



**Banner
University Medical Group
Physician Compensation Plan**

Effective August 1, 2017

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BACKGROUND

The Academic Affiliation Agreement dated as of February 28, 2015, between Banner Health ("Banner") and the Arizona Board of Regents, acting on behalf of the University of Arizona (the "University"), required an updated compensation methodology to be in place by June 30, 2016, for all physicians who are employed by Banner–University Medical Group ("B–UMG") and all physicians who are employed by the University and practicing through B–UMG.

The former compensation plans encompassed varying methodologies based on physician location, specialty, and clinical versus academic full time equivalent ("FTE") status, and, in general, did not support the strategic goals of B–UMG, Banner and the University. A Compensation Committee (the "Committee") was therefore created to develop a new, market competitive compensation plan for B–UMG (hereinafter, the "Compensation Plan") that is equitable, transparent, sustainable and supports the mission and strategic vision of B–UMG, Banner and the University. The key objective of the Compensation Plan is to fairly compensate physicians practicing at both the Phoenix and Tucson campuses for clinical services provided on behalf of B–UMG and academic services provided on behalf of the University.

The membership of the Committee included eight physicians who broadly represented the primary care and specialty services provided by B–UMG. The Academic Management Council of B–UMG (the "AMC") unanimously approved the Compensation Plan proposed by the Committee on March 21, 2016, with an effective date of July 1, 2016. The Compensation Plan was amended by the AMC on October 24, 2016, also with an effective date of July 1, 2016. The Compensation Plan subsequently was amended by the AMC on April 26, 2017, with an effective date of August 1, 2017, or, with respect to the designation of a specialty as a group-based plan specialty, the inclusion of a department/division component as one of the components of Clinical Productivity-Based Compensation for a designated physician group, or the exclusion of a specialty/location from the Compensation Plan, such other effective date as may be recommended by the Compensation Oversight Committee, approved by the AMC and agreed to in writing by all of the affected physicians. The amended Compensation Plan is as outlined in this document.

The Compensation Plan creates the framework for how all physicians employed by B–UMG and all physicians employed by the University and practicing through B–UMG, other than per diem physicians, junior faculty physicians, chief residents, residents and fellows providing clinical services outside the scope of their residency and fellowship programs, and physicians in the specialties/locations that are included in the list attached hereto as Exhibit 1, as the same may be amended from time to time, will be paid for clinical and academic services. The Compensation Oversight Committee will continue to identify and resolve any special issues or concerns with physician compensation.

Except as otherwise provided in this document, the terms of the Compensation Plan will supersede and replace the terms of the physicians' respective written employment agreements with respect to the compensation to be paid to the physicians for the provision of any services described in the Compensation Plan; provided, however that the physicians may continue to receive additional compensation for services other than those described in the Compensation Plan, including compensation described in applicable supplemental compensation policies, as may be adopted by the AMC from time to time.

OBJECTIVES

The goal of the Committee was to create a compensation methodology based on the following Guiding Principles:

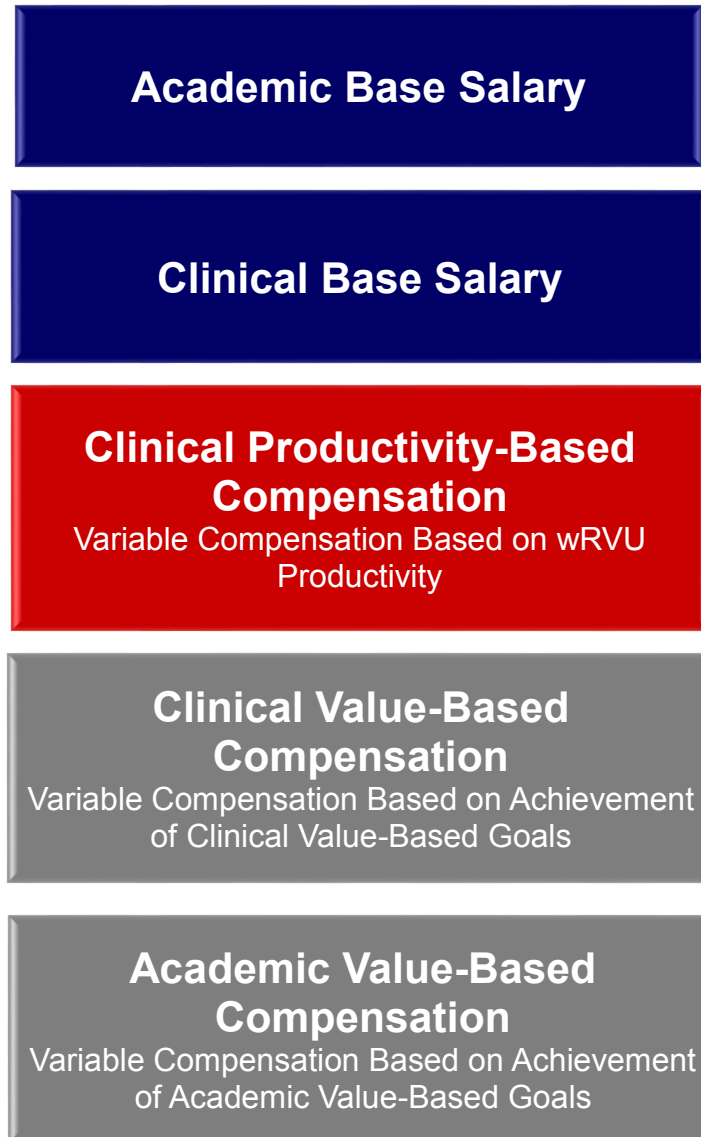
- **Market Competitive:** Attract and retain top talent necessary to achieve the clinical mission of B—UMG and the academic mission of the University.
- **Performance-Based:** Correlates with physicians' clinical, value-based (e.g., quality of care, patient experience) and academic work effort.
- **Sustainable and Flexible:** Allows the AMC to increase or decrease the importance of Compensation Plan components over time as conditions change.
- **Transparent:** Simple, consistent, objective and equitable allowing for disclosure to relevant parties, as appropriate.
- **Compliant:** With applicable laws and regulations, including fair market value principles.

The Committee also sought to ensure the Compensation Plan valued the academic mission of the University. To that end, various characteristics were built into the Compensation Plan to recognize academic efforts and to differentiate compensation based on academic rank.

Lastly, in order to develop a sustainable model, the Committee recognized the need to align compensation with physician academic and clinical work effort with clearly defined funding sources. The Compensation Plan was developed to support the physician enterprise and the academic mission while remaining viable over the long-term.

COMPENSATION PLAN DESIGN

The Compensation Plan has five major components. These components consist of Academic Base Salary, Clinical Base Salary, Clinical Productivity-Based Compensation, Clinical Value-Based Compensation and Academic Value-Based Compensation as follows:



Two primary plan structures were created: an individual-based plan and a group-based plan. A list of specialties included in the group-based plan is attached hereto as Exhibit 2, as the same may be amended from time to time. Unless a specialty is listed on Exhibit 2, the specialty is included in the individual-based plan. Both the individual-based plan and the group based plan include the same major components listed above.

DEFINITION OF TERMS

The following defined terms are used in the Compensation Plan:

Academic Base Salary

The portion of the Base Salary that is funded by the University's College of Medicine ("COM") and that is associated with the physician's assigned academic time and effort (varies based on specialty, duties and academic rank).

