments.

Dean or Vice Chancellor

7. Within three days of approval by Dean and the Vice Chancellor for Finance and Administration , forwards the proposal and Business Plan to the Senior Vice President and General Counsel for contract document formulation.

8. Monitors negotiations.

Senior Vice President and General Counsel

9. Drafts or reviews proposed contract based on terms negotiated by Faculty or Staff and on standard terms (See EXHIBIT C).
10. Negotiates final agreement with assistance of all impacted departments.
11. Submits contract and waiver documents (if applicable) for signature pursuant to the Signatory Authority Policy.

Dean or Vice Chancellor

12. Submits contract for signature as stipulated in the Signatory Authority Policy 50.3.13 through the Vice Chancellor for Finance and Administration .

**Performed by:**

**Action Taken:**

RBHS Chancellor, Vice Chancellor for Finance or designee

13. Executes agreement pursuant to the Signatory Authority Policy 50.3.13 and returns to Senior Vice President and General Counsel.

Senior Vice President and General Counsel

14. Distributes originals and copies of agreement.

Faculty or Staff Member

15. Coordinates and administers all activities for internal support under terms of the agreement. (See EXHIBIT A for examples.)

16. Monitors terms under the agreement.

VI. EXHIBITS

- A. Coordination with Other Departments
- B. Business Plan
- C. Checklist of Terms

## EXHIBIT A

### Coordination With Other Departments

1. Consulting Agreements
  - a. Office of the University Controller
2. Real Estate Leases
  - a. Facilities Planning and Construction
  - b. Physical Plant (Maintenance)
  - c. Disbursement Control/Accounts Payable
  - f. Mail Services
  - g. Telecommunications Division
  - h. Risk Management and Insurance
3. Professional Services and Provider Agreements
  - a. Disbursement Control/Accounts Payable
  - b. Office of University Controller
  - c. Billing
  - d. Risk Management and Insurance
  - e. Procurement Services
  - f. Faculty Practice
4. Joint Venture Agreements
  - a. Office of the University Controller
  - b. Disbursement Control/Accounts Payable
  - c. Risk Management and Insurance
5. Equipment Leases
  - a. Procurement Services
  - b. Office of the University Controller
  - c. Physical Plant (Installations)
  - d. Disbursement Control/Accounts Payable
  - e. Risk Management and Insurance
6. Management Contracts
  - a. Office of University Controller's
  - b. Risk Management and Insurance
  - c. Faculty Practice
  - d. Purchasing

NOTE: Not all categories may be applicable.  
May not be all inclusive.

## **EXHIBIT B**

### **BUSINESS PLAN**

#### **Part A - Narrative**

1. The Narrative Section of the Business Plan should provide a brief summary of the important aspects of the contract/agreement. This should identify the following:
  - a. description of service/activity;
  - b. contract term - start and end date as well as renewals and termination;
  - c. resources - identification of the type of expenses needed in conjunction with the contract activity. Financial estimates associated with these items will be detailed in Part B;
  - d. market factors - market trend and regional demand for the contract activity is necessary in determining the financial viability of the activity; and
  - e. other issues - disclosure of any other items involved in the contract that are necessary in understanding the University's involvement and commitment. For example: Patent rights, copyrights, insurance, billing, record keeping.

#### **Part B - Financial Information**

1. The Financial Information Section of the Business Plan should present the anticipated revenues and expenses of the activity.
2. Anticipated revenues should be based on estimated activity less an anticipated bad debt factor. Any other revenues should be appropriately defined and identified as to source.
3. Anticipated expenses should include all the costs associated with performance of the contract. Salary expenses must include the associated fringe benefit component. Equipment and service contracts should be estimated, as well as any renovation and/or lease of space.
4. Net income (loss) represents the difference between anticipated revenues and expenses. Any profit sharing arrangement should identify the distribution criteria. Any revenue shortfall should identify contingency funding plan.

NOTE: The completed Business Plan must be approved by the Vice Chancellor for Finance .

## **EXHIBIT C**

### **Checklist Of Terms**

A. CONSULTING AGREEMENTS

1. Date of Agreement
2. Names, addresses and character of parties
3. Duties of both parties
4. Place of services
5. Time to be devoted to service
6. Compensation for service:
  - a. salary;
  - b. hourly;
  - c. by test/patient;
  - d. lump sum;
  - e. royalties;
  - f. expenses; and
  - g. payment terms: monthly, quarterly, annually, profit share, percentage of work completed.
7. Term of Agreement:
  - a. definite period of time;
  - b. option to extend time; and
  - c. automatic renewal.
8. Termination and Leave:
  - a. for violation of agreement; and
  - b. on notice.
9. Restrictive Covenants
10. Manner of giving notices
11. Use of either party's name
12. Rights of either party in property of the other:
  - a. publications;
  - b. inventions and patents;
  - c. confidential information;
  - d. copyrights; and
  - e. medical records
13. Assignability of Agreement
14. Protection of University:
  - a. insurance to be provided; and
  - b. indemnification of University.
15. Default:
  - a. acts constituting default, breach;
  - b. damages for breach; and
  - c. injunctive relief.
16. Termination
17. Governing Law
18. Entire Agreement
19. Attestation clause
20. Signatories names

