

Board Meeting
September 14, 2012

AMEND BYLAWS OF WOLCOTT, WOOD AND TAYLOR, INC., CHICAGO

Action: Amend the Bylaws of Wolcott, Wood and Taylor, Inc. (WWT), to Change Composition of the Board of Directors and to Modify the Corporate Purposes

Funding: No New Funding Required

Wolcott, Wood and Taylor, Inc. (WWT), is an Illinois not-for-profit and taxable corporation. It is a University-Related Organization (URO) incorporated in July 1999 for the purpose of operating as a billing and collection entity, as well as providing practice management and support services to the Medical Service Plan (MSP) of the College of Medicine of the University of Illinois at Chicago. Since its incorporation, WWT has performed the billing and collection services for the MSP.

Pursuant to Article II, Section 2.2 (a) of the WWT Bylaws, the Board of Trustees of the University of Illinois, as sole member of WWT, has the authority to amend to the Articles of Incorporation and Bylaws of WWT. As sole member, the Board of Trustees has previously approved amendments to the WWT Bylaws, most recently in December 2011.

The board of directors of WWT recommends changes to the WWT Bylaws to address certain efficiencies and integration activities for the University of Illinois

Hospital & Health Sciences System (the UI Health System), to provide an allowance for additional members of the board of directors and to modify the corporate purposes of WWT. With respect to the Corporate Purposes of WWT, Article I, Sections 1.1 (e) and (f), are amended to allow WWT to support the interests and operations of revenue cycle and revenue management services on behalf of the UI Health System in its entirety, which may include: the University of Illinois Hospital (the Hospital), clinics, and other facilities, all statutorily authorized practice plans (including the MSP) through which billable clinical services are provided by the University faculty and employees, and any University of Illinois faculty, employee, or contractor providing billable clinical services where revenue related to the clinical activity is retained by the UI Health System.

WWT's current activities are limited to physician professional clinical revenue billing and collection and practice management support services for the MSP of the College of Medicine and certain physician contractors who support the professional services of the MSP.

Originally, WWT was formed for the purpose of providing support to the undergraduate medical educational and graduate medical educational purposes and functions of the statutorily authorized MSP, which is integral to the operations and missions of the University, through its hospitals and clinics and the College of Medicine. The Articles of Incorporation of WWT further provide that WWT's purposes also include engaging, in accordance with applicable law, in any and all activities consistent with or in furtherance of the above purposes, and to do any and all things which the WWT board of

directors may determine to be necessary or appropriate to effectuate the purposes for which WWT is organized.

The proposed changes to the WWT Bylaws seek to accomplish three primary objectives:

1. Clarify, through the Bylaws' statement of "corporate purpose," current WWT billing and collection business services to the MSP in support of University contracted physicians who provide professional clinical services in support of the clinical and educational operations and mission of the University and the MSP.
2. Enable the integration of revenue cycle operational services between WWT and the UI Health System. For example, current revenue cycle systems operated by both WWT and the Hospital require considerable information technology infrastructure (hardware and software) and services (technical staff expertise). The amended Bylaws would enable a "shared services" agreement between WWT and the University to integrate information technology infrastructure and support services between WWT and the UI Health System to improve the overall efficiency and cost effectiveness of the revenue cycle operations, which would benefit the University, including the MSP.
3. Consistent with #2 above, the amended Bylaws would also enable WWT to provide clinical revenue cycle operational services to professional practice plans other than the College of Medicine MSP. The intent here is to identify and leverage opportunities across the clinical practice plans for improving systems and processes in support of the UI Health System's clinical practices, including the MSP.

Current state and national healthcare financing reform initiatives anticipate significant changes in patient care reimbursement methods. The amended Bylaws would best position WWT, the UI Health System, and the statutorily authorized practice plans to respond appropriately and effectively to current and future changes.

Funds collected for the MSP and other statutorily authorized service plans, through WWT's services, would remain separate and would be deposited into each plan's designated account. The potential expansion of WWT's services to the Hospital and other faculty plans would not affect the operations of the MSP or the other plans, and would not be in conflict with the WWT Articles of Incorporation, the University of Illinois Hospital Act, the MSP bylaws, the other services plans' bylaws or other applicable authorities.

With respect to the composition of the WWT board of directors, Article III, Section 3.2 is amended to allow an increase in the size of the WWT board from seven individuals, previously, to no less than seven and no more than nine individuals, with the following representation:

- a designee of the Vice President/Chancellor of the Chicago Campus;
- the Vice President for Health Affairs (VPHA), ex officio, with vote;
- the Dean of the College of Medicine as chair of the board, ex officio, with vote;
- a Clinical Department Head, nominated by the College of Medicine Medical Service Plan Executive Committee and elected by the sole member to serve for a two-year term; and
- up to five individuals selected by the VPHA, at least one of whom shall be a person with financial experience and at least one of whom may be from a Health Sciences College other than the College of Medicine, all elected annually by the sole member.

Deleted material is ~~lined through~~ and new language is underscored throughout the attached draft amended version of the Bylaws, attached hereto and made a part hereof.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes, the General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.