



THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

MINUTES OF THE EXECUTIVE COMMITTEE MEETING

August 30, 2019  
Knoxville, Tennessee

A called special meeting of the Executive Committee of The University of Tennessee Board of Trustees was held by teleconference at 10:00 a.m. EDT on Friday, August 30, 2019, originating from the campus of The University of Tennessee, Knoxville.

**I. CALL TO ORDER**

Chair John Compton called the meeting to order.

**II. ROLL CALL**

The Secretary, Catherine S. Mizell, first addressed the Open Meetings Act requirements for meetings conducted with members participating electronically, including the requirement that all votes be conducted by roll call. She proceeded to call the roll, and the following members were present:

John C. Compton, Chair  
Amy E. Miles (by telephone)  
William (Bill) C. Rhodes III (by telephone)  
Donald J. Smith (by telephone)  
Kim H. White (by telephone)

The Secretary announced the presence of a quorum and that others present at the meeting location in Knoxville included Interim President Boyd, CFO David Miller, and other members of the administrative staff. Participants on the telephone other than the Trustees included UTHSC Chancellor Steve Schwab, UTHSC Senior Vice Chancellor for Finance Tony Ferrara, Deputy General Counsel Ryan Stinnett, and Associate General Counsel Walt Schuler. She said she would assume no one else was present at the Trustees' various locations unless they advised otherwise, and no one did.

**III. MINUTES OF THE LAST MEETING**

The Chair called for any additions or corrections to the minutes of the May 1, 2019 meeting. Hearing none, the Chair directed the Committee's attention to the following prepared motion in the meeting materials:

I move that the reading of the minutes of the May 1, 2019 meeting of the Executive Committee be omitted and that the minutes be approved as presented in the meeting



materials, provided that the Secretary is authorized to make any necessary edits to correct spelling errors, grammatical errors, format errors, or other technical errors subsequently identified.

Trustee Rhodes so moved, Trustee White seconded, and the motion passed unanimously by a roll-call vote.

#### **IV. DESIGNATION OF ERLANGER MEDICAL GROUP AS A FACULTY PRACTICE PLAN BY EXECUTION OF THE NECESSARY AMENDMENT TO THE AFFILIATION AGREEMENT WITH ERLANGER HEALTH SYSTEM**

The Chair announced that the special meeting was called for the purpose of considering the proposal for designation of the Erlanger Medical Group as a faculty practice plan for the College of Medicine program in Chattanooga. He recognized Chancellor Schwab to present the proposal.

Chancellor Schwab explained that UTHSC has a long-established relationship with Erlanger Health System (EHS) related to the College of Medicine program in Chattanooga. In 2011, the Board of Trustees approved the creation of a 501(c)(3) non-profit entity called UT-Erlanger Medical Group (UTEMG) as a wholly-owned affiliate of EHS and designated it as the faculty practice vehicle for the College of Medicine in Chattanooga (COM-C). UTEMG never commenced business operations, however, due principally to the inability to reach a critical mass of clinical practitioners that would be viable from both a financial and regulatory perspective. Chancellor Schwab explained that currently there are approximately 80 College of Medicine faculty members in Chattanooga compared to approximately 1,000 in Memphis, where multiple practice plans have been established as separate legal entities. Further, of the 80 or so faculty members in Chattanooga, only 35-40% of their full-time efforts involve clinical practice. Consequently, UTHSC has developed a new practice plan model involving integration into a larger organization that will provide UTHSC with certain rights and privileges. In Chattanooga, Erlanger Medical Group, a department within the Erlanger Health System, would serve as the primary practice vehicle for College of Medicine faculty. The only exception, he said, would be surgeons, who would practice through University Surgical Associates (USA), with which UTHSC has a longstanding affiliation. He said an affiliation agreement with USA will be brought forward in the near future.

Chancellor Schwab addressed the need for the Executive Committee to act on behalf of the Board in this matter by explaining that the effort to establish a practice plan to promote the Health Science Center's clinical education mission in Chattanooga dates back to 2011 and that having the practice plan operational on January 1, 2020 is optimal in terms of opening and closing dates of insurance plans (including changes in malpractice coverage and changes in patient participation in the medical insurance plans), as well as various human resources issues that must be accomplished before moving a physician from an existing practice group to the Erlanger Medical Group.



