
As Adopted by
UPA Board on
October 10, 1990

AFFILIATION AGREEMENT

This Agreement is made by and between the University of Medicine and Dentistry of New Jersey (the "University") and University Physician Associates of New Jersey, Inc., a New Jersey Non-Profit Corporation ("UPA"), for the establishment and conduct of a Faculty Practice Program at the UMDNJ-New Jersey Medical School (the "School").

Background

The School requires as a condition of employment that full-time faculty engaged in clinical activities participate in the School's faculty practice program and that all patient care activity of full-time faculty be conducted within that program;

UPA is organized exclusively for charitable, scientific and educational purposes as a New Jersey non-profit corporation, as set forth in its Certificate of Incorporation and By-Laws, including the purpose of the operation and maintenance of administrative services in support of the activities of the faculty of the School;

The School and UPA wish to provide for a responsive and cost-effective administrative organization and information system for faculty practice at the School as a means of ensuring high-quality management and accountability;

The School and UPA have determined after due consideration that participation of the School's faculty in a faculty practice program established and managed by UPA under the purposes set forth in UPA's By-Laws will benefit the School, the School's core teaching hospital, University Hospital ("Hospital"), and the Medical Office Complex to be located at the University premises in Newark, New Jersey (the "MOC"), and will enhance the quality and cost-effectiveness of medical teaching, service and research in the State of New Jersey;

The parties have previously entered into an Affiliation Agreement dated August 14, 1984. The parties wish to enter into a new Affiliation Agreement which will supersede and replace the former Affiliation Agreement.

Therefore, in consideration of the premises and obligations set forth herein, the parties agree as follows:

I. DEFINITIONS.

A. "Academic base salary" is the salary component paid to faculty members for teaching, research (both basic and applied), academic service (i.e. committee work, curricular development and other assignments), professional growth and direct services rendered to those medically indigent patients at University owned and/or operated facilities for which no direct reimbursement is received from any source. The academic base salary consists of the salary within the appropriate salary range. The academic base salary does not include compensation derived from billings for direct patient care.

B. "Campus" - The School, Hospital, MOC and Community Mental Health Center are referred to collectively herein as the "Campus".

C. "Chairman" is the Chairman or Chairwoman of the clinical department of the School in which a faculty member has his or her primary appointment.

D. "Contracted clinical services" are services for which fees are paid on a basis which does not reflect services rendered to a particular patient. Examples of contracted clinical services include supervision of patient care, and providing services for a certain period of time, regardless of the number of patients receiving care during that period of time. Fees for contracted clinical services do not include payments to a Participant which are made with the approval of the Dean of the School and the Board of Directors of UPA in lieu of all or a portion of that Participant's academic salary.

E. "Full-time faculty" are members of the faculty of the School who receive payments from the University and/or the Veterans Administration such that the sum total equals or exceeds fifty percent (50%) of the academic base salary for their respective academic ranks.

F. "Part-time faculty" are members of the faculty of the School who receive payments from the University and/or Veterans Administration such that the sum total is less than fifty percent (50%) of the academic base salary for their respective academic ranks.

G. "Voluntary faculty" are members of the faculty of the School who receive no academic salary from the University or the Veterans Administration.

H. "Participants" are faculty members who are required to or permitted to participate in the Plan.

I. "Plan" means the School's faculty practice program organized and managed by UPA, pursuant to which Participants submit charges for patient care services to UPA, and UPA handles the billing and collection of these charges. The Plan is a University-approved program.

J. "Tort Claims Act" means the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq.

II. CONFORMITY WITH UNIVERSITY BY-LAWS

The Agreement set forth herein is not intended to and shall not interfere with, conflict with or supersede either the By-Laws of the University or School or the By-Laws of the Medical and Dental Staff of the Hospital or the MOC.

III. PARTICIPATION

A. Participants:

All full-time faculty who engage in the professional care of patients shall be required as a condition of employment to participate in the Plan.

Full-time faculty engaged in patient care services will render patient care services exclusively in University-approved faculty practice sites, including the MOC, the Hospital, other hospitals, programs and offices as approved by the Dean of the School.

