

THIS COST SHARING AND OPERATING AGREEMENT MADE EFFECTIVE THIS _____ DAY OF _____, 2016.

BETWEEN:

Physicians Complete Name and/or Professional Corporation

OF THE FIRST PART

- AND -

Physicians Complete Name and/or Professional Corporation

OF THE SECOND PART

- AND -

Physicians Complete Name and/or Professional Corporation

OF THE THIRD PART

- AND -

Physicians Complete Name and/or Professional Corporation

COST SHARING AND OPERATING AGREEMENT

RECITALS

1. WHEREAS each of the Parties either individually or through their Professional Corporations carry on separate and independent family medicine practices located at *clinic name & location*;
2. AND WHEREAS the Parties do not wish to share the profits or revenue of their respective independent medical practices, but do wish to share certain jointly incurred costs and expenses as set out herein for the operation of their separate practices, including maintenance of staff located at location and any other costs or expenses incurred at such location;
3. AND WHEREAS the Parties hereto wish to clearly define their business relationship and operating procedures while a Physician providing medical services at *clinic name*.

NOW THEREFORE THIS AGREEMENT witnesseth that, in consideration of the premises and in consideration of the mutual promises, covenants and conditions herein set forth, the Parties hereto agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Preamble

The Parties hereby confirm and ratify the matters contained and referred to in the Preamble and agree that the same are expressly incorporated into and form part of this Agreement.

1.2 Definitions

Wherein used in this Agreement, unless the context otherwise requires, the following terms shall have the meaning ascribed to them below:

- (a) "Administrative Staff" means those staff members that are responsible for the administrative duties

provided to the **clinic name** Physicians, which includes answering the telephone, booking patients, greeting patients and other duties required by the Physicians;

(b) "Agreement" means this agreement together with any Schedules now or hereafter attached and every amendment or supplement hereto;

(c) "AMA" means the Alberta Medical Association; (d) "AHS"

means Alberta Health Services;

(e) "CFPC" means the College of Family Physicians of Canada;

(f) "Chief of Service" means the **clinic name** staff physician appointed by a majority of the **clinic name** Physicians to be their representative and clinical lead;

(g) "CMA" means the Canadian Medical Association;

(h) "CMA Code of Ethics" means the Code of Ethics established by the Canadian Medical Association;

(i) "CMPA" means the Canadian Medical Protection Association;

(j) "Cost Sharing Arrangement" means the sharing of expenses and the management of the Practice as set out in the Agreement;

(k) "CPG" means Clinic Practice Guidelines;

(l) "CPSA" means the College of Physicians and Surgeons of Alberta;

(m) "DOFM" means the Department of Family Medicine, University of Alberta Faculty of Medicine and Dentistry;

(n) "DoFM AARP" means the Department of Family Medicine Alberta Alternative Relationship Plan;

(o) "**clinic name**" means **clinic name** located at **clinic location**;

(r) "**clinic name** Unit Manager" means the person that may be designated or appointed to oversee the day-to-day operations of **clinic name**;

(s) "Lease" means the lease agreement dated effective **date** between Alberta Health Services, as landlord, and the Physicians, as tenants, which is incorporated herein by reference;

(t) "MOU" means the Memorandum of Understanding executed between AHS and the Physicians dated effective the **date** and incorporated herein by reference;

(u) "Parties" means those person(s) and entities listed in Schedule "A" either individually or collectively;

(v) "Physicians" means those persons and entities listed in Schedule "B" who provide family medicine services to patients at **clinic name** as fully licensed physicians and any subsequent physician accepting an offer to join the **clinic name** Physicians;

(w) "PPC" means the Physicians Performance Committee established to review any physician related matters that could result in limitation or suspension of privileges at the **clinic name** which committee

consists of the Chief of Service, the **clinic name** Unit Manager and two (2) other appointed **clinic name** Physicians;

- (x) "Practice" means each of the Party's independent medical practice in the area of Family Medicine carried on at **clinic name**;
- (y) "Principal" means the shareholder who is the practicing Physician of the Professional Corporation;
- (z) "Professional Corporation" means any approved medical Professional Corporation controlled by a **clinic name** Physician operating out of **clinic name**;
- (aa) "Selection Committee" means a committee consisting of the Chief of Service, Educational Director and one (1) other **clinic name** Physician;
- (bb) "Terms of Reference" means a document attached as Schedule "A" hereto approved by the **clinic name** Physicians, as amended.