Academic Value-Based Compensation

Compensation for the achievement of research, teaching and other scholarly activity goals (separate from Academic Base Salary). Academic Value-Based Compensation is funded by B—UMG.

Academic Year

The twelve month period beginning on July 1st of each year and ending on June 30th of the following year.

Adjustment Payroll Date

The first available date on which a physician's compensation may be adjusted in the payroll system of B—UMG or the University, as the case may be.

Annual Clinical Component Compensation

The sum of a physician's Clinical Base Salary and the Clinical Productivity-Based Compensation earned by a physician, as determined on an annual basis during each Academic Year.

Annual Salary

The bi-weekly gross salary that a physician receives, which is inclusive of the Base Salary and any other compensation that is paid to the physician on a regular, bi-weekly basis.

Base Rate per wRVU

A market-driven dollar amount assigned to each wRVU, which may vary according to specialty, rank and location.

Base Salary

Base Salary includes the sum of the Academic Base Salary and the Clinical Base Salary. If any portion of a physician's Annual Salary is attributable to compensation for contracted services, leadership activities or other administrative services such as medical director services, such portion of the Annual Salary will be excluded from the calculation of the physician's Base Salary.

Calendar Measurement Period

The six-month period beginning on January 1st of each year and ending on June 30th of the same year or the six-month period beginning on July 1st of each year and ending on December 31st of the same year.

Calendar Year

The twelve month period beginning on January 1st of each year and ending on December 31st of the same year.

Clinical Base Salary

The portion of the Base Salary that is funded by B—UMG based upon the physician's wRVU productivity (varies based on specialty, rank and location).

Clinical Base Salary Adjustment Percentage

The percentage by which a physician's Clinical Base Salary is increased based upon the physician's level of productivity during the prior Calendar Year or decreased based upon the physician's level of productivity during the prior Calendar Measurement Period. The Clinical Base Salary Adjustment Percentage for increases in Clinical Base Salary is equal to the ratio of (a) the difference between (i) the annual level of physician's wRVU productivity, and (ii) the physician's wRVU Target to (b) the physician's wRVU Target. The Clinical Base Salary Adjustment Percentage for decreases in Clinical Base Salary is equal to the ratio of (a) the difference between (i) the semi-annual level of physician's wRVU productivity, and (ii) the physician's semi-annual wRVU Target to (b) the physician's semi-annual wRVU Target.

Clinical Productivity-Based Compensation

Compensation based on personally performed professional services provided by a physician under an individual-based plan or personally performed professional services provided by all of the physicians in a designated physician group under a group-based plan.

Clinical Value-Based Compensation

Compensation for the achievement of non-productivity and non-academic based goals such as quality metrics, compliance, patient access and timing of chart closure. Clinical Value-Based Compensation is funded by B—UMG, based upon the wRVU productivity of the individual or group physicians, as applicable.

CMS

The Centers for Medicare and Medicaid Services.

Compensation Ceiling

The 90th percentile for physician compensation, based on specialty, as determined by an average of a blend of the three most recent years of the Sullivan Cotter Medical Group Compensation and Productivity survey data and the Sullivan Cotter Physician Compensation and Productivity survey data, unless other survey years are designated by the AMC upon the recommendation of the Compensation Oversight Committee.

Compensation Oversight Committee

The committee to which the AMC has delegated the responsibility for the oversight and management of the Compensation Plan.

Current Procedural Terminology (CPT) Code

The medical code that describes medical, surgical, and diagnostic services performed by a physician.

Group Productivity Pool

The amount of Clinical Productivity-Based Compensation that is available for distribution to physicians participating in a designated group-based plan.

Guaranteed Productivity Payment

As defined in the New Hires section of the Compensation Plan.

Guaranteed Productivity Payment Period

As defined in the New Hires section of the Compensation Plan.

Hurdle Rate per wRVU

The Base Rate per wRVU reduced by the Hurdle wRVU Percentage.

Hurdle wRVU Percentage

The percentage by which the Base Rate per wRVU is reduced once a physician based in Tucson reaches the physician's designated wRVU Target. The Hurdle wRVU Percentage is approximately equal to the ratio of the pooled amount of employee-related expenses of B—UMG and the University, such as health and dental insurance, life insurance, retirement benefits and payroll taxes, for physicians based in Tucson to the amount of the pooled productivity-based compensation earned by physicians based in Tucson during the prior Academic Year. The most current Hurdle wRVU Percentage is attached as Exhibit 6, as the same may be modified from time to time.

Inflection Point

The 60th percentile for physician compensation, based on specialty, as determined by an average of a blend of the three most recent years of the Sullivan Cotter Medical Group Compensation and Productivity survey data and the Sullivan Cotter Physician Compensation and Productivity survey data, unless other survey years are designated by the AMC upon the recommendation of the Compensation Oversight Committee.

Inflection Rate per wRVU

The Hurdle Rate per wRVU multiplied by the Inflection wRVU Percentage.

Inflection wRVU Percentage

The percentage by which the Hurdle Rate per wRVU is multiplied once the Annual Clinical Component Compensation for a physician based in Tucson equals the Inflection Point (60th percentile for physician compensation). The most current Inflection wRVU Percentage is attached as Exhibit 3, as the same may be modified from time to time.

Maximum Clinical Base Salary Adjustment Percentage

The maximum percentage by which a physician's Clinical Base Salary may be decreased in the event the physician did not meet the physician's wRVU Target for the prior Calendar Measurement Period. The most current Maximum Clinical Base Salary Adjustment Percentage is attached as Exhibit 4, as the same may be modified from time to time.

Maximum Value-Based Compensation

The maximum amount of Value-Based Compensation that a physician may earn in any given Academic Year. The Maximum Value-Based Compensation is equal to the product of the physician's Base Salary and the Maximum Value-Based Compensation Percentage.

Maximum Value-Based Compensation Percentage

A designated percentage of a physician's Base Salary, as determined at the beginning of each Academic Year, that is used to determine a physician's Maximum Value-Based Compensation. The most current Maximum Value-Based Compensation Percentage is attached as Exhibit 5, as the same may be modified from time to time.

New Hire Subsidy

A one, two or three year financial subsidy that will be used by B—UMG to reduce the annual total of Clinical Base Salaries for a specific specialty in a group-based plan in order to support the clinical productivity of a newly-hired physician in the same specialty. The amount and duration of each New Hire Subsidy must be reviewed and approved by UPRT and/or the AMC and will be based upon the proforma prepared for such newly-hired physician.

UPRT

The University Provider Review Team.

Value-Based Compensation

Clinical Value-Based Compensation and Academic Value-Based Compensation.

Variable Compensation

Clinical Productivity-Based Compensation, Clinical Value-Based Compensation and Academic Value-Based Compensation.

Work Relative Value Unit (wRVU)

The measure of clinical productivity for all personally performed professional services provided by physicians, as defined by CMS.

wRVU Target

The annual level of wRVU productivity beyond which Clinical Productivity-Based Compensation may be earned by a physician. For physicians in an individual plan who are not new hires, the wRVU Target is determined by dividing the sum of the physician's Clinical Base Salary and the physician's maximum potential Value-Based Compensation by a designated Base Rate per wRVU. For physicians in an individual plan who are new hires, the wRVU Target is determined by dividing the sum of the physician's Clinical Base Salary, the physician's maximum potential Value-Based Compensation and the physician's Guaranteed Productivity Payment by a designated Base Rate per wRVU. For physicians in a group-based plan, the wRVU Target is determined by dividing the sum of the physician group's total Clinical Base Salaries, as reduced by the annual amount of all New Hire Subsidies, and the physician group's maximum potential Value-Based Compensation by a designated Base Rate per wRVU.