As required by the appointment letter or employment contract between the University and a faculty member, all faculty members (full-time, part-time and voluntary) shall be required to participate in the Plan with respect to patient care services rendered at the Hospital, the MOC, or any other University owned and/or operated facility, except as follows: (i) voluntary and part-time faculty shall not be required to participate in the Plan with respect to patient care services which are not rendered in University-approved faculty practice sites; (ii) voluntary faculty members may not be required to participate in the Plan with respect to patient care services rendered by the voluntary faculty members to private patients admitted by them to the Hospital; and (iii) other exceptions approved by the UPA Board of Directors and the Dean of the School.

Part-time faculty and voluntary faculty are encouraged to and may become Participants upon receiving approval of the Dean of the School, who will make a determination after receiving recommendations from the Chairman and the Board of Directors of UPA.

No one may participate in the Plan who is not a School faculty member. Termination or suspension of a faculty appointment in the School will result in simultaneous termination or suspension of subsequent participation in the Plan.

B. Malpractice Insurance:

(1) The University shall provide professional liability insurance coverage for approved faculty practice activities conducted pursuant to this Agreement, through a program of self-insurance governed by the provisions of the Tort Claims Act.

(2) A written explanation of the coverage shall be provided by the University to each faculty member upon execution of this Agreement, and to any new faculty member upon his or her becoming a faculty member. Any changes in this coverage will be provided to each faculty member in writing. Such explanation will be in a form comparable to a "policy" specifying the terms of coverage, however, ~~no~~ such explanation shall supercede the terms of coverage as provided in the Tort Claims Act.

(3) The University shall report annually to the UPA Board of Directors on the status of the self-insurance program.

C. Participants' Activities and Compensation:

(1) The appropriate mix of a Participant's activity among patient care, research and teaching will be determined by the Chairman and approved by the Dean.

(2) Consistent with the practice current on the effective date of this Agreement, a Participant's academic base salary, compensation, and associated fringe benefits paid by the University will be determined in accordance with policies adopted by the University Board of Trustees from time to time.

IV. UPA BILLING AND FUND MANAGEMENT

A Assignment of Billing; Outside Billing:

(1) Each full-time faculty members's employment agreement with the University shall entitle UPA to bill and collect for his or her professional patient care services and to distribute any income according to the rules and regulations established by UPA pertaining to disbursement of monies. The right to collect and distribute payments for professional patient care services rendered by a Participant has been assigned to UPA by each Participant pursuant to his or her appointment letter or employment agreement with the University.

(2) In rare instances, specific written exceptions to this requirement may be made as follows when deemed desirable to further the common, long term interests of the University and UPA. A Participant who requests an exception shall provide full and complete disclosure and fiscal accountability with respect to practice income and expense and shall demonstrate satisfactory accomplishment of academic duties. A request for an exception shall be made in writing to the Participant's Chairman. Such a request will be granted or denied without unreasonable delay by the University Board of Trustees after considering the recommendations of the Chairman, the Dean and UPA Board of Directors. The Chairman, Dean and UPA Board of Directors will expeditiously review all requests for exceptions. Exceptions granted shall be limited in duration, but in any case shall be subject to annual review and reconsideration.

(3) With respect to patient care services rendered and/or originating at the Campus, Participants approved prior to January 1, 1990 for outside billing (billing not handled by UPA through the Plan) may continue to use outside billing for services rendered on or before June 30, 1992, subject to timely settlements and annual approval. Unless specifically excepted, as in (A)(2) above, patient care services rendered and/or originating at the Campus after June 30, 1992 must be billed through the Plan, but every effort will be made to bring all billing through the Plan by January 1, 1992.

(4) Failure to comply with this billing policy will result in disciplinary action by the Board of Directors of UPA, which may include the imposition of fines and suspension of outside billing privileges. This noncompliance will be reported to the Dean of the School and the Board of Trustees of the University for appropriate action by the University.

(5) It is the Participant's responsibility to maintain patient records which are adequate to ensure professional liability insurance coverage by the University and adequate for audit by UPA accountants.

B. Source of Funds:

(1) Income of Participants which must be billed and collected for pursuant to the Plan and this Agreement shall include all patient care fees, and fees received for contracted clinical services, whether performed on or off the Campus. Income for contracted clinical services that are used to pay a portion of a Participant's negotiated academic salary is not required to be billed and collected pursuant to the Plan. The Dean's office will provide UPA with a list (at least annually) of faculty members who receive income for contracted clinical services that are used to pay a portion of the Participant's negotiated academic salary.

