

STATEMENT ON PHYSICIAN BILLING AT

Cambridge Hospital

from the Office of the Director

October 28, 1974

Physicians on the Medical Staff of Cambridge Hospital bill privately for the professional medical services which they render to patients. Medical services rendered by medical students, interns, and residents are billed for by the hospital as part of the routine daily hospital charge.

Several physicians on the Medical Staff of the hospital are also paid a salary by the City of Cambridge for specific duties (see attached contract) related to the administrative, teaching, and supervisory responsibilities of the various clinical services. When professional medical services are provided by these physicians on a private or consulting basis, they also submit a bill to the patient or to third party insurance carriers for the professional medical services which they provide.

Patients who are admitted to Cambridge Hospital by their own private physicians are generally billed by their private physicians for services rendered. Patients who are admitted to Cambridge Hospital and who do not have a private physician are assigned a physician to supervise his care while he is a patient in the hospital. If the assigned physician provides personalized medical services to the patient, he generally bills privately for such services.

In the Department of Medicine, physicians are assigned to patients from a rotating roster which changes each month. As practicing physicians they have elected to bill through an association of physicians rather than individually. A copy of the Balance Sheet and the Statement of Operations and Retained Earnings for the year ended September 30, 1973 is attached.

THE CAMBRIDGE HOSPITAL

Contractual Agreement

THIS AGREEMENT, made and executed in duplicate at Cambridge, Massachusetts as of July 1, 1974, by and between Cambridge Hospital, hereinafter referred to as "Hospital", and _____, hereinafter designated as _____.

WITNESSETH

WHEREAS, the Hospital is the owner and operator of a hospital at Cambridge, Massachusetts in which there is located a Department _____ and,

WHEREAS, the _____ is a physician qualified to practice medicine and licensed to practice medicine in the Commonwealth of Massachusetts and has met the requirements for membership on the active medical staff and,

WHEREAS, the parties desire to provide a full statement of their agreement in connection with the operation of said Department, in the Hospital during the term of this contract,

THEREFORE, in consideration of the mutual covenants and agreements of this contract, it is understood and agreed by and between the parties hereto as follows:

FIRST: The _____ upon recommendation of the Medical Staff and appointment of the governing authority of the Hospital, and by virtue of this agreement, is a member of the Active Medical Staff of the Hospital, with all of the privileges and subject to all of the responsibilities of Active Medical Staff membership, and subject to the supervision of The Executive Committee of the Medical Staff.

SECOND: He shall serve as the professional and administrative head of the Hospital's _____.

THIRD: He shall be responsible for the overall standards of patient care in his department and shall provide active supervision to the technical and professional personnel working therein.

FOURTH: He shall organize his department, exercising his responsibilities for all nomination for appointments, and recommendations for promotions, reappointments and dismissals.

FIFTH: He shall insure that all members of this staff, including house officers, are duly licensed to practice medicine in the Commonwealth, and have been approved for membership on the medical staff by the Board of Health and Hospitals.

SIXTH: He shall establish and implement written policies and procedures for his department which reflect high standards of patient care, professional conduct, and administrative responsibility.

SEVENTH: He shall arrange and administer acceptable intern, resident, and medical student training programs, closely supervise their activities, evaluate their performance, enforce appropriate discipline, and otherwise take steps to insure that the educational programs are in keeping with the best interests of the patients, the hospital and the advancement of medicine.

EIGHTH: He shall provide opportunities for continuing education of medical staff and participate in such programs sponsored by other services in the hospital.

NINTH: He shall continually review and evaluate the clinical performance of members of his department, including methods of diagnosis, skills in treatment, and sound judgement, affording each member of the staff the opportunity to realize his full capabilities in accordance with high standards of medical practice.

TENTH: He shall insure that the medical records within his department are completed promptly and are in accordance with the standards set by the Joint Commission on Accreditation of Hospitals.