CLINICAL BASE SALARY AND BASE SALARY MODIFICATIONS

Individual and Group Plans

For physicians who met their respective wRVU Target for the prior Calendar Year, the Clinical Base Salary will be determined based on each physician's actual level of productivity for the prior Calendar Year; provided, however, that no physician's Clinical Base Salary may increase more than an amount equal to ten percent of such physician's prior Clinical Base Salary; and, provided further, that no physician's new Clinical Base Salary may exceed more than 80% of the physician's Annual Clinical Component Compensation for the prior Calendar Year.

For physicians who did not meet their respective wRVU Target for the prior Calendar Measurement Period, each physician's Clinical Base Salary will be reduced by the Clinical Base Salary Adjustment Percentage; provided, however, that no physician's Clinical Base Salary may

decrease by more than the Maximum Clinical Base Salary Adjustment Percentage following any given Calendar Measurement Period.

Example A (Non-Primary Care Physician Meets wRVU Target):

Prior Clinical Base Salary:	\$190,000	
Annual Level of Productivity	6,000	
wRVU Target	5,000	
Difference in Productivity:	1,000	
Clinical Base Salary Adjustment Percentage:	20%	
Maximum Clinical Base Salary Adjustment Percentage:	10%	
New Clinical Base Salary:	\$209,000	(10% of prior Clinical Base Salary [assumes less than 80% of prior year Annual Clinical Component Compensation])

Example B (Non-Primary Care Physician Does Not Meet wRVU Target):

Prior Clinical Base Salary:	\$190,000	
Semi-Annual Level of Productivity	2,000	
Semi-Annual wRVU Target	2,500	
Difference in Productivity:	(500)	
Clinical Base Salary Adjustment Percentage:	- 20%	
Maximum Clinical Base Salary Adjustment Percentage:	- 10%	
New Clinical Base Salary (annualized):	\$171,000	(-10% of prior Clinical Base Salary)

Compensation for services, such as contracted services or leadership services, which is included in the Annual Salary, but not in the Base Salary, will not be considered as part of the above calculations. Any such compensation will be incorporated into a physician's Annual Salary after the physician's new Clinical Base Salary has been determined.

Timing

Annual adjustments to Base Salary, if any, will be effective as of the Adjustment Payroll Date closest to the beginning of each Academic Year for increases in Base Salary, and will be determined based upon the physician's performance for the prior Calendar Year. For decreases in Base Salary, any semi-annual adjustments to Base Salary will be effective as of the Adjustment Payroll Date closest to the first day of October of the same year for a Calendar Measurement Period beginning on January 1st and as of the Adjustment Payroll Date closest to the first day of April of the following year for a Calendar Measurement Period beginning on July 1st, and will be determined based upon the physician's performance for the prior Calendar Measurement Period; provided, however, that the AMC may approve a waiver of the application of any such decrease upon the recommendation of the Compensation Oversight Committee for

good cause; and, provided further, that any decrease in Base Salary based upon a physician's performance for Calendar Year 2016 will not be effective until the Adjustment Payroll Date closest to August 1, 2017.

Upon the recommendation of the Compensation Oversight Committee, the AMC also may approve a waiver of the application of any decreases in Base Salaries for a specific department/specialty in a specific location or locations for a designated period of time when such waiver is necessary to stabilize the department/specialty in question.

Modification of Base Salary

A modification in Base Salary due to a promotion, change in rank, FTE status, distribution of effort or other similar factor that occurs during an Academic Year will be effective on the first Adjustment Payroll Date following approval of such change, along with the corresponding changes in the wRVU Target and the Base Rate per wRVU (if applicable).

VARIABLE COMPENSATION: CLINICAL VALUE-BASED COMPENSATION AND ACADEMIC VALUE-BASED COMPENSATION

The maximum amount attributed to each category of Value-Based Compensation for each physician will be based on such physician's percentage of clinical and academic work effort, where the sum of the total work effort is 100%.

Example:

Base Salary:		\$180,000
Clinical Percentage:		80%
Academic Percentage:		20%
Maximum Value-Based Compensation:		\$ 3,600 (\$180,000 x 2%)
Clinical Value-Based Compensation:	\$ 2,880	(\$3,600 x 80%)
Academic Value-Based Compensation:	\$ 720	(\$3,600 x 20%)

Clinical value-based goals and academic value-based goals, as determined by the Compensation Oversight Committee and approved by the AMC, will be aligned with the strategic objectives of B—UMG, Banner and the University. Each physician will receive written notice of the clinical value-based goals and academic value-based goals that are applicable to the physician prior to the start of each Academic Year.

Eligibility:

Only physicians who meet their respective wRVU Targets for the prior Calendar Year are eligible to receive the maximum amount of the Value-Based Compensation. Physicians who do not meet their respective wRVU Targets for the prior Calendar Year may be eligible to receive a portion of the Value-Based Compensation equal to the difference between (i) the total amount of the Value-Based Compensation available to the physician, and (ii) the product of (x) the difference between the wRVU Target and the physician's actual wRVU productivity, and (y) physician's Base Rate per wRVU, provided that such difference is less than the total amount of the Value-Based Compensation.

Example:

Clinical Base Salary:	\$180,000	
Maximum Value-Based Compensation:	\$ 3,600	(\$180,000 x 2%)
Actual Level of Productivity	4,560	
wRVU Target	4,590	
Difference in Productivity:	(30)	
Base Rate per wRVU	\$ 40	
Compensation Difference:	\$ 1,200	(\$40 x 30)
Amount of Value Based Compensation Available to Physician:	\$ 2,400	(\$3,600 - \$1,200)

If a physician commences employment after the start of an Academic Year, the amount of Value-Based Compensation the physician is eligible to receive will be pro-rated, based on the number of months the physician is employed during the Academic Year.

If the employment of a physician terminates during an Academic Year for any reason, the physician will not receive any Value-Based Compensation for such Academic Year. A physician also must be actively employed by either B—UMG or the University as of the date the Value-Based Compensation is paid in order to be eligible to receive any such Value-Based Compensation.

Timing

Each physician's performance with respect to clinical value-based goals and academic value-based goals will be tracked throughout the Academic Year. Overall performance will be determined at the end of each Academic Year and the Clinical Value-Based Compensation and the Academic Value-Based Compensation, if any, will be calculated and paid within 90 days of the end of the applicable Academic Year, based upon each physician's Clinical Base Salary and Academic Base Salary at the beginning of such Academic Year.

VARIABLE COMPENSATION: CLINICAL PRODUCTIVITY-BASED COMPENSATION

Individual Plan

For physicians based in Phoenix who are on an individual plan, the Clinical Productivity-Based Compensation is based on the total number of wRVUs the physician produces in excess of the wRVU Target multiplied by the Base Rate per wRVU.