(2) Income not related to professional patient-related activities shall not be considered to be an UPA source of funds. Such income shall include but not be limited to: teaching income, grant or contracted salary support, royalties, honoraria, income earned from non-medical or non-academic activities, participation in site visits, grant reviews, or participation by way of testimony or review in professionally-related legal processes.

C. Limitations on Use of UPA Income:

(1) This Agreement does not authorize UPA to have or exercise any power or authority either expressly, by interpretation, or by operation of law, or to engage directly or indirectly in any activity, that would prevent it from continuing to qualify as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (or corresponding provisions of any subsequent federal tax laws).

(2) No part of UPA's assets or net earnings under the Plan shall inure to the benefit of or be distributable to any private individual, except that UPA may provide for the payment of reasonable compensation for services actually rendered and reimbursement in reasonable amounts for expenses actually incurred in carrying out the exempt purposes of UPA.

(3) Neither the whole nor any part or portion of the assets or net earnings under the Plan shall be used, nor shall the Plan be operated for, objects or purposes other than those permitted under UPA's Certificate of Incorporation or By-Laws.

V. RESPONSIBILITIES OF UPA

UPA shall not be responsible for the practice of medicine or the quality and standards of patient care. These issues are governed by federal, state and local laws, rules and regulations, Departmental and University standards, the Medical and Dental Staff By-Laws of the Hospital, and the By-Laws of other hospitals and/or sites in which Participants have approved clinical activities.

UPA shall develop and maintain the Plan in accordance with the following provisions:

A. Plan Management and Governance:

(1) **Management.** The Plan shall be managed in a manner which will satisfy, to the extent possible, the reasonable requirements of all parties in interest. The Board of Directors shall be responsive to requests for improvement of management audit methodology and general accountability. UPA's Board of Directors shall adopt and apply policies which are consistent with generally accepted standards for performance measurement of management systems and administration of internal and external relations.

(2) **Governance.** Authority and responsibility for setting policy and directing Plan administration and fiscal affairs shall reside in the Board of Directors of UPA, subject, however, to the UPA By-Laws and this Agreement.

(3) **Operation.** UPA shall bill for and receive all fees due on account of the provision of professional patient care services by Participants, excepting those Participants for whom outside billing has been authorized. Accordingly, UPA shall perform the functions described below:

a. Obtain information concerning demographic data and the financial status of the patient and his or her ability to pay for the professional patient care services provided. The University, MOC, and the Hospital shall cooperate in obtaining such information for patients at the Hospital and the MOC.

b. Maintain and process records concerning patient care services.

c. Provide satisfactory billing and collection services.

d. Provide collection procedures for delinquent accounts.

e. Monitor each Participant's compliance with his or her responsibilities under the Plan, and refer cases of alleged non-compliance to the Dean for appropriate action.

f. Disburse funds in accordance with the provisions of this Agreement.

g. Develop, with the assistance of its advisors, and enforce guidelines and protocols governing expenditure of any funds held by UPA on behalf of Departments or Participants to ensure that disbursements made are in accordance with Internal Revenue Service regulations.

B. Reports and Audits:

(1) UPA shall provide each month an appropriate report of billing activities to Participants, to Chairmen and its Board of Directors. Detailed financial information and a summary of management activities for the previous month shall be provided to the Board of Directors.

(2) UPA shall provide an annual report to the Board of Trustees of the University through the Dean, summarizing the financial and management information provided pursuant to subparagraph (1) above.

(3) UPA shall assure maintenance of adequate internal control by periodic review and an annual external audit performed by a nationally recognized certified public accounting firm selected by UPA resulting in a certified statement and management comments. A compilation and review shall be performed for the purpose of organizing and improving, if necessary, the record keeping and reporting policies and methods of UPA. The University agrees to reimburse UPA for 50% of the cost of such review and audits provided that prior written approval of the University is obtained when such costs are expected by UPA to exceed \$25,000.00 (increased for inflation in each year beginning July 1, 1992 based on the Consumer Price Index for the New York Metropolitan region). To the extent possible, UPA and University will engage different auditors for their respective audits.