Chair Compton asked Chancellor Schwab to explain what aspects of the proposed amendment have not yet been finalized. Chancellor Schwab said the parties have agreed on dollar values and have agreed that all clinical dollars will go to Erlanger and all education dollars and research dollars will go to UT, but the parties have not yet agreed on the split between education dollars and research dollars. In that regard, the parties must ensure compliance with any applicable regulatory requirements. In response to a question from Interim President Boyd, Chancellor Schwab said the parties are not in conflict on this matter but simply need to resolve the regulatory implications.

In response to Chancellor Schwab's call for any questions, Trustee White said she served on the Erlanger Board during the earlier effort to establish a practice plan and is pleased there is now an agreed upon model. She said she has heard physician concerns about benefits and asked Chancellor Schwab to speak to how this will affect benefits. Chancellor Schwab responded that the issue of benefits relates primarily to University Surgical Associates. With respect to EMG, all faculty who are full-time and have benefits will keep those benefits. As new faculty members are hired, UTHSC and EHS will mutually agree as to whether they will be full-time or part-time, and benefits will be determined accordingly. He added that currently there are roughly three part-time faculty members for every one full-time faculty member, which is probably true for the other regional College of Medicine sites as well. With respect to University Surgical Associates, into which all surgeons will be integrated, every member of that group who, in the judgment of the Dean, meets a certain academic component contribution, is eligible for full-time status and is eligible for University benefits. The issue is a matter of negotiation between the Department Chair and the Dean as to whether the faculty member contributes enough academically to be a full-time faculty member. Trustee White asked if the benefits issue would be dealt with when the USA agreement comes forward. Chancellor Schwab responded that any members of USA who are prepared to meet the Dean's requirements with respect to teaching medical students and presenting lectures will be eligible to be a full-time faculty member because they are in a fully affiliated practice group. If they are not in a fully affiliated practice group, then as Associate General Counsel Schuler has instructed, there are substantial rules about who can be full-time.

Chair Compton asked for comments from the other Trustees. Trustee Rhodes said it sounds like a good plan. Chair Compton said as part of Trustee orientation in the fall, he has asked that Chancellor Schwab provide a detailed presentation on the various arrangements the University has with healthcare systems across the state.

Interim President Boyd said he and Chancellor Schwab have talked about this new model being used at other regional College of Medicine sites going forward and whether Board approval of each agreement would be needed or whether the Chancellor might request some blanket authority. Chancellor Schwab said this is a model of integrating full-time faculty into an existing practice group that will maintain our academic and clinical integrity but give us the power of a 500-physician practice group. If the Board saw fit to approve the model, then future agreements would be presented to the President and the Chief Financial Officer for approval. Ms. Mizell said whether Board approval of each agreement is needed might depend



on whether the finances are a critical part of the arrangement because finances will differ from agreement to agreement. Chair Compton said the possibility of a blanket structure will be considered at a future meeting.

Hearing no further questions or comments, Chair Compton read the following Resolution in the meeting materials:

**Resolved:**

1. The Executive Committee, acting on behalf of the Board of Trustees, approves designation of Erlanger Medical Group, a department of the Erlanger Health System, as a faculty practice plan for the College of Medicine in Chattanooga by execution of the necessary amendment to the Affiliation Agreement between Erlanger Health System and The University of Tennessee after review and approval by the Chief Financial Officer and the General Counsel for the University; provided, however, that if terms of the amendment remain under negotiation on the date of this action by the Executive Committee, execution of the amendment shall be subject to prior review and approval of the amendment by the Chair of the Finance and Administration Committee, as well as the Chief Financial Officer and the General Counsel; and
2. Action by the Board of Trustees on June 23, 2011 designating UT-Erlanger Medical Group, Inc. as a faculty practice plan is hereby vacated and superseded.

Trustee White moved approval of *Resolution 099-2019*, Trustee Rhodes seconded, and the motion passed unanimously by a roll-call vote.

## **V. ADJOURNMENT**

With no further business to come before the Committee, the Chair adjourned the meeting.

Respectfully Submitted,

  
Catherine S. Mizell, Secretary