For physicians based in Tucson who are on an individual plan, the Clinical Productivity-Based Compensation is based on the total number of wRVUs the physician produces in excess of the wRVU Target multiplied by the Hurdle Rate per wRVU until the physician's Annual Clinical Component Compensation meets the Inflection Point, after which the physician would earn additional Clinical Productivity-Based Compensation based the total number of wRVUs the physician produces multiplied by the Inflection Rate per wRVU. The transition from the Hurdle

Rate per wRVU to the Inflection Rate per wRVU occurs on the first Adjustment Payroll Date following the date the Inflection Point was met.

wRVU Targets will vary by physician and are calculated as follows:

$$\text{wRVU Target} = \frac{\text{Clinical Base Salary} + \text{Maximum Value-Based Compensation}}{\text{Base Rate per wRVU}}$$

The Base Rate per wRVU is set by the Compensation Oversight Committee and is based on specialty area and academic rank.

Example A (Physician Based in Phoenix):

Base Salary:	\$180,000	
Clinical Base Salary:	\$140,000	
Maximum Value-Based Compensation:	\$ 3,600	
Base Rate per wRVU	\$ 40.00	
wRVU Target:	3,590	(\$143,600/\$40)
Actual wRVU Performance:	4,000	
wRVU Performance Above wRVU Target:	410	
Clinical Productivity-Based Compensation:	\$ 16,400	(410 x \$40)

Example B (Physician Based in Tucson):

Base Salary:	\$180,000	
Clinical Base Salary:	\$140,000	
Maximum Value-Based Compensation:	\$ 3,600	
Base Rate per wRVU	\$ 40.00	
Hurdle Rate per wRVU:	\$ 30.40	(\$40.00 – 9.60 [\$40.00 x .24])
Inflection Rate per wRVU:	\$ 18.24	(30.40 x .60)
wRVU Target:	3,590	(\$143,600/\$40)
Inflection Point:	\$152,464	
Actual wRVU Performance:	4,710	
wRVU Performance Between wRVU Target and Inflection Point:	410	
wRVU Performance Above Inflection Point	300	
Total Clinical Productivity-Based Compensation:	\$ 17,936.00	(\$12,464 + \$5,472.00)

The following table illustrates how the total Clinical Productivity-Based Compensation was calculated in Example B:

Number of wRVUs	Rate Per wRVU	Amount of Clinical Productivity-Based Compensation
3,590 (wRVU Target)	\$40.00 (Base Rate per wRVU)	\$0.00 (included in Clinical Base Salary)
410 (wRVUs between wRVU Target and Inflection Point)	\$30.40 (Hurdle Rate per wRVU)	\$12,464.00 (410 x \$30.40)
300 (wRVUs above Inflection Point)	\$18.24 (Inflection Rate per wRVU)	\$5,472.00 (300 x \$18.24)
		\$17,936.00

Group Plan

The Clinical Productivity-Based Compensation for groups has three components: an individual component, a group component and a department/division component. The weight given to each component will be recommended by the Department Chair in partnership with the applicable physician leader for B—UMG and will be reviewed by the Compensation Oversight Committee and approved by the AMC. Such weights will determine the percentage of the Group Productivity Pool attributable to each component. Each physician participating in a group-based plan will receive written notice of the relative weights per component that are applicable to the physician's group prior to the start of each Academic Year.

For physicians based in Phoenix, the Group Productivity Pool is sized based the total number of wRVUs the physician group produces in excess of the wRVU Target multiplied by the Base Rate per wRVU.

For physicians based in Tucson, the Group Productivity Pool is sized based the total number of wRVUs the physician group produces in excess of the wRVU Target multiplied by the Hurdle Rate per wRVU until the sum of the Annual Clinical Component Compensation for each of the physicians in the physician group meets the sum of the Inflection Points for each of the physicians in the physician group, based upon clinical effort, after which the Group Productivity Pool will be sized based upon the total number of wRVUs the physician group produces multiplied by the Inflection Rate per wRVU. The transition from the Hurdle Rate per wRVU to the Inflection Rate per wRVU occurs on the first Adjustment Payroll Date following the date the Inflection Point was met.

wRVU Targets will vary by physician group and are calculated as follows:

$$\text{wRVU Target} = \frac{\text{Physician Group Total Clinical Base Salaries} - \text{Annual New Hire Subsidies} + \text{Maximum Value-Based Compensation}}{\text{Base Rate per wRVU}}$$

The Base Rate per wRVU is set by the Compensation Oversight Committee and is based on specialty area.

Example A: 5 FTE Physician Group (Physicians Based In Phoenix):

Total Group Base Salaries:	\$850,000	
Total Group Clinical Base Salaries (After Reduction by All Annual New Hire Subsidies):	\$650,000	
Group Maximum Value-Based Compensation:	\$ 17,000	
Base Rate per wRVU:	\$ 40.00	
Group wRVU Target:	16,675	(\$667,000/\$40)
Actual Group wRVU Performance:	20,000	
Group wRVU Performance Above wRVU Target:	3,325	
Group Productivity Pool:	\$133,000	(3,325 x \$40)

Example B: 5 FTE Physician Group (Physicians Based In Tucson):

Total Group Base Salaries:	\$850,000	
Total Group Clinical Base Salaries (After Reduction by All Annual New Hire Subsidies):	\$650,000	
Group Maximum Value-Based Compensation:	\$ 17,000	
Base Rate per wRVU:	\$ 40.00	
Hurdle Rate per wRVU:	\$ 30.40	(\$40.00 – 9.60 [\$40.00 x .24])
Inflection Rate per wRVU:	\$ 18.24	(30.40 x .60)
Group wRVU Target:	16,675	(\$667,000/\$40)
Inflection Point:	\$185,000	(per group physician)
Actual Group wRVU Performance:	21,500	
Group wRVU Performance Between wRVU Target and Inflection Point:	3,325	
Group wRVU Performance Above Inflection Point:	1,500	
Group Productivity Pool:	\$128,440.00	(\$101,080 + \$27,360.00)

The following table illustrates how the Group Productivity Pool was calculated in Example B:

Number of wRVUs	Rate Per wRVU	Amount of Clinical Productivity-Based Compensation
16,675 (wRVU Target)	\$40.00 (Base Rate per wRVU)	\$0.00 (included in Clinical Base Salary)
3,325 (wRVUs between wRVU Target and Inflection Point)	\$30.40 (Hurdle Rate per wRVU)	\$101,080.00 (3,325 x \$30.40)
1,500 (wRVUs above Inflection Point)	\$18.24 (Inflection Rate per wRVU)	\$27,360.00 (1,500 x \$18.24)
		\$128,440.00

Assignment of wRVU Values

Each CPT Code is assigned a wRVU. Total relative value units for practice expenses and malpractice expenses are **not** included in the wRVU calculations under the Compensation Plan. The wRVUs are intended to reflect the time required to perform the service and the technical skill, mental and physical effort and judgment involved. B—UMG will use CMS as the source for its standard wRVU file to assign wRVU values to each CPT code in the practice management system. In order to qualify for wRVU valuation, an encounter must be properly recorded in the clinical chart and the charge entered into the practice management system; properly coded with respect to the services provided; and in every respect comply with Medicare standards and applicable state law regarding physician oversight of care rendered by a resident or non-physician provider.

Eligibility

If the employment of a physician terminates during a calendar quarter for any reason, the physician will not receive any Clinical Productivity-Based Compensation for such calendar quarter or any unpaid Clinical Productivity-Based Compensation for any prior calendar quarters during the same Academic Year. A physician also must be actively employed by either B—UMG or the University as of the date the Clinical Productivity-Based Compensation is paid in order to be eligible to receive any such Clinical Productivity-Based Compensation.