(4) The UPA Board of Directors shall, within a reasonable time, correct any deficiencies reported in review and audits.

(5) The Senior Vice President for Administration and Finance of the University, upon prior written notice to the President of the Corporation, may inspect the corporate

financial records of UPA at reasonable times and places. The Senior Vice President for Administration and Finance of the University may, in writing, provide the President of the Corporation with the names of two designees who may review these records in his place.

C. Funds:

(1) All professional patient care fees collected by UPA will be deposited in one or more bank accounts maintained by UPA.

(2) Allocation of Funds.

a. Percentages of gross cash receipts ("Receipts") of UPA for patient care services shall be allocated and transferred quarterly to designated accounts, as follows:

(i) 7% of Receipts will be credited to a Dean's Fund.

(ii) 7% of Receipts will be credited to the Department through which the funds were generated; by agreement within each Department, a portion of this allocation may be made to Divisions of a Department.

(iii) 3% of Receipts will be credited to the University to assist in defraying the costs of malpractice coverage for the Participants in the Plan.

(iv) Receipts will be disbursed to cover the cost of operation of UPA.

(v) An allocation to the New Jersey Medical School Development Fund (in addition to the 7% allocation referred to in Section V.C.2.a.(i) above) shall be made as follows:

An assessment will be placed on all Participant Receipts for patient care services based on the following schedule:

<u>Participant Receipts</u>	<u>Assessment</u>
- 0 - to \$50,000	- 0 -
\$50,001 - \$100,000	3%
\$100,001 - \$150,000	10%
\$150,001 - \$200,000	17%
\$200,001 - \$250,000	24%
\$250,001 - \$300,000	31%
\$300,001 - \$350,000	20%
Over \$350,000	15%

The assessments on Participant Receipts over \$300,000 will be reduced so that the total of all allocations made pursuant to this Section V.C.2.a. does not exceed fifty percent (50%) of total Receipts of a Participant annually.

Assessment limits (the \$50,000 increments) will be adjusted for inflation based on the Consumer Price Index for the New York Metropolitan region, with an annual increase (if adjustment is required) as of July 1st each year. Example: if the inflation index were 5% for 1991 the lowest tier of compensation would have an upper limit of \$52,500 (105% of \$50,000.00) with corresponding 5% increases in each increment.

The assessments for the New Jersey Medical School Development Fund are to be paid directly to the New Jersey Medical School Development Fund and the Dean's office will periodically report, at least once each year, to the UPA Board on how these funds are spent.

An allowance of up to 10% of each Participant's Receipts may be used to purchase equipment for use in University Hospital and other University sites approved by the Dean's office. This allowance will be allocated based on the useful life of the purchase, and such an amount will be exempt from the assessment for the New Jersey Medical School Development Fund. Such purchases must be approved by the Dean.

This assessment for the New Jersey Medical School Development Fund will be in effect for three (3) years, after which time the terms may be renegotiated.

Promptly after receipt of a written request from a Participant, the Dean's office will provide the Participant with a schedule illustrating the assessments for the New Jersey Medical School Development Fund.

Exception:

Pursuant to the provisions of Section V.C.2.a.(v) of this Agreement, assessments for the Dean's Development Fund begin when Participant Receipts reach \$50,001. In certain circumstances, these assessments may be waived until Participant Receipts of a geographic full-time faculty member reach higher levels, if the Chairman and Dean agree and give notice to UPA of the levels of Participant Receipts at which the assessments will occur. This exception is intended to apply in situations where a geographic full-time faculty member Participant has waived or deferred receipt of a portion or all of his or her academic salary, and the Participant, Chairman and Dean have agreed that Participant Receipts (net of all assessments to be made pursuant to Sections V.C.2.a.(i) -

(iv) of this Agreement) will replace the deferred or waived portion of the academic salary, without being subject to assessment for the New Jersey Medical School Development Fund. A geographic full-time faculty member is a faculty member with a full-time appointment, who renders services on the Campus on a full-time basis, regardless of the academic salary paid to that faculty member.

b. Funds remaining after the disbursements set forth above have been made will be utilized for reasonable compensation of Participants and for other budgeted expenses in accordance with written formulae submitted annually to UPA by the Departments and approved by the Dean and the UPA Board.

c. Unless otherwise required by the approved Departmental formulae, UPA shall not be required to distribute all its funds in any one year, except for the allocations to the Dean, and the malpractice fund, as set forth in V.C.(2)a(i) and (iii) above which must be made at least quarterly, and to the Departments according to written formulae submitted pursuant to UPA pursuant to paragraph b above. UPA may allow the income in these funds to accumulate from year to year subject to such limits as may be determined by the UPA Board of Directors; provided, however, that all such funds shall be used only in furtherance of the tax-exempt purposes of UPA.

