

**University of Colorado Medicine  
Medical/Legal and Consulting Income Policies & Procedures**

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**1. POLICY PURPOSE**

The objective of these policies and procedures is primarily to ensure all relevant IRS rulings and CU Medicine Bylaw requirements are satisfied. In addition, these procedures are designed to achieve the timely invoicing, collections and distribution of this income.

**2. MEDICAL LEGAL AND CONSULTING INCOME**

All School of Medicine (SOM) faculty members are required to sign a CU Medicine Member Practice Agreement as part of their University of Colorado Denver (UCD) employment. This agreement specifies which earned income must be remitted to CU Medicine. Per the member practice agreement, all medical legal and consulting service income provided and earned by all SOM faculty members who are greater than or equal to .5 FTE must be billed and collected by CU Medicine.

Failure to remit Medical Legal and Consulting service income to CU Medicine may result in UCD employment termination.

Medical/legal services occur when a faculty member is providing a professional opinion to or for the benefit of an attorney, a judge or an administrative entity, whether in a judicial or an administrative proceeding or in contemplation of one, including serving as an expert witness or as a medical record reviewer to or for the benefit of the individuals/entities.

Consulting revenue is defined as non-clinical revenue performed for non-affiliated entities such as academic and/or medical societies, pharmaceutical or medical instrument/device for-profit corporations and the like. Consulting engagements accepted may or may not be directly related to CU Medicine's and/or the UCD School of Medicine's mission. Consulting services are generally performed as an on-going service for a specified time period and are typically evidenced by a written contract. Examples of consulting services may be serving on a for-profit corporation board as a medical advisor, performing a series of seminars or conferences, serving as a newsletter editor for a medical society and other like activities.

All income, fees, retainers or other compensation received for professional services shall include but are not limited to cash, checks, deferred compensation, warrants, phantom stock, stock option plans or arrangements and any other compensation or benefit plans or arrangements.

### **3. EXEMPT HONORARIA**

Exempt honoraria are excluded from the requirement of income assignment to CU Medicine. Exempt honoraria are after-the-fact transactions that are used to reward individuals for non-recurring, one-time services for which there is no expectation of payment for those services. Exempt honoraria include modest singular or one-time payments for lectures, articles, visiting professorships, NIH study sections and single occurrence services on boards. The payment must not exceed the "fair market compensation" for the expertise of the faculty member and the work performed.

Exempt honoraria also includes editorial activities, i.e. royalties, licensing fees and other income from editorial work and publications. Faculty must comply with University policies on intellectual property.

Any honoraria payments not meeting these requirements must be reviewed by the Department Chair/Section Head and Dean of the School of Medicine to be classified as exempt.

### **4. PROCESS**

The medical legal and consulting process of engagement, billing, collecting and reimbursement to the physician are explained below.

- **4.01 Engagement**

The initial engagement process for medical legal and consulting services differ according to the nature of the services under contract.

Consulting Services – A contract for consulting services must be created. Contact the CU Medicine Contracting department to assist with this process. Once the contract is approved by all parties, the CU Medicine Finance Department will receive a copy of the contract. The department's Director of Finance and Administration (DFA) will be contacted to designate the consulting income as assignable to the department or the member. This will determine the reimbursement process, as described below.

Medical Legal Services - A written contract is not required for medical legal services. An agreement is usually reached between the CU Medicine Member and the individual/entity requesting services. The services to be provided and the billable rate should be agreed upon before any services are provided.

- **4.02 Billing**

When a faculty member signs a Member Practice Agreement with CU Medicine, the faculty member agrees to allow CU Medicine to bill and collect for his or her Medical/Legal and Consulting Services.

Each faculty member is responsible for setting their own Medical/Legal and Consulting rates for billing purposes. As a guide for consideration in rate setting, CU Medicine is currently billing for these services in the following ranges:

Category	Billable Rate Ranges
Consultation, Record Review, Letter Prep	\$350 to \$750 per hour
Deposition & Testimony	\$400 to \$1000 per hour

To begin the billing process for Medical/Legal work, the faculty member can either complete a [Medical/Legal Billing Form](#) or submit that information via email or as a paper copy to [FinanceMedLegalConsulting@cumedicine.us](mailto:FinanceMedLegalConsulting@cumedicine.us). If an email is sent without the billing form, be sure to include all necessary information such as the name and address of the party to bill, a patient or case to reference on the invoice, date(s) of services provided, type(s) of service, number of hours for each type of service, as well as the rate per hour for each type of service.