Payment Methodology and Timing (Individual-Based Plans)

The following payment methodology will apply to the calculation of the Clinical Productivity-Based Compensation for physicians employed by B—UMG, or employed by the University and practicing through, B—UMG, as of the later of August 1, 2017 or the first July 1st following the end of the physician's first year of employment; provided, however, that for physicians who received a written employment agreement after January 4, 2017, the following payment methodology will not apply to the calculation of the Clinical Productivity-Based

Compensation until the first July 1st after the end of the physician's Guaranteed Productivity Payment Period (as defined in the New Hires section of the Compensation Plan).

Commencing on the applicable date indicated in the schedule above, the Clinical Productivity-Based Compensation will be calculated on an Academic Year basis and will be paid quarterly, based upon the physician's estimated annualized wRVUs, as determined based upon the actual wRVUs the physician generated, in excess of the wRVU Target, in the previous 12 months.

Promptly after the end of each of the first three quarters of each Academic Year, B—UMG will calculate a physician's estimated annualized wRVUs and will pay to the physician 18.75% of the estimated annual Clinical Productivity-Based Compensation.

The entire balance of the Clinical Productivity-Based Compensation will be paid within 60 days after the end of the Academic Year after completion of an audit and reconciliation of the Clinical Productivity-Based Compensation based on the physician's actual wRVUs for the preceding Academic Year, including wRVUs generated by a physician in connection with the provision of call coverage services, additional clinical services, incident to services that are appropriately attributed to the physician, split-shared services that are appropriately attributed to the physician and resident supervision services that are appropriately attributed to the physician, but excluding wRVUs generated by a physician in connection with the provision of professional services on behalf of any entity other than B—UMG. If, upon final reconciliation, it is determined that the three interim quarterly Clinical Productivity-Based Compensation payments exceeded the physician's actual earned Clinical Productivity-Based Compensation for the Academic Year, the excess may be offset against any compensation B—UMG owes to the physician.

Payment Methodology and Timing (Individual Component of Group-Based Plans)

The following payment methodology will apply to the calculation of a physician's share of the individual component of the Group Productivity Pool for physicians in the group-based plan who are by employed by B—UMG, or who are employed by the University and practicing through, B—UMG, as of the later of August 1, 2017 or the first July 1st following the commencement of a physician's employment.

Commencing on the applicable date indicated above, the physician's share of the individual component of the Group Productivity Pool will be calculated on an Academic Year basis and will be paid quarterly, based upon the physician's estimated annualized wRVUs, as determined based upon the actual wRVUs the physician generated, in excess of the physician's individual wRVU Target, in the previous 12 months.

Promptly after the end of each of the first three quarters of each Academic Year, B—UMG will calculate the physician's estimated annualized wRVUs and will pay to the physician 18.75% of physician's share of the individual component of the estimated annual Group Productivity Pool, based upon the weight given to such individual component.

The entire balance of the physician's share of the individual component of the Group Productivity Pool will be paid within 60 days after the end of the Academic Year after completion of an audit and reconciliation of physician's share of the individual component of the Group Productivity Pool based on the physician's actual wRVUs for the preceding Academic Year, including wRVUs generated by a physician in connection with the provision of call coverage services, additional clinical services, incident to services that are appropriately attributed to the physician, split-shared services that are appropriately attributed to the physician and resident supervision services that

are appropriately attributed to the physician, but excluding wRVUs generated by a physician in connection with the provision of professional services on behalf of any entity other than B—UMG, and the weight given to such individual component. If, upon final reconciliation, it is determined that the three interim quarterly payments of the physician's share of the individual component of the Group Productivity Pool exceeded the physician's share of the individual component of the actual earned Group Productivity Pool for the Academic Year, the excess may be offset against any compensation B—UMG owes to the physician.

Payment Methodology and Timing (Group Component of Group-Based Plans)

The following payment methodology will apply to each physician's share of the group component of the Group Productivity Pool for physicians in the group-based plan who are by employed by B—UMG, or who are employed by the University and practicing through, B—UMG, as of the later of August 1, 2017 or the first July 1st following the commencement of a physician's employment. The manner in which the physicians' respective shares are determined will be recommended by each Department Chair and approved by the Compensation Oversight Committee on an annual basis.

Commencing on the applicable date indicated above, the physician's share of the group component of the Group Productivity Pool will be calculated on an Academic Year basis and will be paid quarterly, based upon the group's estimated annualized wRVUs, as determined based upon the actual wRVUs the group generated, in excess of the wRVU Target, in the previous 12 months.

Promptly after the end of each of the first three quarters of each Academic Year, B—UMG will calculate the group's estimated annualized wRVUs and will pay to each physician in the group 18.75% of such physician's share of the group component of the estimated annual Group Productivity Pool, based upon the weight given to such group component.

The entire balance of each physician's share of the group component of the Group Productivity Pool will be paid within 60 days after the end of the Academic Year after completion of an audit and reconciliation of each physician's share of the group component of the Group Productivity Pool based on the group's actual wRVUs for the preceding Academic Year, including wRVUs generated by the group physicians in connection with the provision of call coverage services, additional clinical services, incident to services that are appropriately attributed to a physician, split-shared services that are appropriately attributed to a physician and resident supervision services that are appropriately attributed to a physician, but excluding wRVUs generated by a physician in connection with the provision of professional services on behalf of any entity other than B—UMG, and the weight given to such group component. If, upon final reconciliation, it is determined that the three interim quarterly payments of a physician's share of the group component of the Group Productivity Pool exceeded the physician's share of the group component of the actual earned Group Productivity Pool for the Academic Year, the excess may be offset against any compensation B—UMG owes to the physician. If a physician works for a partial Academic Year due to the termination of the physician's employment for any reason, the wRVU Target and the Inflection Point (if applicable) will be prorated for the portion of the Academic Year worked by the physician for the purpose of determining the group component of the Group Productivity Pool.

Payment Methodology and Timing (Department/Division Component of Group-Based Plans)

The department/division component of the Clinical Productivity-Based Compensation for group-based plans will be paid to participating physicians based upon objective criteria established by the applicable Department Chair. At the discretion of the Department Chair, a portion of the department/division component of the Clinical Productivity-Based Compensation may be used for approved departmental activities rather than being paid to the participating physicians.

The objective criteria established by each Department Chair will be approved by the Compensation Oversight Committee prior to the commencement of each Academic Year and may not take into account (directly or indirectly) the volume or value of any referrals by the participating physicians.

The department/division component of the Clinical Productivity-Based Compensation for group-based plans will be paid on a periodic basis as recommended by each Department Chair and approved by the Compensation Oversight Committee.

Update Process

There are situations where a physician's wRVU Target and/or Base Rate per wRVU may change during a given Academic Year, e.g. a physician is promoted. In these instances, the new wRVU Target and/or Base Rate per wRVU will be calculated and will become effective as of the first Adjustment Payroll Date following the approval of such change.