VI. GENERAL CONDITIONS

A. UPA shall operate as a non-profit corporation under the statutes of the State of New Jersey and maintain its status as a federally tax exempt operation under Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent federal tax laws. UPA shall notify the University within three (3) days of receipt of notice of any change in its status as a non-profit or tax-exempt corporation.

B. Trustee Liaison:

The UPA Board of Directors may request inclusion on the agenda of the University Affairs Committee of the University's Board of Trustees when necessary or desirable to discuss matters of common interest or to facilitate or clarify communications.

C. Other Agreements Between the Parties:

(1) On execution of this Agreement, all prior practice plan arrangements now in effect for the School shall be null and void; the Plan provided herein shall be the sole and exclusive practice plan arrangement for Participants.

(2) UPA and the School may enter into collateral agreements as mutually deemed necessary and desirable, including, but not limited to, an agreement to lease University space and facilities for UPA use, including the MOC.

(3) The parties agree to execute such collateral instruments as may be necessary to effect and maintain the relationship between the parties.

(4) UPA will not, without the express written agreement of the University's Board of Trustees, delete, add, amend or alter the following provisions of the UPA By-Laws: Article I, Section 2: Purpose, Article X: Amendments, and Article III, Section 3: Qualifications, Number and Term of Directors; and the following provisions of the UPA Certificate of Incorporation: Ninth and Tenth Clauses, Dissolution.

D. University Hospital and MOC:

Recognizing the importance of a more active relationship between clinical faculty members and the University Hospital and the MOC, it shall be the policy of the Plan to establish the Hospital and MOC as the center of UPA activities and to encourage, to the greatest extent, development of patient care activities on the Campus.

E. Communication:

The parties agree to use their best efforts to advise and inform each other of information which may affect this Agreement, and to anticipate and avoid problems in their mutual endeavors. Toward these ends, informal regular meetings shall be held between UPA officers and School administrators.

VII. TERM; TERMINATION; AMENDMENT

This Agreement shall take effect on December 1, 1990.

Either party shall have the right to terminate this Agreement upon ninety (90) days' prior written notice if the other shall have breached any material covenant or provision hereof; provided, however, that any such notice shall set forth in detail the grounds for such alleged breach, and the defaulting party shall have the right to cure the alleged default within the ninety (90) days after notice is received.

By mutual agreement in writing, the parties may terminate or amend this Agreement at any time.

VIII. INSURANCE

UPA shall maintain general liability insurance covering its activities in amounts acceptable to the University.

IX. DISCRIMINATION

There shall be no discrimination against any employee engaged in the work required to produce the services and programs covered by this Agreement, or against any applicant for such employment because of age, race, creed, color, national origin, sex, ancestry, marital status, handicap or liability or military services. This provision shall include, but not be limited to the following: employment upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation.

The parties to this Agreement do hereby agree that the provisions of N.J.S.A. 10:2-1 through 10:2-4, dealing with discrimination in employment on public agreements, and the rules and regulations promulgated pursuant thereunto, are hereby made a part of this Agreement and are binding upon them.

X. NOTICES

The address given below, or another address specified in accordance with a notice given as set forth herein, shall be the addresses of the parties to which all notices and reports required by this Agreement shall be sent by certified mail, return receipt requested are:

If to the University:

President
University of Medicine and Dentistry of New Jersey
111 Administration Complex
30 Bergen Street, Newark, New Jersey 07107-3000

with a copy to:

Dean, University of Medicine and Dentistry
of New Jersey
New Jersey Medical School
University of Medicine and Dentistry of New Jersey
185 South Orange Avenue
Newark, New Jersey 07103-2757

and

Senior Vice President for Administration and Finance
University of Medicine and Dentistry of New Jersey
110 Administration Complex
30 Bergen Street
Newark, New Jersey 07107-3000

if to UPA:

The President
University Physician Associates of
New Jersey, Inc.
A Non-Profit Corporation
30 Bergen Street - 1202
Newark, New Jersey 07107

Notices given as provided herein shall be effective on receipt.