1.3 **Applicable Law**

This Agreement shall be interpreted in accordance with the laws of the Province of Alberta.

1.4 **Genders**

Whenever the singular is used, it shall be deemed to extend to and include the plural and vice versa, and where one gender is used, it shall include all genders.

1.5 **Severability**

Any provision of this Agreement which is invalid or unenforceable may be severed and such severance shall not affect the validity or enforceability of any other provision or covenant herein contained.

1.6 **Precedents**

The provisions of this Agreement supercedes all former Agreements between the Parties relating to the business operations referenced herein, and all such Agreements are hereby declared to be of no further force or effect whatsoever, except to the extent, if any, that the substance thereof is incorporated into this Agreement.

1.7 **Conflict**

Should there be a conflict between this Agreement and the Terms of Reference, the provisions of the Terms of Reference shall prevail.

ARTICLE 2 ALLOCATION OF COSTS

2.1 **Statement of Purpose**

Subject to the remaining provisions of this Agreement, the Parties agree that their business dealings in relation to **clinic name**, the Administrative Staff, clinical staff and their respective medical practices will be undertaken in accordance with the provisions of this Agreement.

2.2 Income

All income received by the Parties and/or **clinic name** for the provision of medical services rendered by the Parties and/or resulting from the business operations of **clinic name** shall be for the account of the Party providing such services and in no circumstance shall income be shared between the Parties.

2.3 Lease Costs

The costs as outlined in the Lease shall be borne equally by the Parties, and each hereby indemnifies the other with respect to their proportionate share of such costs.

2.4 Payment to AHS

Each Physician will contribute twenty (20%) percent of their payments received from AHS for services provided by the Physician, which funds will be retained in a bank account dedicated to holding and dispersing the Physicians' payments. Funds will be forwarded periodically to AHS in respect to overhead payments as set forth in the MOU. The bank account will be accessible by the Chief of Service and **clinic name** Director of Learning. These total payments will be calculated monthly based on payments received by the Physician in the preceding month. It is understood that the collective sum of three thousand (\$3,000.00) dollars will be retained for each quarterly payment and used for the purposes as outlined in the MOU.

ARTICLE 3 CLINIC MANAGERIAL OPERATIONS

3.1 **clinic name** Unit Manager

In addition to the Administrative Staff and clinic staff, the Parties may employ the services of an independent Unit Manager to oversee and manage the day-to-day operations of **clinic name**. The costs associated with the employment of such person shall be considered costs of the clinic staff. Failing the employment of Unit Manager, the Parties shall oversee and manage the day-to-day operations of **clinic name**.

3.2 Obligations of the Physicians

The Physicians of **clinic name** agree to:

- (a) maintain membership in good standing with an active medical license with the CPSA in the specialty of Family Medicine;
- (b) adhere to the CMA Code of Ethics;
- (c) ensure active privileges in the **zone name** Zone Medical Staff and adhere to the Edmonton Zone Medical Staff Bylaws and maintain the University of Alberta and **clinic name** as a designated practice site within the zone;
- (d) maintain, in good standing, membership in the CMPA, CMA, AMA and CFPC and ensure behavior that is compatible with a high professional, ethical and moral standard expected of Physicians at **clinic name**;
- (e) complete appropriate and accredited continuous professional development that meets or exceeds the annual requirements of the CPSA and the CFPC;
- (f) maintain competency in all attributable categories of the Can MEDS framework with ongoing attention to quality in the clinical, administrative and interactive domain;
- (g) provide medical services that strive to adhere to current standards of practice published by the **clinic**.

name;