ELEVENTH: He shall insure the enforcement of the medical staff by laws, rules and regulations, with special attention to those pertaining to his department.

TWELFTH: He shall prepare periodic reports pertaining to his department embracing organization, education, research, supervision and evaluation of clinical work.

THIRTEENTH: He shall with members of his staff, hold monthly or more frequent meetings of the department for review of records, deaths and clinicopathological discrepancies.

FOURTEENTH: He shall represent his department to the administration and the governing board in the planning of facilities, personnel, supplies, equipment and services.

FIFTEENTH: He shall authorize all requests for expenditures which are directly related to the services of his department.

SIXTEENTH: He shall attend and actively participate in meetings of committees to which he has been appointed.

SEVENTEENTH: He shall insure proper coordination with other services and departments of the hospital, providing educational and supervisory services where appropriate.

EIGHTEENTH: He may attend professional and scientific meetings, conferences and conventions, to the extent that it does not interfere with the aforementioned duties and obligations.

NINETEENTH: He may engage in individual and joint scientific research projects, to the extent that it does not interfere with the aforementioned duties and obligations.

TWENTIETH: He may engage in the private practice of medicine to the extent that it does not interfere with the aforementioned duties and obligations.

TWENTY-FIRST: It is agreed that as a condition of this contract, the above named physician will maintain adequate malpractice insurance at his own expense for the duration of the contract.

TWENTY-SECOND: He shall receive from the Hospital as compensation for the aforementioned services, a fixed salary of \$ _____ per annum payable in twelve equal monthly payments.

TWENTY-THIRD: This agreement shall remain in full force and effect for a term of _____ year from and after _____ provided, however, that either the Hospital or _____ shall have the right and privilege of cancelling and terminating this agreement on _____ day's notice to the other, and upon the expiration of said notice this agreement shall be and become of no further force or effect whatsoever and each of the parties hereto shall be released and discharged therefrom.

IN WITNESS WHEREOF; the hospital has caused this agreement to be executed and its seal to be hereunto affixed by its duly authorized officers and the _____ has executed this agreement by hereunto setting his hand as of the day and year first above written.

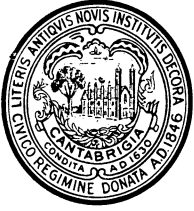
APPROVED:
EXECUTIVE DEPARTMENT

City Manager

APPROVED AS TO FORM:

Acting City Solicitor

Director, Cambridge Hospital



The Cambridge Hospital

Affiliated with
Harvard Medical School



Department of Medicine

October 31, 1974

Mr. Leslie MacLeod
Director
Cambridge Hospital

Dear Mr. MacLeod:

Enclosed please find a copy of the Balance Sheet for Cambridge Hospital Medical Associates, Inc., for the fiscal year ending September 30, 1973, prepared by certified public accountants, Anstiss & Kavanagh.

We wish to call your attention to Exhibit B which is in compliance with accounting practice and thus includes under Fees Earned total billings for the fiscal year. As you know, many fees billed are not collected or collectable, and in reality our total receipts for that fiscal year were \$50,016.66, as opposed to \$110,950 designated as "fees earned." Thus our net retained income for the year is really \$50,016.66 minus \$44,228 (total expenses) or \$5,788.66 rather than \$66,722.

In like manner the retained earnings for the fiscal year ending September 30, 1972 were \$2,400 rather than \$32,403. Thus, in sum, the retained earnings as of September 30, 1973 are not \$99,125 shown but \$5,788.66 (1973), plus \$2,400 (1972), or \$8,188.66.

As you will appreciate, the difference represents non-reimbursed professional services to patients at Cambridge Hospital. In addition, it should be noted that the principal item of operating expenses is salaries and wages, which for the fiscal year 1973 totalled \$23,275, distributed among ten individuals. Hence, the financial return to each physician practicing in the Cambridge Hospital Medical Associates was exceedingly small but a significant direct clinical service was provided, regardless of ability to pay.