XI. CHOICE OF LAW

This Agreement shall be governed and construed and the rights and obligations of the parties hereto shall be determined in accordance with the laws of the State of New Jersey.

XII. WARRANTIES

The undersigned do hereby warrant and represent that this Agreement has not been solicited or secured, directly or indirectly, in a manner contrary to the laws of the State of New Jersey and that said laws have not been violated and shall not be violated as they relate to the procurement or the performance of this Agreement by any conduct, including the paying or giving of any fee, commission, compensation, gift, gratuity, or consideration of any kind, directly or indirectly to any State employee, officer or official.

XIII. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, and understandings of the parties in connection therewith, including the Affiliation Agreement dated August 14, 1984. No change or waiver of any of the provisions hereof shall be binding upon party hereto unless in writing and signed by the party or an authorized officer of the party against whom any such change or waiver is asserted.

XIV. SUCCESSORS

This Agreement shall be binding upon and inure to the benefit of the successors, assigns and legal representatives of the respective parties hereto, except that neither party may assign, delegate or subcontract this Agreement, or any part thereof, without the prior written consent of the other.

XV. SEVERABILITY

In the event that any term or provision of this Agreement is held to be illegal, invalid, or unenforceable under the laws, regulations or ordinances of any federal, state, or local government to which this Agreement is subject, such term or provision shall be deemed severed from this Agreement and the remaining terms and provisions shall remain unaffected thereby.

XVI. EXECUTION

This Agreement may be executed in several counterparts, each of which shall be an original, but all of which constitute one instrument.

XVII. WAIVER OF BREACH

The failure of either party to require the performance of any term of this Agreement or the waiver of either party of any breach hereunder shall not prevent a subsequent enforcement of such term nor be deemed a waiver of any subsequent breach.

XVIII. TITLES TO SECTIONS OR SUBSECTIONS

The titles to the Sections and subsections of this Agreement are for convenience only and do not in any way limit or amplify the terms and conditions of the Agreement.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed below by their duly authorized corporate officers and caused their corporate seals to be hereto affixed.

UNIVERSITY OF MEDICINE AND
DENTISTRY OF NEW JERSEY

Witness:

[Handwritten Signature]

Date: 4/8/91

By:

[Handwritten Signature: Stanley S. Bergen Jr.]

UNIVERSITY PHYSICIAN ASSOCIATES
OF NEW JERSEY, INC.
A NON-PROFIT CORPORATION

Witness:

[Handwritten Signature]

Date: 4/8/91

By:

[Handwritten Signature]

Addendum to Affiliation Agreement

UNIVERSITY PHYSICIAN ASSOCIATES OF NEW JERSEY, INC. and the **UNIVERSITY OF MEDICINE AND DENTISTRY OF NEW JERSEY** having entered into an Affiliation Agreement dated October 10, 1990 and signed on April 8, 1991, hereby amend said Agreement as follows:

1. All references through the Agreement to Medical Office Complex ("MOC") are references to the Doctors Office Center ("DOC").
2. Paragraph I.E. shall be deleted and replaced in its entirety with the following:

"F. "Part-time faculty" are members of the faculty of the School who receive payments from the University which are less than fifty percent (50%) of the academic base salary for their respective academic ranks."
3. Paragraph I.G. shall be deleted and replaced in its entirety with the following:

"G. "Voluntary faculty" are members of the faculty of the School who receive no academic salary from the University."
4. Subparagraph (i) of the third paragraph of Paragraph III.A. shall be deleted in its entirety and replaced with the following:

"(i) voluntary and part-time faculty shall not be required to participate in the Plan with respect to patient care services not originating on the Campus and not rendered on the Campus effective May 1, 1992, and exemptions for prior periods may be approved by the Dean of the School at his sole discretion for faculty who agree to participate in the Plan from and after May 1, 1992;"
5. The last two paragraphs of Paragraph III.A. commencing on page 4 of the Agreement are hereby deleted and the following shall be inserted at the end of Paragraph III.A.:

"Any licensed clinical practitioner with an M.D., D.O., Ph.D. or equivalent degree, who practices on the Campus, must hold an New Jersey Medical School faculty appointment. Non-faculty members may be considered for participation in UPA upon approval of the UPA Board. Since non-faculty are not covered by UMDNJ's self insurance trust fund, non-faculty participants in UPA shall be required to obtain professional liability insurance with terms and coverage limits acceptable to UPA, and to provide to UPA evidence of such coverage in a form acceptable to UPA. Licensed clinical practitioners holding

D.D.M. or D.D.S. degrees who practice on the Campus, whose primary faculty appointment is at New Jersey Dental School, can be exempt from participation in the faculty practice plan if the Dean of New Jersey Medical School and the Dean of New Jersey Dental School agree.

Persons who hold "temporary" medical staff appointments from New Jersey Medical School will be treated as faculty members of New Jersey Medical School for purposes of the faculty practice plan, and these persons will be considered faculty members and will be required to participate in the faculty practice plan to the same extent as faculty members, except that they will not be eligible to vote or to serve as directors or officers of UPA.

Part-time faculty and voluntary faculty are encouraged to and may become Participants upon receiving approval of the Dean of the School, who will make a determination after receiving recommendations from the Chairman and the Board of Directors of UPA.

No one may participate in the Plan who is not a School faculty member, except as provided in the following paragraph. Termination or suspension of a faculty appointment in the School will result in simultaneous termination or suspension of subsequent participation in the Plan.

Persons who are not faculty members of New Jersey Medical School may contract with UPA to provide administrative services, on terms approved by the UPA Board, so long as the terms of those arrangements do not jeopardize UPA's tax-exempt status.

Persons who are faculty members of UMDNJ but not New Jersey Medical School may participate in the UPA Plan (in addition to any other faculty practice plan in which they are obligated to participate) on terms agreed to for annual periods by the UPA Board and the governing authority of the other faculty practice plan."

6. Paragraph IV.A. is amended to add the following as paragraph (6):

"(6) Upon receiving the recommendation of the Chair of his or her department, the Dean, and approval of the UPA Board of Directors, each non-faculty non-physician health care provider at University-approved practice sites for faculty of New Jersey Medical School shall have the billing for his or her patient care services undertaken by UPA. Distribution of revenue for these services shall be made in accordance with the letter of employment between UMDNJ and the provider or between UPA and the provider. This arrangement

shall not give the provider status as a UPA Participant or any rights of a UPA Participant. Additionally, since non-faculty non-physician health care providers are not covered by UMDNJ's self insurance trust fund, such providers shall be required to obtain professional liability insurance with terms and coverage limits acceptable to UPA, and to provide to UPA evidence of such coverage in a form acceptable to UPA."

7. Paragraph V.B. is amended to add the following as paragraph (6):

"(6) In consideration of the receipt of the clinical component of his or her salary, each Participant authorizes UPA to disclose to the Dean of New Jersey Medical School the revenue received by that Participant from patient care activity ("Participant Earning Information"), as reflected on the books and records of UPA; provided, however, that the Dean of New Jersey Medical School shall restrict the use and disclosure of the Participant Earning Information as follows:

The Participant Earning Information shall be requested of UPA without attribution to a particular Participant (anonymously) whenever possible;

The Participant Earning Information may only be used and disclosed to assist in establishing compensation levels for faculty members at New Jersey Medical School or for establishing financial arrangements relating to the faculty members at New Jersey Medical School;

The Participant Earning Information shall not be disclosed except to representatives of the Dean and the Chair of the Department in which the faculty members whose compensation is under discussion will have their primary appointment;

The disclosure of the Participant Earning Information shall be made in a manner which minimizes the possibility of inadvertent disclosure and copies of any written Participant Earning Information shall not be made unless necessary;

All written or other evidence of the Participant Earning Information shall be destroyed as soon as practicable, to avoid inadvertent disclosure.