To begin the billing process for consulting service contracts, provide either by hard copy or email any information needed to bill for the service, such as number of hours worked, dates of service and the like. Be sure to reference the contract on the communication so the specific details for billing the service can be pulled from the contract

CU Medicine will submit an invoice requesting that payment be made to University of Colorado Medicine. CU Medicine's taxpayer ID number will be listed on each invoice to ensure payments are made payable to CU Medicine and relevant IRS forms and filings are provided to CU Medicine (versus the faculty member) annually.

Other reimbursable expenses that are allowed per agreement, such as travel, meals, etc and are paid out of pocket can be sent to [FinanceMedLegalConsulting@cumedicine.us](mailto:FinanceMedLegalConsulting@cumedicine.us) for inclusion on the invoice. Make sure these expenses are clearly noted as out of pocket. When these expenses are collected they are not assessed any additional fees and are paid to the member on a separate check generated by CU Medicine.

- **4.03 Collection**

All possible efforts will be made to collect amounts invoiced for Medical/Legal and Consulting services. If an invoice appears uncollectable, the faculty member that performed the service will be notified and consulted as to what the next course of action should be.

If payment for an invoice is sent to the faculty member instead of CU Medicine, the faculty member must send the check to CU Medicine for processing.

If payment is issued payable to the faculty member with his/her social security number rather than CU Medicine's tax ID, then the faculty member will receive an IRS form 1099-MISC. Physicians receiving this IRS form should contact CU Medicine Finance for assistance. As a reminder, the IRS considers all 1099 miscellaneous income taxable so any notice of this type received from an outside entity must be addressed.

- **4.04 Disbursement of Collected Funds**

A faculty member can be reimbursed for their med/legal & consulting income up to \$10,000 less University payroll expenses of 10% Retirement and 1.45% Medicare Tax per fiscal year and up to \$20,000 less payroll expenses if approved by the Department Chair. Once the approved reimbursement limit is reached, the funds are retained in the faculty member's department. See below for further discussion of these disbursement methods.

Approved med/legal and consulting payments will be processed monthly via University payroll as additional income to the faculty member's University Base and Supplement salary and independent of any relevant departmental incentive formulas and distributions. Distributions through University payroll will occur in the month following the calendar period in which the income was collected. All payments will be reduced by appropriate assessments (Dean's AEF, CU Medicine fees) and University employer-paid benefits as discussed above. In the event a faculty member has met their retirement contribution limit in any given year, the department's Director of Finance and Administration should notify CU Medicine. In such a case, the mandatory 10% University deduction for retirement will not be withheld for the remainder of the year.

Medical/legal and consulting contract earnings will be reflected on faculty W2 statements as issued by their employer, the University of Colorado.

On an annual basis, in advance of the earnings period for medical/legal and consulting contract income (typically the start of a new fiscal year), a faculty member can elect to not receive earnings these income sources but instead, direct that funds be retained in their department for future discretionary, mission-specific uses or to support their clinical FTE. [Med Legal Consulting Incentive Reserve Forms](#) are available on the CU Medicine Intranet.

Finally, in some limited and specific instances, a department DFA and the faculty member party to a particular consulting contract may indicate their mutual agreement to retain those funds in the department, making them not subject to distribution. These third party consulting contracts, intended for use as program or salary support by both the DFA and faculty member, will be identified during contract intake to CU Medicine Finance when an agreement is initially reviewed and coded for billing and collections purposes. For the [contract intake](#) and [program support approval](#) forms, please see the CU Medicine Intranet.

Any income not distributed for the reasons outlined above will be retained in the faculty member's department. Department incentive plans may allow faculty members to receive payments for medical/legal and consulting services in excess of the above limits via an incentive payment. Consult the department's Director of Finance and Administration for further incentive payout information.

- **4.05 Reporting**

Each faculty member having collections in a given month will receive a letter from CU Medicine the following month providing notification of collections by vendor/case. In addition, on a quarterly basis, Department Chairs and DFAs will receive a report detailing medical/legal and consulting earnings by faculty member and the payout as additional income that occurred for the period and fiscal year-to-date.

If you have additional questions in regards to Medical/Legal and Consulting agreements, contact [FinanceMedLegalConsulting@cumedicine.us](mailto:FinanceMedLegalConsulting@cumedicine.us).