CONTRACT #8
RFS # N/A
UT Tracking # 98989

University of Tennessee
Health Science Center

VENDOR:
Galen Medical Center

THE UNIVERSITY of TENNESSEE
Vice President for Administration and Finance
711 Andy Holt Tower
Knoxville, TN 37996-0174
Phone: (865) 974-2243
Fax: (865) 974-1324

March 29, 2007

Mr. Jim White
Executive Director
Fiscal Review Committee
320 Sixth Avenue, North – 8th Floor
Nashville, TN 37243-0057

Dear Mr. White:

The University of Tennessee is submitting for the committee's review a non-competitively bid contract with the Galen Medical Center for teaching and resident supervisory services.

The Galen Medical Center has provided teaching and resident supervisory services in the university's internal medicine residency program during the resident's subspecialty rotation in gastroenterology since 2001. Teaching services must be provided at our affiliate institution, Erlanger Health System, the Medicine Clinic, or the private practice of the faculty member. The Galen Medical Group is the group practicing at Erlanger hospital that holds clinical faculty appointments and provides teaching services to the Department of Internal Medicine for the Chattanooga residents and medical students.

The effective date of the proposed contract is July 1, 2007 through June 30, 2008 with an estimated cost of $136,000. The cumulative maximum liability for this contract from its July 1, 2001 inception is $862,000. The Fiscal Review Committee reviewed the current year's contract on October 17, 2006 and expressed no concerns about this acquisition of service by the university at that meeting.

Please let me know if you or others have questions or need additional information.

Sincerely,

Sylvia Shannon Davis

Sylvia Shannon Davis
Vice President for Administration and Finance

Attachment

c: Dr. John D. Petersen
Mr. Anthony Ferrara
Mr. Anthony Haynes
Dr. William Owen

CONTRACT SUMMARY SHEET

021406

RFS #	Contract #
N/A	98915
State Agency	**State Agency Division**
University of Tennessee	Health Science Center - College of Medicine
Contractor Name	**Contractor ID # (FEIN or SSN)**
Galen Medical Center	[ ] C- or [X] V- 62-1508884

Service Description

Provide teaching services for residents located in the Chattanooga area

Contract BEGIN Date	Contract END Date	Subrecipient or Vendor?	CFDA #
7/1/2007	6/30/2008	Vendor	N/A

Mark Each TRUE Statement

[N/A] Contractor is on STARS [X] Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
332.34	N/A	N/A	N/A	N/A	N/A

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2008				$ 136,000.00	$ 136,000.00
					$ -
TOTAL:	$ -	$ -	$ -	$ 136,000.00	$ 136,000.00

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2008	$ 136,000.00	
TOTAL:	$ 136,000.00	$ -
End Date	June 30, 2008	

State Agency Fiscal Contact & Telephone #

Sylvia Davis, 865-974-2243

State Agency Budget Officer Approval

Sylvia Shannon Davis, VP Administration and Finance

Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR) N/A

[ ] African American	[ ] Person w/ Disability	[ ] Hispanic	[ ] Small Business	[ ] NOT disadvantaged
[ ] Asian	[ ] Female	[ ] Native American	[ ] OTHER minority/disadvantaged—	

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

[ ] RFP	[ ] Competitive Negotiation	[ ] Alternative Competitive Method
[X] Non-Competitive Negotiation	[ ] Negotiation w/ Government(eg,ID,GG,GU)	[ ] Other

Procurement Process Summary (complete for Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)

Teaching services must be provided by paid or clinical faculty and take place at our affiliate institutions in Chattanooga. NOTE: The university has contracted with the Galen Medical Group since July 1, 2001 for these services incurring a total maximum liability of $862,000 since the inception of this affiliation agreement.

THE UNIVERSITY OF TENNESSEE
REQUEST: NON-COMPETITIVE CONTRACT

APPROVED:	
UT System Office Approval	Date

Each of the request items below indicates specific information that must be individually detailed or addressed as required. A request cannot be considered if information provided is incomplete, non-responsive, or does not clearly address each of the requirements individually as required.		
1) UT Tracking Number	98989	
2) Campus/Institute Name	The University of Tennessee Health Science Center	
3) Short Description:	Resident teaching and supervisory services	
4) Proposed Vendor:	Name:	Galen Medical Group
	Vendor Number:	1016787
	Vendor ID:	65-1508884
5) Contract Start Date:		7/1/07
6) Contract End Date IF all Options to Extend the Contract are Exercised :		6/30/08
7) Total Maximum Cost IF all Options to Extend the Contract are Exercised :		$136,000
8) Approval Criteria : (select one)	☐	use of Non-Competitive Negotiation is in the best interest of the university
	☒	only one uniquely qualified service provider able to provide the service

9) Detailed Description of Service to be Acquired :

Teaching services, including but not limited to supervision and teaching of residents as part of the specialty rotation; to serve as preceptors to train and supervise residents who are participating in the speciality clinic, if applicable; to train and supervise residents who are participating in Contractor's private office, if applicable; to participate in the didactic component of resident training, to participate in resident rounds and provide specialty consults for service patients.