The parties acknowledge that except as stated herein, the provisions herein with respect to the disclosure of Participant Earning Information do not replace or modify the terms of the Order of Dismissal in the case entitled Larry Frohman, M.D. et al. v. University of Medicine and Dentistry of New Jersey et al., in the Superior Court of New Jersey (Law Division, Essex County, Docket No. C-128-93), which requires defendants

to provide ten (10) days' notice of their intent to release the patient care earnings of members of UPA."

8. Paragraph V.C.(2)(a)(v) is amended, in part, such that the assessment schedule set forth on the bottom of page 9 shall be replaced with the following:

<u>"Participant Receipts</u>	<u>Assessment</u>
-0- to \$65,000	.5%
\$65,001 - \$130,000	3%
\$130,001 - \$300,000	13%
\$300,001 - \$1,000,000	Fixed annually by UPA Board, between 3% and 8%
over \$1,000,000	3%"

9. Paragraph V.C.(2)(a)(v) shall be amended, in further part, by deleting the third, fourth and fifth paragraphs therein in their entirety, commencing with the terms "The assessments on Participant Receipts over \$300,000" and continuing through and including the terms "to the UPA Board on how these funds are spent." and shall be replaced with the following:

"The assessments for the New Jersey Medical School Development Fund are to be paid directly to the New Jersey Medical School Development Fund and the Dean's office will periodically report, at least once each year, to the UPA Board on how these funds are spent. All assessments to the New Jersey Medical School Development Fund which exceed 3% of UPA's gross revenue may be retained by UPA for such purposes as the UPA Finance Committee may determine."

10. In addition, the sentence within section V.(C).(2)(a)(v) which currently reads:

"This assessment for the New Jersey Medical School Development Fund will be in effect for three (3) years, after which time the terms may be renegotiated."

shall be deleted in its entirety and shall be replaced to read as follows:

"This assessment for the New Jersey Medical School Development Fund shall be in effect from June 30, 1996 until June 30, 1998."

11. Paragraph V.C.(2)(a)(v) shall be further amended by deleting the last paragraph therein in its entirety, commencing with the term "Exception" and continuing through and including the terms "that faculty member."
12. Paragraph VII shall be amended by adding the following provisions to the end of the paragraph:

"Amendments of this Agreement or of the UPA Bylaw provisions referred to in section VI.(C).(4) hereof, which are proposed by UPA, shall be delivered to the President of UMDNJ, who shall promptly submit the amendments to the UMDNJ Board for action. Within 120 days of receipt of the proposed amendments, the Senior Vice President for Finance and Administration of UMDNJ shall provide written notice to the President of UPA of the UMDNJ Board action on the proposed amendment. The failure of the UMDNJ Board to vote against the proposed amendment shall be deemed approval of the proposed amendment.

Amendments proposed by UMDNJ shall be delivered to the President of UPA, who shall promptly submit the amendments to the UPA Board for action. Within 120 days of receipt of the proposed amendments, the President of UPA shall provide written notice to the President of UMDNJ of the UPA Board action on the proposed amendment. The failure of the UPA Board to vote against the proposed amendment shall be deemed approval of the proposed amendment."

13. Paragraph XIII shall be deleted in its entirety and shall be replaced with the following:

"This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, and understandings of the parties in connection therewith, including the Affiliation Agreement dated August 14, 1984. No waiver of any of the provisions hereof shall be binding upon party hereto unless in writing and signed by the party or an authorized officer of the party against whom any such waiver is asserted."

14. This addendum is effective as of June 30, 1996.
15. UPA and UMDNJ agree to review the present structure of UPA and its relationship to UMDNJ and make specific recommendations to each other for any proposed modification or restructuring. Such review and recommendations will take place and be made prior to June 30, 1998. The parties agree to negotiate any proposals in good faith and to cooperate in such a review.

16. The remaining terms and provisions of the Agreement shall not be affected by this Addendum and shall continue in full force and effect.

**UNIVERSITY PHYSICIAN ASSOCIATES
OF NEW JERSEY, INC.**

By: Edward P. Kelly, M.D.
Print Name:

Date: 4.8.98

**UNIVERSITY OF MEDICINE AND
DENTISTRY OF NEW JERSEY**

By: Stanley S. Bergen, Jr.
Print Name: Stanley S. Bergen, Jr., M.D.
President

Date: 4/6/98