## EXHIBIT C - Continued

### Checklist Of Terms

#### B. REAL ESTATE LEASES

1. Date
2. Name and addresses of Landlord and Tenant
3. Description of Premises
4. Term:
  - a. initial; and
  - b. option to renew.
5. Rent:
  - a. flat;
  - b. escalators; and
  - c. payment: monthly, annually.
6. Taxes
7. Use of Premises
8. Utilities
9. Encumbrances at Leasehold Estate
10. Construction on Premises
11. Alterations on Premises
12. Repair and Maintenance
13. Signage
14. Insurance
15. Assignment and Subleasing
16. Default and Remedies
17. Condemnation
18. Rebuilding upon Destruction or Damage
19. Manner of giving notice
20. Termination
21. Governing Law
22. Waiver of Breach
23. Quiet Possession
24. Severability of Provisions
25. Entire Agreement
26. Memorandum of Leases
27. Option to Buy
28. Attestation Clause
29. Signatories names

#### C. PROVIDER AGREEMENTS

1. Date
2. Name and addresses of parties
3. Duties of both parties
4. Place of providing service
5. Time to be devoted or hours of operation
6. Compensation for service:
  - a. salary;
  - b. by test/patient;
  - c. lump sum;

## EXHIBIT C - Continued

### Checklist Of Terms



- d. separate billing;
  - e. expenses; and
  - f. payment terms: monthly, quarterly, annually, profit share, percent of work completed.
7. Provision or compensation of operating expenses:
    - a. billing;
    - b. staffing;
    - c. utilities/heating;
    - d. disposables;
    - e. equipment; and
    - f. medical records.
  8. Term of Agreement:
    - a. definite period;
    - b. option to extend time; and
    - c. automatic renewal.
  9. Termination:
    - a. for violation of Agreement; and
    - b. on notice
  10. Manner of giving notices
  11. Non-Assignability of Agreement
  12. Protection of University:
    - a. insurance; and
    - b. indemnification.
  13. Default/Remedies
  14. Agreement not to discriminate
  15. Governing Law
  16. Entire Agreement
  17. Representations and Warranties of parties
  18. Attestation Clause.
  19. Signatories names

**D. JOINT VENTURE AGREEMENTS**

1. Date
2. Name and addresses of parties
3. Scope and Description of Joint Venture
4. Conducting the Joint Venture:
  - a. designation of management;
  - b. authorization for certain acts;
  - c. reports; and
  - d. borrowing monies.
5. Contribution to Venture by parties
6. Compensation to the parties:
  - a. payment terms: monthly, quarterly, annually;
  - b. financial statements; and
  - c. right to audit.

**EXHIBIT C - Continued**

Checklist Of Terms

7. Division of profits and losses
8. Representations and warranties

9. Covenant
10. Copyright and patent rights/registration
11. Licenses/royalties
12. Termination of joint venture
13. Indemnification
14. Insurance/liability
15. Default/remedies
16. Assignability
17. Prohibited transactions
18. Agreement not to discriminate
19. Governing law
20. Entire Agreement
21. Notices
22. Option to buy/sell
23. Attestation clause
24. Signatories names

E. EQUIPMENT LEASES

1. Date
2. Name and address of Lessee and Lessor
3. Description of Equipment to be leased
4. Term:
  - a. initial; and
  - b. renewal.
5. Rent:
  - a. initial;
  - b. shipping charges;
  - c. maintenance charges;
  - d. installation charges; and
  - e. payment schedule.
6. Site Preparation:
  - a. location, square footage;
  - b. installation; and
  - c. utility needs.
7. Use, Repairs and Alterations
8. Maintenance
9. UCC Filings/Security
10. Insurance
11. Indemnification
12. Default
13. Non-Assignability of Agreement
14. Option to Buy
15. Right to Terminate due to Non-Appropriation of Funds
16. Manner of giving notice
17. Termination

**EXHIBIT C - Continued**

Checklist Of Terms

18. Governing Law
19. Entire Agreement
20. Attestation Clause
21. Signatories names

F. MANAGEMENT CONTRACTS

1. Date
2. Name of Parties
3. Appointment of Manager
4. Term:
  - a. initial; and
  - b. renewal.
5. Manager's Power and Authority:
  - a. business;
  - b. contracts; and
  - c. personnel.
6. Manager's Duties:
  - a. operations;
  - b. personnel;
  - c. revenues;
  - d. expenses;
  - e. reports; and
  - f. standard of performance.
7. Compensation for Service:
  - a. salary;
  - b. percentage revenue/profit;
  - c. lump sum; and
  - d. expenses.
8. Termination
9. Non-Assignability of Agreement
10. Successors
11. Protection of University:
  - a. insurance; and
  - b. indemnification.
12. Default/Remedies
13. Representations and Warranties of Parties
14. Independent Contractors
15. Confidentiality of Records
16. Agreement not to discriminate
17. Manner of giving notice
18. Governing Law
19. Entire Agreement
20. Attestation Clause
21. Signatories names