MAXIMUM COMPENSATION

Except as otherwise provided, all compensation that may be paid to a physician for the physician's clinical work during any Academic Year, including the Annual Clinical Component Compensation, any Clinical Value-Based Compensation and any compensation for the provision call coverage or additional clinical services, is subject to the Compensation Ceiling, prorated based upon physician's percentage of clinical work effort. In the event the total compensation that would be paid to the physician for the physician's clinical work (if not for the Compensation Ceiling) exceeds the Compensation Ceiling, prorated based upon physician's percentage of clinical work effort, the Chief Executive Officer of B—UMG may propose a waiver of the Compensation Ceiling to the Compensation Oversight Committee. The physician will be paid the amount that exceeds the Compensation Ceiling to the extent that a waiver of such Compensation Ceiling is recommended by the Compensation Oversight Committee and approved by the AMC.

COMPENSATION PLAN MODIFICATIONS FOR CERTAIN PHYSICIANS BASED IN TUCSON

Any physician who is based in Tucson, who is employed by B—UMG and who did not sign an amendment to the physician's written employment agreement acknowledging that the prior version of the Compensation Plan was effective July 1, 2016, is governed by the Compensation

Plan as outlined in this document with the following modifications, which modifications were effective as of April 1, 2017.

- The Base Rate per wRVU will be set at the 40th percentile for physician compensation, based on specialty and rank, as determined by an average of a blend of the three most recent years of the Sullivan Cotter Medical Group Compensation and Productivity survey data and the Sullivan Cotter Physician Compensation and Productivity survey data, unless other survey years are designated by the AMC upon the recommendation of the Compensation Oversight Committee.
- For each of the five quarters during the period from April 2017 through June 2018 (15 months), the Hurdle Rate per wRVU and the Inflection Rate per wRVU will not apply. Instead, the Base Rate per wRVU will be reduced by 90% once the physician reaches the physician's designated wRVU Target.
- The physician is excluded from participation in a group-based plan, even if the physician's specialty is designated as a group-based plan specialty. Instead, the physician will be on an individual-based plan for the purpose of calculating the physician's Clinical Productivity-Based Compensation, if any.
- There will be no increase in the physician's Clinical Base Salary on July 1, 2017, even if the wRVU Target has been met for Calendar Year 2016. The Clinical Base Salary will still decrease if the wRVU Target for Calendar Year 2016 is not met.

MARKET DATA: DETERMINING BASE RATES PER WRVU

Following the guiding principle of market competitive compensation, the Committee has designated the following survey sources to be used in benchmarking the Base Rates per wRVU.

Base Rates per wRVU will be determined using the following as a reference point for benchmarking purposes:

- For physicians based in Phoenix, the reference point for the Base Rates per WRVU is the 50th percentile by specialty, and for physicians based in Tucson, the reference point for the Base Rates per wRVU is the 40th percentile by specialty, both as determined by an average of a blend of the three most recent years of the Sullivan Cotter Medical Group survey data and the Sullivan Cotter Physician Compensation and Productivity survey data, unless other survey years are designated by the AMC upon the recommendation of the Compensation Oversight Committee, and adjusted based on individual physician rank. The specialty specific base Rate per wRVU will apply to Associate Professors. The Base Rate per wRVU for Professors and Assistant Professors will be adjusted up or down by 2%.
- **The 40th percentile will serve as a target benchmark that B—UMG will strive to meet for all specialties over time. Actual Base Rates per wRVU will be determined based on historical Base Rates per wRVU paid in relation to the target benchmark, balanced with affordability.**

COMPENSATION OVERSIGHT COMMITTEE

The Compensation Oversight Committee directs the operations of the Compensation Plan after July 1, 2016.

The Compensation Oversight Committee will use an operational process to review and make decisions on department and division major modifications to the Compensation Plan. Details of the process will include (i) a monthly meeting, and (ii) a Request for Proposal – Compensation Oversight Committee Agenda (the "Request for Proposal"), a form of which is attached hereto as Exhibit 7, as the same may be amended from time to time. The Request for Proposal would inform the Compensation Oversight Committee of the proposed changes, the rationale for the proposed changes and the estimated financial impact of the proposed changes. The Compensation Oversight Committee, in general, will use the Compensation Plan and prior decisions as the basis for future decisions with the goal of consistency while allowing flexibility for departments and divisions to best use the plan to promote productivity in broadest sense of the term. The Compensation Oversight Committee will provide a monthly update of requests and decisions/recommendations to the AMC.

NEW HIRES

Compensation for physicians who received a written employment agreement after January 4, 2017, will be determined in accordance with the Compensation Plan, except that their Base Salary will not decrease for the period of time specified in the applicable tier category set forth below so long as their FTE status and distribution of effort do not change and they will receive guaranteed Clinical Productivity-Based Compensation (the "Guaranteed Productivity Payment") for the period of time specified in the applicable tier category below (the "Guaranteed Productivity Payment Period"), which Guaranteed Productivity Payment will be paid in quarterly installments. Notwithstanding the foregoing, physicians who are participating in a group-based plan with respect to Clinical Productivity-Based Compensation may not receive a Guaranteed Productivity Payment.

A physician's tier category and the amount of the Guaranteed Productivity Payment, if any, will be recommended by UPRT and approved by the AMC, unless such approval has been delegated to UPRT by the AMC.

Tier Categories

Tier 1:

This category is used when a physician is hired into a practice that has an established referral process or that is hospital based, including those practices that have an established local patient population or established referral patterns. Examples of physicians who could be assigned to the Tier 1 category include diagnostic radiologists, trauma surgeons, critical care/intensivists, and general surgeons who have been recruited from private practice in the applicable B—UMG service area.

Applicable physicians in the Tier 1 category will receive a Guaranteed Productivity Payment for one year, which will be paid in quarterly installments. At the end of the first year of employment, a physician's Guaranteed Productivity Payment will be replaced using the Clinical Productivity-Based Compensation methodology described in the Variable Compensation: Clinical Productivity-Based Compensation section of the Compensation Plan; the physician's Clinical Base Salary will remain the same and will not be adjusted until the Adjustment Payroll Date closest to the beginning of the Academic Year that immediately follows the end of the physician's second year of employment for physicians who are participating in an individual plan with respect to Clinical Productivity-Based Compensation. For physicians who are participating in a group-based plan with respect to Clinical Productivity-Based Compensation, the physician's Clinical Base Salary will not be adjusted until the Adjustment Payroll Date closest to the beginning of the Academic Year that immediately follows the end of the physician's first year of employment.

Tier 2:

This category is used when the physician is hired into an established practice that requires establishing a significant proportion of the physician's practice referral base. Examples of physicians who could be assigned to the Tier 2 category include gastroenterologists who are recruited from outside the applicable B—UMG service area, bariatric surgeons and endocrinologists.

Applicable physicians in the Tier 2 category will receive a Guaranteed Productivity Payment for two years, which will be paid in quarterly installments. At the end of the second year of employment, a physician's Guaranteed Productivity Payment will be replaced using the Clinical Productivity-Based Compensation methodology described in the Variable Compensation: Clinical Productivity-Based Compensation section of the Compensation Plan; the physician's Clinical Base Salary will remain the same and will not be adjusted until the Adjustment Payroll Date closest to the beginning of the Academic Year that immediately follows the end of the physician's third year of employment for physicians who are participating in an individual plan with respect to Clinical Productivity-Based Compensation. For physicians who are participating in a group-based plan with respect to Clinical Productivity-Based Compensation, the physician's Clinical Base Salary will not be adjusted until the Adjustment Payroll Date closest to the beginning of the Academic Year that immediately follows the end of the physician's second year of employment.