If you or the Council have any questions we will be happy to

Mr. Leslie MacLeod

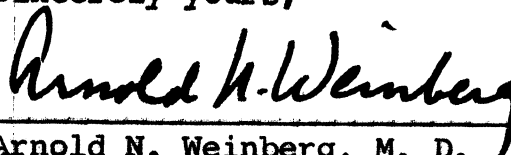
Re: Cambridge Hospital Medical Associates

October 31, 1974

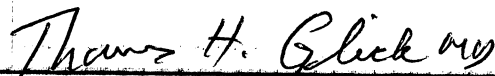
Cont'd. 2

answer them in person.

Sincerely yours,



Arnold N. Weinberg, M. D.
President



Thomas H. Glick, M. D.
Treasurer

ANW:THG/mc
Enclosure

ANSTISS AND KAVANAGH
CERTIFIED PUBLIC ACCOUNTANTS
21 GEORGE STREET
LOWELL, MASSACHUSETTS 01852

February 7, 1974

Board of Directors
Cambridge Hospital Medical Associates, Inc.
1493 Cambridge Street
Cambridge, Massachusetts 02139

Gentlemen:

In accordance with your request, we have prepared from the books and records without examination, the attached balance sheet of Cambridge Hospital Medical Associates, Inc., as of September 30, 1973 and the related statement of operations and retained earnings for the year then ended, and submit herewith the following exhibits:

EXHIBIT A - Balance Sheet, September 30, 1973

EXHIBIT B - Statement of Operations and Retained Earnings for the Year Ended September 30, 1973

Respectfully submitted,

Anstiss & Kavanagh
Anstiss & Kavanagh

CAMBRIDGE HOSPITAL MEDICAL ASSOCIATES, INC.BALANCE SHEETSEPTEMBER 30, 1973ASSETSCURRENT ASSETS

Cash		\$ 1,981
Accounts Receivable	\$ 108,259	
<u>LESS: Allowance for Doubtful Accounts</u>	<u>10,900</u>	97,359
Loans Receivable		500
Stock Subscriptions Receivable		300
Prepaid Insurance		<u>1,690</u>

TOTAL CURRENT ASSETS 101,830

ORGANIZATIONAL COST (Net of Amortization) 325

TOTAL ASSETS \$ 102,155

LIABILITIES AND STOCKHOLDERS' EQUITYCURRENT LIABILITIES

Accounts Payable	\$ 1,213
Payroll Taxes Withheld and Accrued	603
Accrued State Excise Tax	<u>114</u>

TOTAL CURRENT LIABILITIES 1,930

STOCKHOLDERS' EQUITY

Common Stock - No Par, Authorized 7,500 Shares, Issued and Outstanding 1,100 Shares	1,100	
Retained Earnings	<u>99,125</u>	<u>100,225</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 102,155

Prepared Without Examination

CAMBRIDGE HOSPITAL MEDICAL ASSOCIATES, INC.
STATEMENT OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 1973

<u>FEES EARNED</u>		\$ 110,950
<u>OPERATING EXPENSES</u>		
Salaries and Wages	\$ 23,275	
Medical Services	2,496	
Secretarial Services	3,416	
Insurance	4,762	
Payroll Taxes	1,522	
Legal Fees	633	
Amortization	108	
Massachusetts Excise Tax	114	
Miscellaneous	902	
Bad Debts	<u>7,000</u>	<u>44,228</u>
<u>NET INCOME FOR THE YEAR</u>		66,722
<u>RETAINED EARNINGS - OCTOBER 1, 1972</u>		<u>32,403</u>
<u>RETAINED EARNINGS - SEPTEMBER 30, 1973</u>		<u>\$ 99,125</u>

Prepared Without Examination



City of Cambridge

IN CITY COUNCIL

388 15
Statement on Physician billing at the Cambridge
Hospital.

In City Council

November 4, 1974

11/4/74

Placed on File.