10) Explanation of the Need for or Requirement Placed on the Procuring Agency to Acquire the Service :

The Galen Medical Group is the group practicing at Erlanger hospital that holds clinical faculty appointments who provide teaching services to the Department of Internal Medicine for the Chattanooga residents and medical students.

11) Explanation of Whether the Procuring Agency Bought the Service in the Past, & if so, What Procurement Method It Used :

The University has entered into non-competitively bid contracts with the Galen Medical Group since July 1, 2001.

12) Name & Address of the Proposed Vendor/Contractor(s):

(not required if proposed contractor is a state education institution)
Galen Medical Group, Division of Gastroenterology, Division of Gastroenterology, 5600 Brainard Board, Chattanooga, TN 37411
13) Evidence of the Proposed Vendor/Contractor's Experience and Length of Experience Providing the Service :
UT College of Medicine Chattanooga has contracted with Galen Medical Group since 7/1/2001 for this service.
14) Documentation of Office for Information Resources Endorsement : **N/A** (required only if the subject service involves information technology)
15) Documentation of Department of Personnel Endorsement : **N/A** (required only if the subject service involves training for state employees)
16) Documentation of State Architect Endorsement : **N/A** (required only if the subject service involves construction or real property related services)
17) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :
Teaching services must be provided by the paid or clinical faculty and must take place at our affiliate institutuion, Erlanger Health System, the Medicine Clinic, or private practice of the faculty member so it is not possible to bid this teaching requirement.
18) Justification of Why the University Should Use Non-Competitive Negotiation Rather Than a Competitive Process: (Being the "only known" or "best" service provider to perform the service as desired will not be deemed adequate justification.)
Teaching services must be provided by the paid or clinical faculty and must take place at our affiliate institution, Erlanger Health System, the Medicine Clinic, or the private practice of the faculty member. Erlanger Health System, the College of Medicine- Chattanooga's affliated hospital, provides funding for graduate medical education and is the primary source of funding for this contract.

98989

THE UNIVERSITY OF TENNESSEE
CONTRACT

This Contract, made and entered into on June ___, 2007, documents the agreement between The University of Tennessee through its College of Medicine—Chattanooga (hereinafter University) and Galen Medical Group (Gastroenterology) (hereinafter Contractor).

This Contract consists of this cover page, the University's Standard Terms and Conditions, and _6_ additional pages. Terms contained on this cover page and the University's Standard Terms and Conditions shall prevail over those of any attachment unless otherwise stated under "Other terms" below.

Contractor will provide the following: Teaching services for residents in the University Internal Medicine Residency Program during the resident's subspecialty rotation in gastroenterology ("specialty rotation"). As used herein, "teaching services" shall include, but not be limited to: the supervision and teaching of residents as part of the specialty rotation; to serve as preceptors to train and supervise residents who are participating in the specialty clinic, if applicable; to train and supervise residents who are participating in Contractor's private practice, if applicable; to participate in the didactic component of resident training, as applicable; to participate in resident training rounds, as applicable to specialty; and provide specialty consults for service patients.

The period of performance under this contract is from July 1, 2007 through June 30, 2008. However, the University may terminate this Contract by giving the Contractor at least thirty (30) days' written notice before the effective termination date. Contractor may terminate this Contract by giving the University at least thirty (30) days' written notice before the effective termination date if one of Contractor's physicians who had been providing teaching services pursuant to this Contract becomes unable to teach for any reason, and Contractor is unable to replace such physician after reasonable efforts. In the event either party should terminate this Contract by notice, the Contractor shall be entitled to receive equitable compensation for satisfactory authorized work completed as of the termination date.

The University will compensate the Contract $11,333.33 per month for a total of $136,000.00 for July 1, 2007-June 30, 2008.

Other payment terms: Payments to the Contractor shall be made on or before either the thirtieth (30th) day or the last day of the month following the month in which teaching services are rendered.