Tier 3:

This category is used when the physician is expected to build a program that requires establishing a significant proportion of the program's practice referral base or new program development. Examples of physicians who could be assigned to the Tier 3 category include major departmental chairs who are recruited from outside of the applicable B—UMG service area and major institute and center directors who are responsible for significantly building a program.

Applicable physicians in the Tier 3 category will receive a Guaranteed Productivity Payment for three years, which will be paid in quarterly installments. At the end of the third year of employment, a physician's Guaranteed Productivity Payment will be replaced using the Clinical Productivity-Based Compensation methodology described in the Variable Compensation: Clinical Productivity-Based Compensation section of the Compensation Plan; the physician's Clinical Base Salary will remain the same and will not be adjusted until the Adjustment Payroll Date closest to the beginning of the Academic Year that immediately follows the end of the

physician's fourth year of employment for physicians who are participating in an individual plan with respect to Clinical Productivity-Based Compensation. For physicians who are participating in a group-based plan with respect to Clinical Productivity-Based Compensation, the physician's Clinical Base Salary will not be adjusted until the Adjustment Payroll Date closest to the beginning of the Academic Year that immediately follows the end of the physician's third year of employment.

Base Salary Targets for Newly-Hired Physicians

- An amount between the 25th percentile and the 40th percentile, as determined by an average of a blend of the three most recent years of the Sullivan Cotter Medical Group Compensation and Productivity survey data and the Sullivan Cotter Physician Compensation and Productivity survey data, unless other survey years are designated by the AMC upon the recommendation of the Compensation Oversight Committee, will serve as a target benchmark for Clinical Base Salaries offered to newly-hired physicians with the understanding that the AMC, upon the recommendation of UPRT and/or the Compensation Oversight Committee, may need to adjust particular Clinical Base Salaries in certain circumstances as a result of need, affordability and/or expected productivity.
- The 40th percentile, based on specialty, academic FTE and academic rank, as determined by an average of the three most recent years of the Association of American Medical Colleges (AAMC): Report on Medical School Faculty Salaries for Public Schools, unless other survey years are designated by the AMC upon the recommendation of the Compensation Oversight Committee, will serve as a target benchmark for Academic Base Salaries with the understanding that the AMC, upon the recommendation of UPRT and/or the Compensation Oversight Committee, may need to adjust particular Academic Base Salaries in certain circumstances as a result of need and affordability.

Outside of case-by-case adjustments, academic and clinical benchmarks will be reviewed annually with compensation adjustments made effective as of the Adjustment Payroll Date closest to the beginning of each new Academic Year.

wRVU Targets for Newly Hired Physicians

During the Guaranteed Productivity Payment Period, the wRVU Target for a newly-hired physician in an individual-based plan is calculated as follows:

$$\text{wRVU Target} = (\text{Clinical Base Salary} + \text{Maximum Value-Based Compensation} + \text{Guaranteed Productivity Payment}) \div \text{Base Rate per wRVU}$$

The Base Rate per wRVU is set by the Compensation Oversight Committee and is based on specialty area.

The wRVU Target for a newly-hired physician in a group-based plan is calculated in the same manner as described in the Variable Compensation: Clinical Productivity-Base Compensation section of the Compensation Plan for other physicians in a group-based plan.

Payment Methodology for Clinical Productivity-Based Compensation (Individual-Based Plans)

Payment Methodology for the First Year of Employment for All Tiers

During the first year of a physician's employment, the Clinical Productivity-Based Compensation will be calculated on a quarterly basis based upon the physician's estimated annualized wRVUs, as determined based upon an extrapolation of the physician's accumulated wRVUs, in excess of the applicable wRVU Target, for the initial year-to-date. Promptly after the end of the first complete quarter and each of the subsequent two quarters of a physician's first year of employment, B—UMG will calculate the physician's estimated annualized wRVUs and will pay to the physician 18.75% of the estimated annual Clinical Productivity-Based Compensation in excess of the Guaranteed Productivity Payment, if any.

The entire balance of the Clinical Productivity-Based Compensation in excess of the Guaranteed Productivity Payment, if any, will be paid within 60 days after the end of the first year of the physician's employment after completion of an audit and reconciliation of the Clinical Productivity-Based Compensation in excess of the Guaranteed Productivity Payment based on the physician's actual wRVUs for the physician's first year of employment. If, upon final reconciliation, it is determined that the three interim quarterly Clinical Productivity-Based Compensation payments in excess of the Guaranteed Productivity Payment exceeded the physician's actual earned Clinical Productivity-Based Compensation for the first year of the physician's employment, the excess may be offset against any compensation B—UMG owes to the physician. If a physician works for a partial year of employment, the wRVU Target will be prorated for the portion of the year worked by the physician.

Payment Methodology for Years Two and Three for Tiers 2 and 3

During the remainder of the applicable Guaranteed Productivity Payment Period, the Clinical Productivity-Based Compensation will be calculated on a quarterly basis, based upon the physician's estimated annualized wRVUs, as determined based upon the actual wRVUs the physician generated, in excess of the wRVU Target, in the previous 12 months.

Promptly after the end of each of the first three quarters of each Academic Year, B—UMG will calculate a physician's estimated annualized wRVUs and will pay to the physician 18.75% of the estimated annual Clinical Productivity-Based Compensation in excess of the Guaranteed Productivity Payment.

The entire balance of the Clinical Productivity-Based Compensation in excess of the Guaranteed Productivity Payment will be paid within 60 days after the end of each year of employment after completion of an audit and reconciliation of the Clinical Productivity-Based Compensation based on the physician's actual wRVUs for the preceding year of employment. If, upon final reconciliation, it is determined that the three interim quarterly Clinical Productivity-Based Compensation payments in excess of the Guaranteed Productivity Payment exceeded the physician's actual earned Clinical Productivity-Based Compensation for the Academic Year, the excess may be offset against any compensation B—UMG owes to the physician. If a physician works for a partial year of employment due to the termination of the physician's employment for any reason, the wRVU Target will be prorated for the portion of the year worked by the physician.

Payment Methodology for Clinical Productivity-Based Compensation (Individual Component of Group-Based Plans)

During the period from the commencement of a physician's employment until the first July 1st following the commencement of the physician's employment (the "Commencement Period"), the physician's share of the individual component of the Group Productivity Pool will be calculated on a quarterly basis based upon the physician's estimated annualized wRVUs, as determined based upon an extrapolation of the physician's accumulated wRVUs, in excess of the applicable wRVU Target, for the initial year-to-date; provided, however, that the wRVU Target and the Inflection Point (if applicable) attributed to the physician will be prorated based upon the length of the Commencement Period. Promptly after the end of the first complete quarter and each of the subsequent quarters of a physician's Commencement Period, if any, B—UMG will calculate the physician's estimated annualized wRVUs and will pay to the physician 18.75% of physician's share of the individual component of the estimated annual Group Productivity Pool, if any, based upon the weight given to such individual component.

The entire balance of the physician's share of the individual component of the Group Productivity Pool, if any, based upon the weight give to such individual component, will be paid within 60 days after the end of the physician's Commencement Period after completion of an audit and reconciliation of physician's share of the individual component of Group Productivity Pool based on the physician's actual wRVUs for the physician's Commencement Period. If, upon final reconciliation, it is determined that the interim quarterly payments of the physician's share of the individual component of the Group Productivity Pool exceeded the physician's share of the individual component of the actual earned Group Productivity Pool for the physician's Commencement Period, the excess may be offset against any compensation B—UMG owes to the physician.