- (h) provide clinical practices that aspire to provide evidence informed decision making and form practice based on published evidence such as peer review medical journals and CPG;
- (i) provide clinical services and practice habits that align with the overall direction and evolution of the Physicians at **clinic name** and any practice group established;
- (j) provide after hour services by participating in the call schedule established by the Physicians;
- (k) provide communication that is respectful and considerate in both style and content regardless of the situation;
- (l) provide input to decision making that aligns personal interest with those of the health team, colleagues and overall direction and evolution of the **clinic name**;
- (m) provide billing for medical services that are in accordance with the AHS billing schedule or the DoFM AARP and the AMA schedule for uninsured services and will use the principles of fairness and responsibility when setting, adapting or waiving fees;
- (n) provide to the Office Manager, dates of planned vacation time two (2) months prior to each six (2) month blocks of scheduling. All unscheduled absences must be reported to the Office Manager;
- (o) immediately advise the Chief of Service of suspension of his or her medical license and immediately stop practicing medicine.

3.3 Physicians' Duty to Report to Chief of Service

- (a) Any significant personal conditions that could have the potential effect to impact patient care or clinical performance so as to enable and secure assistance from colleagues at the **clinic name** to support the Physicians medical practice as required;
- (b) Any observation at the **clinic name** that could have potential to impact patient care or clinical performance;
- (c) Any voluntary or involuntary reduction in Physician's privileges in providing any medical services;
- (d) Any allegations of charges of impropriety, unethical, unprofessional or illegal conduct from another source or activity or jurisdiction about any medical staff member;
- (e) Any threats or notification of medical malpractice action wherein the Physician is named as a defendant.

3.4 Participation by Physicians

- (a) Each Physician agrees to participate and support meetings at **clinic name** for:
 - (i) clinical staff including but not limited to business meetings, clinical practice meetings, quality assurance and quality improvement sessions, **clinic name** professional learning events and meetings devoted to training of graduate medical students at **clinic name**;
 - (ii) combined meetings for Administrative Staff, clinical staff and Physicians; (iii) any meetings required pursuant to this Agreement.

- (b) Activities approved by:
 - (i) the Chief of Service;
 - (ii) the University of Alberta, Faculty of Medicine and Dentistry, Department of Family Medicine and the **clinic name** educational director, which will always be subject to Physician's limitations as to individual capacity to participate;
 - (iii) the **clinic name** Research Committee within the limits of the Physician's capacity to participate;
 - (iv) the Chief of Service after discussions with the Physician in respect to any concerns identified by focus feedback about individual or group performance;
 - (v) the Physician in respect to the mandatory periodic meetings to be held by the Physicians.
- (c) Physicians agree to adhere to the following decisions made by:
 - (i) the Chief of Service, which shall include the issuance of a temporary suspension of medical privileges when there is a concern which will have a reasonable potential to have a significant adverse effect on patient safety;
 - (ii) the **clinic name** Physicians' Performance Committee;
 - (iii) the decision of a majority of the Physicians called at a duly constituted **clinic name** medical staff meeting.

3.5 Appeals

In the event that any Physician wishes to appeal a decision rendered pursuant to the provisions of this Agreement, he or she may do so by requesting, in writing, a meeting of the Physicians, which notice shall be directed to the Chief of Service. All reasonable efforts will be made to endeavour to hold a meeting of the Physicians within two (2) weeks of receipt of such notice, with a quorum for the meeting representing not less than eighty (80%) percent of the Physicians. Written proxies from a Physician who cannot attend such meeting must be directed, and received, by the Chief of Service twenty four (24) hours before the scheduled meeting. All decisions in respect to such appeal will require a simple majority to overturn any decision made by the Chief of Service or the PPC. The Chief of Service and members of the PPC will be allowed to attend and vote on any motion put forward however, the Physician advancing the appeal after making his or her argument in favour of overturning the initial decision will leave the meeting and will not be able to vote on such appeal. All decisions will be final and binding.

ARTICLE 4 SELECTION COMMITTEE

- 4.1 The Selection Committee's Mandate will be to monitor Physician resources and make recommendations for recruitment of Physician personnel. After review of the application and interviewing the applicant, the Selection Committee will then make recommendations to the Physicians for approval. All decisions will require a simple majority of the Physicians eligible to vote on such matters.

NTD: Does the Physician have to appear in person or can they provide a proxy of their vote.