The University's maximum liability under this Contract is $136,000.00.

Other terms (N/A if none): (1) All physicians involved in the instruction of medical students and residents will hold a faculty appointment with the Chattanooga Unit of the UT College of Medicine ("UTCOM"); (2) Contractor shall complete and return to UTCOM a monthly log of teaching services per physician on the form attached hereto as **Exhibit A** as may be updated from time to time by University; (3) Each party to this Contract represents and warrants that the compensation paid pursuant to this Agreement is and shall be based upon the fair market value of such services and has not been determined in a manner that takes into account or otherwise reflects referrals to, or other business generated by, Contractor or Contractor's physicians to either UTCOM or Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Medical Center ("Erlanger"); (4) to the extent that Contractor shall provide resident teaching services in non-Erlanger space, Contractor shall execute a resident rotation agreement with Erlanger as attached hereto as **Exhibit B**; and (5) Contractor hereby warrants that any physician receiving compensation for the performance of services pursuant to this agreement is, and shall continue to be, compensated based upon the fair market value of services rendered by that physician and not in a manner that takes into account or otherwise reflects referrals to, or other business generated by, such physician to either UTCOM or Erlanger.

Page 2 cont.

In witness of their acceptance of the terms of this agreement, the parties have had this Contract executed by their duly authorized representatives.

FOR CONTRACTOR:

_____
(Signature)

_____
(Please type name)

_____
(Title)

Address:
Galen Medical Group Div. of Gastroenterology
6918 Shallowford Road
Chattanooga, TN 37421

(423) 266-1131
Telephone No.

62-1508884
SS No. Or Fed Id. No.

FOR UNIVERSITY:

Department Name	Chattanooga Unit UT College of Medicine
Responsible Account (If applicable)	Erlanger Supported E094505

Administrative Signatures

_____

B W. Ruffner, M.D., Interim Dean UTCOMC

_____

Chancellor, UT Health Science Center or Other Authorized University Official

DRAFT

EXHIBIT A

EHS RESIDENT SUPERVISION SCHEDULE

_____	_____
[Name of Attending]	*[Site of Service Delivery]*

_____
Month, Year

Day of Month	Residents Supervised on that Day
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
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31	

By signing this document, I hereby certify that I supervised and engaged in teaching activities with respect to the residents named on the days listed.

Attending Name _____ Date _____

Please return this form to University of Tennessee College of Medicine--Chattanooga Unit to the attention of Jane Clay, Business Manager.

The Department of Internal Medicine certifies that the teaching activities listed did occur and meet the educational requirements for Internal Medicine as outlined by the Residency Review Committee and the terms of the contract.

Chairman _____ Date _____

The Rest of this Form is to be completed by Erlanger Health System

I herby certify that: (i) to the best of my knowledge, information contained in this timesheet is accurate; and (ii) the non-provider site meets the requirements necessary to allow EHS to claim the resident's FTEs in its cost reports.

Reviewed and Approved:

EHS Administrator _____ Date _____

DRAFT

EXHIBIT B

RESIDENT ROTATION AGREEMENT
For Residency Rotations Where Preceptor Physicians Are Compensated by the University of Tennessee College of Medicine

This Resident Rotation Agreement ("Agreement") is made and entered into by and among Chattanooga-Hamilton County Hospital Authority ("Erlanger") and _____ ("Nonprovider Site").

RECITALS

WHEREAS, University of Tennessee through its College of Medicine - Chattanooga Unit ("University") operates a number of approved medical residency programs ("Programs") intended to provide education, training, and clinical experience to residents participating in the Programs ("Residents");

WHEREAS, University and Erlanger have entered into an Affiliation Agreement, dated as of July 1, 1993, as amended from time to time, whereby Erlanger bears the costs of training Residents by reimbursing University for substantially all costs incurred in employing and training Residents, including Resident salaries and fringe benefits;

WHEREAS, the University is involved extensively in the Programs;

WHEREAS, the University employs and contracts with physicians who train Residents and is reimbursed by Erlanger for University's costs relating to physician supervisory training activities with respect to Residents;

WHEREAS, Nonprovider Site operates a site where physicians diagnose and treat patients and is willing to accept Residents for rotations on its premises with supervisory training activities of Residents furnished by physicians compensated by University;

WHEREAS, Erlanger makes claims to the Medicare program for payment of graduate medical education costs and includes time spent by residents in certain nonhospital settings as part of the calculation used to make claims to the Medicare program for these costs;