Payment Methodology for Clinical Productivity-Based Compensation (Group Component of Group-Based Plans)

During a physician's Commencement Period, the physician's share of the group component of the Group Productivity Pool will be calculated on a quarterly basis based upon the group's estimated annualized wRVUs, based upon the actual wRVUs the group generated, in excess of the wRVU Target, in the previous 12 months; provided, however, that wRVU Target and the Inflection Point (if applicable) attributed to the physician will be prorated based upon the length of the Commencement Period. Promptly after the end of the first complete quarter and each of the subsequent quarters of the physician's Commencement Period, if any, B—UMG will calculate the group's estimated annualized wRVUs and will pay to the physician 18.75% of physician's share of the group component of the estimated annual Group Productivity Pool, if any, based upon the weight given to the group component.

The entire balance of physician's share of the group component of the Group Productivity Pool, if any, based upon the weight given to the group component, will be paid within 60 days after the end of the physician's Commencement Period after completion of an audit and reconciliation of physician's share of the group component of Group Productivity Pool, based on the physician's share of the actual wRVUs for the group during the physician's Commencement Period. If, upon final reconciliation, it is determined that the interim quarterly payments of the physician's share of the group component of the Group Productivity Pool exceeded the physician's share of the group component of the actual earned Group Productivity Pool for the physician's Commencement Period, the excess may be offset against any compensation B—UMG owes to the physician. If a physician works for a partial year of employment due to the termination of the physician's

employment for any reason, the wRVU Target will be prorated for the portion of the year worked by the physician.

Payment Methodology (Department/Division Component of Group-Based Plans)

The department/division component of the Clinical Productivity-Based Compensation will be calculated in the same manner as the individual component of the Clinical Productivity-Based Compensation is calculated for other physicians in the same physician group.

wRVUs and Eligibility

The inclusion and exclusion of certain wRVUs, the assignment of wRVU values and the eligibility requirements that are described in the Variable Compensation: Clinical Productivity-Based Compensation section of the Compensation Plan also will apply to the calculation and payment of Clinical Productivity-Based Compensation for newly-hired physicians.

Timing (Individual-Based Plans)

Once the end of the applicable Guaranteed Productivity Payment Period is reached, the physician's compensation will be determined in accordance with the then-current Compensation Plan except that the physician's Base Salary will not decrease until the end of the applicable Base Salary guarantee period and the wRVU Target and the Inflection Point (if applicable), will be prorated during the period from the end of the applicable Guaranteed Productivity Period until the Adjustment Payroll Date closest to next soonest July 1st.

Timing (Group-Based Plans)

Once the end of a physician's Commencement Period is reached, the physician's compensation will be determined in accordance with the then-current Compensation Plan except that the physician's Base Salary will not decrease until the end of the applicable Base Salary guarantee period.

NOTIFICATION REQUIREMENTS

Each physician will receive written notice of any substantive change to the Compensation Plan, including any substantive change to any Exhibit to the Compensation Plan (other than Exhibit 7), that affects such physician, at least 90 days' prior to the effective date of such change.

Each physician will receive written notice of any changes in the physician's compensation, including any changes in the Base Salary, the Base Rate per wRVU or the wRVU Target, that are made in accordance with the Compensation Plan prior to the effective date of such changes.

Each physician will receive written notice of the clinical value-based goals and academic value-based goals that are applicable to the physician prior to the start of each Academic Year.

Each participating physician in a group-based plan will receive written notice of the relative weights per component for each component of the Clinical Productivity-Based Compensation that are applicable to the physician's group prior to the start of each Academic Year and of the

objective criteria approved by the Compensation Oversight Committee in connection with the department/division component of the Clinical Productivity-Based Compensation applicable to the physician's group prior to the effective date of such criteria.

Except as otherwise provided in this document, the notice requirements set forth in the Compensation Plan will supersede and replace the terms of the physicians' respective written employment agreements with respect to changes in compensation described in the Compensation Plan.

EXHIBIT 1
TO PHYSICIAN COMPENSATION PLAN

EXCLUDED SPECIALTIES

B—UMG in Phoenix

- Hospitalists (effective January 1, 2017)

B—UMG in Tucson

- Hospitalists (effective January 1, 2017)
- Hematology/Oncology
- Anesthesiology (effective July 1, 2017)

Compensation for physicians in the specialties/locations listed above will be determined in accordance with separate compensation plans approved by the AMC upon the recommendation of the Compensation Oversight Committee.

EXHIBIT 2
TO PHYSICIAN COMPENSATION PLAN

GROUP-BASED PLAN SPECIALTIES

City	Department	Specialty
Tucson	Emergency Medicine	Emergency Medicine
Tucson	Family Community Medicine	All except PCP 25 physicians
Tucson	Internal Medicine	Pulmonary Disease
Tucson	Medical Imaging	All
Tucson	Obstetrics/Gynecology	Gynecology
Tucson	Pathology	All
Tucson	Pediatrics	All
Tucson	Surgery	Surgery: Trauma
Phoenix	Medicine	Critical Care/Intensivist
Phoenix	Primary Care	Family Practice
Phoenix	Primary Care	Family Medicine With Obstetrics
Phoenix	Surgery	General Surgery
Phoenix	Medicine	Palliative Care
Phoenix	Surgery	Trauma Surgery

EXHIBIT 3
TO PHYSICIAN COMPENSATION PLAN

INFLECTION WRVU PERCENTAGE

60%

EXHIBIT 4
TO PHYSICIAN COMPENSATION PLAN

MAXIMUM CLINICAL BASE SALARY PERCENTAGE BY SPECIALTY

Primary Care Specialties: 5%

Primary Care Specialties are family medicine, family medicine with obstetrics, general pediatrics and internal medicine, provided the physicians in those specialties are practicing in an ambulatory environment.

Non-Primary Care Specialties: 10%

Non-Primary Care Specialties include specialties in which the physicians are practicing in an inpatient environment such as critical care/intensivists.

EXHIBIT 5
TO PHYSICIAN COMPENSATION PLAN

MAXIMUM VALUE-BASED COMPENSATION PERCENTAGE

2%

EXHIBIT 6
TO PHYSICIAN COMPENSATION PLAN

HURDLE wRVU PERCENTAGE

24%

EXHIBIT 7
TO PHYSICIAN COMPENSATION PLAN

REQUEST FOR PROPOSAL
 COMPENSATION OVERSIGHT COMMITTEE AGENDA

Requester (Department Chair & Division Director if relevant)	
Title of Request	
Situation <i>Please specifically describe what the current challenging issue and situation is.</i>	
Background <i>Please describe the circumstances leading up to this situation including who you have presented the proposal to so far and the results of such discussions.</i>	
Assessment <i>Why do you think the Compensation Plan in its current form will not solve the situation?</i>	
Recommendation <i>What specifically do you propose should be done to correct the issue?</i>	
Additional comments	

This section to be completed after Compensation Oversight Committee meeting discussion occurs	
NEXT STEPS/MINUTES	
Compensation Oversight Committee Meeting Date	
Responsible Person	
Key Discussion Points	
Action Items	
Decisions	
Decisions Pending	
Closed Date	