ARTICLE 5 PHYSICIAN'S DEPARTURE FROM **clinic name**

- 5.1 If for any reason, including retirement, a Physician is required or desires to leave the staff of **clinic name**, (the "Retiring Physician") then in such event the Retiring Physician must:

- (a) meet the CPSA Standards for closing a practice; and
- (b) give three (3) months advance notice, in writing, prior to departure unless a shorter period of notification has been approved by a majority of the Physicians; and
- (c) the Retiring Physician must make arrangements to ensure continuity of care for the patients attached to their practice and;
- (d) the Retiring Physician must make overhead payments for services up to the last patient billed while practicing at **clinic name**; and
- (e) the Retiring Physician must ensure that all referrals, investigations and follow-up plans prepared by the Retiring Physician have been accepted for follow-up by another Physician taking over care of these patients; and
- (f) the Retiring Physician must stop using all **clinic name** staff, resources and facilities after the date set for his or her departure, unless there is an expressed agreement with the Physicians to continue to use those resources for a defined purpose, such as providing continuity of patient care for former patients during the transition period.

ARTICLE 6 INDEMNITY

- 6.1 Each Physician agrees to indemnify and save harmless the other Physicians from any and against all liabilities, claims, suits, actions, damages or expenses, including reasonable legal fees on a solicitor/and his own client basis, incurred as a result of the breach of any of the Physician's obligations under this Agreement or arising as a result of negligence or willful misconduct on the party of the Physician (including providing medical services (or its agents, servants or employees)).

ARTICLE 7 GENERAL PROVISIONS

- 7.1 This Agreement shall enure to the benefit and be binding upon the Parties hereto, their respective representatives, successors and assigns, respectively.
- 7.2 For further assurances, each of the Parties shall execute all further documents and perform all other acts and deeds as and when may be required to carry out and give effect to the term of this Agreement.

ARTICLE 8 RELATIONSHIP

- 8.1 The relationship amongst the Physicians is that of independent parties who practice independently from the **clinic name** premises. The Physicians specifically acknowledge that they are not partners or joint venturers but are merely associated as independent parties for the purposes relating to **clinic name** and the **clinic name** staff.

ARTICLE 9 NOTICE

- 9.1 All notices, requests, demands or other communications by the terms hereof required or permitted to be given by one Party to the other will be given in writing and delivered either personally or to the address as provided on Schedule "A", or such address to which either Party may, from time to time, notify each other.

ARTICLE 10 GOVERNING LAW

- 10.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta.

ARTICLE 11 HEADINGS

11.1 The division of this Agreement into Articles and Sections is for convenience of reference only and should not affect the interpretation or construction of this Agreement.

ARTICLE 12 INDEPENDENT ADVICE

12.1 All Parties to this Agreement acknowledge that they have obtained or were given the opportunity to obtain independent legal, tax and accounting advice concerning the terms and conditions of this Agreement.

ARTICLE 13 GUARANTEE

13.1 Each of the Principals hereby guarantees the full performance of each and every obligation incurred, promised, conveyed or agreed by virtue of this Agreement by the Professional Corporation of which the person is the Principal. Such Principal waives every defence or claim in respect to such guarantee, except as to strict proof of the amounts owing by the Professional Corporation.

IN WITNESS WHEREOF this Agreement has been executed as of the day and year first written above.

Physicians Complete Name and/or Professional Corporation

Per: _____

Physicians Complete Name and/or Professional Corporation

Sample

SCHEDULE "B" PHYSICIANS

List of all physicians in the clinic

Sample



**THE GUARANTEES ACKNOWLEDGEMENT ACT (SECTION 3)
CERTIFICATE**

I HEREBY CERTIFY THAT:

1. I, **Physician's Complete Name**, of xxx, Alberta, the Guarantor in the Guarantee dated _____, 2016 made between *Physicians Complete Name and/or Professional Corporation*, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he had executed the Guarantee;
2. I satisfied myself by examination of him that he is aware of the contents of the Guarantee and understands it.

CERTIFIED by _____, Barrister and Solicitor, at the City of Edmonton, in the Province of Alberta, this ____ day of _____, 2016.

STATEMENT OF GUARANTOR

I am the person named in this certificate

Signature of Guarantor - **Physician's Complete Name**