WHEREAS, Nonprovider Site does not qualify for provider-based status under Medicare Part A;

WHEREAS, in some instances Nonprovider Site may not be a legal entity separate from University or Erlanger, but this Agreement is executed by a person responsible for operation of the Nonprovider Site for the purpose of complying with regulations relating to Medicare reimbursement for graduate medical education expenses;

NOW THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

1. **Acknowledgement of Payment for Teaching Physicians Costs.** Nonprovider Site and Erlanger acknowledge that Erlanger provides the financial support for the teaching time of supervising physicians. Erlanger makes payments to University for teaching physician time to reimburse University's costs for physicians who engage in supervisory training activities

for Residents at Nonprovider Sites. Erlanger's payments to University are negotiated through a process separate from this Agreement. University, in turn, pays Nonprovider Site for the supervision and training of Residents rotating through Nonprovider Site.

2. **Nonprovider Site Acknowledgments.** Nonprovider Site acknowledges that: (a) University pays Nonprovider Site for the supervision and training of Residents rotating through Nonprovider Site and (b) Erlanger makes no direct payments to Nonprovider Site for the supervision and teaching of Residents rotating to Nonprovider Site.

3. **Medicare Compliance.** Nonprovider Site agrees to assist Erlanger in complying with Medicare laws and regulations regarding Medicare payments to Erlanger for graduate medical education costs related to the Programs, including furnishing supporting documentation regarding Resident rotations and supervising physician activities at Nonprovider Sites. In the event the Medicare regulations are amended, and such amended regulations are in conflict with the provisions contained in this Agreement, this Agreement shall be automatically amended to conform to the new Medicare regulations, which will be set forth in a written amendment executed by the parties.

4. **Access to Books and Records.** Nonprovider Site agrees that until the expiration of four (4) years after the furnishing of any service pursuant to this agreement, it shall make available, upon written request to the Secretary of the Department of Health and Human Services or upon request to the Comptroller General or any of their duly authorized representatives, this Agreement, and books, documents, and records of Nonprovider Site that are necessary to certify the nature and extent of the cost incurred by Nonprovider Site with respect to this Agreement.

5. **Term.** The term of this Agreement shall commence on July 1, 2003 ("Effective Date"), and shall remain in effect for one (1) year through June 30, 2004, subject to its earlier termination in accordance with the terms of this Agreement.

6. **Renewal and Termination.** This Agreement shall automatically renew for successive one-year terms subject to Erlanger and University reaching agreement on the budget for graduate medical education activities to be reimbursed by Erlanger to University, provided that this Agreement shall automatically terminate upon: (i) the termination of Erlanger's or the University's involvement in graduate medical education programs; (ii) the closure or sale of the Hospital; (iii) the Nonprovider Site giving sixty (60) days notice of termination or (iv) the closure or sale of Nonprovider Site. At any time, the parties may also mutually agree in writing to terminate this Agreement.

7. **Governing Law.** This Agreement shall be governed by and construed and enforced, in all respects, in accordance with the laws of the State of Tennessee.

8. **Partial Invalidity.** If any provision of this Agreement is found to be invalid or unenforceable by any court, such provision shall be ineffective only to the extent that it is in contravention of applicable law and shall not invalidate the remaining provisions hereof, unless such invalidity or unenforceability would defeat the essential business purpose of this Agreement.

9. **Notices.** All notices which are required or permitted to be given pursuant to this Agreement shall be in writing and shall be sufficient in all respects if delivered personally or by registered or certified mail, postage prepaid, addressed to a party as indicated below:

If to Erlanger: Erlanger Medical Center
975 East Third St.
Chattanooga, TN 37403
Attention: Patricia Eller

If to Nonprovider Site: Nonprovider Site

_____

_____

Attention: _____

10. **Multiple Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute but one and the same instrument.

11. **Non-referrals.** Nothing contained herein or in connection with the transactions between the parties contemplated hereby is intended by either party to induce the referral or cross referral of patients by the other party, or to be consideration to the other party for any such referral or cross referral.

12. **Successors and Assigns.** This Agreement and the rights, privileges, duties and obligations of the parties hereunder shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

13. **Entire Agreement/Amendment.** This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether oral or written, between the parties. This Agreement may be amended or modified only by a written instrument signed by the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

Erlanger:

Chattanooga-Hamilton County Hospital Authority

By:

Name:

Title:

Date:

Nonprovider Site:

By:

Name:

Title:

Date:

DRAFT