



## **HOUSE OF DELEGATES -- SPECIAL SESSION**

**Saturday, September 24, 2005**

**MSNJ Executive Offices, Lawrenceville, New Jersey**

Delegates of the Medical Society of New Jersey participated in a Special Session of the House of Delegates on Saturday, September 24, 2005, at the Executive Offices in Lawrenceville. The purpose of the meeting was to consider revisions to Chapter X, Section 1(b) of the Bylaws proposed by the Standing Committee on Revision of Constitution and Bylaws. The delegates had been provided with relevant materials in advance of the meeting.

President Eileen M. Moynihan, MD, called the session to order at 9:30 a.m. Dr. Joseph H. Reichman and Dr. Patricia G. Klein served as Speaker and Vice-Speaker, respectively.

The Speaker announced that a quorum of the delegations was present. Following the announcement of the Tellers, the House, by voice vote, favored a recommendation that no one be permitted to speak more than once (except in rebuttal) on any given subject, except by permission of the House, and limited each speaker's time to two minutes.

Dr. Edwin W. Messey, Chairman of the Committee on Revision of Constitution and Bylaws, read the recommendations to be considered by the House of Delegates. Mr. Michael T. Kornett, Executive Director and Chief Executive Officer, was then given the floor to make a presentation to the House and answered questions from the audience. The Speaker then opened the floor for debate by the delegates.

The report and recommendations considered by the delegates follows:

### Background

At the May 2005 meeting of the House of Delegates several initiatives were proposed to the House in an attempt to have MSNJ live within its means. These measures were carefully balanced and designed to allow MSNJ to work on a balanced budget as demanded by the trustees.

In brief, the measures included spending controls, reductions in staff, elimination and/or suspension of unprofitable programs, reduction of MSNJ's rental square footage, an

aggressive membership recruitment campaign, and changes in the dues structure. The House declined to approve the roll back of the first-year discount. In the weeks following the annual meeting the financial analysis of the House action showed that in order to meet budget projections MSNJ would need to recruit more than two times the number of new members to meet its membership and finance goals. The action of the House, retaining the 50 percent first-year membership, virtually assures that the balanced budget mandate will not be achieved.

The MSNJ Board of Trustees reviewed the financial analysis at the July 17, 2005, meeting. The Board directed the President to call a special meeting of the House of Delegates to reconsider this issue in light of the pending fiscal issues discussed above.

At the same meeting the trustees approved a resolution to amend the Bylaws by placing the determination of the annual dues assessment with the trustees.

### Rationale

#### 1. Roll back the 50 percent dues discount for full first-year membership

Discounted dues do not produce new members. At the annual meeting those objecting to the roll back have cited the first-year discount as a new member incentive. The following facts argue against continuing the 50 percent first-year discount.

- a. During the eight years the discount has been in place, the number of new members joining MSNJ remains stagnant. If the discount were a powerful incentive, membership should have increased – especially for young physicians.
- b. The average age of members receiving this discount is 47 years of age. One line of argument supporting the first year dues discount is that it helps physicians in their first year of practice. MSNJ currently has 96 members under the age of 35. No one can argue that the first-year discount has produced new members in the young physician cohort.
- c. State medical societies that have increased membership in the last few years have discontinued the discount because they found discounts do not drive membership. These state societies believe members join because they see value in the organization.
  - Georgia (up 10.3%) – no first-year discount
  - North Carolina (up 5.3%) – no first-year discount
  - Virginia (up 9.6%) – no first-year discount

- d. MSNJ currently provides complimentary dues for medical students and residents. These complimentary programs are designed to introduce young and emerging physicians to the value of organized medicine.
- e. A review of local membership dues policies shows that 12 county medical societies do not offer reduced dues to first-year members. As the majority of county medical societies do not offer such discounting, MSNJ should be consistent in its dues policy.

An alternative to giving all new members a discount on their first year of membership, would be to give a 50 percent discount for first year in practice.

## 2. Trustees determine annual dues assessment

In most non-profit membership organizations dues are determined by the trustees, who have financial oversight responsibility for the organization. This arrangement works because the membership typically elects the trustees and, therefore, the trustees must be responsive to the collective needs and issues of the membership.

Currently MSNJ places fiscal responsibility on the trustees but does not allow the trustees the ability to set and levy dues – the Society’s main source of revenue. Under the current system the trustees can only manage half of the financial picture – the expense side. Approving the amendment will allow the trustees to manage and be accountable for all the finances of the Society.

Moreover, the trustees are provided with monthly financial reports and are in the best position to understand the long-term financial needs of MSNJ.

The trustees are ultimately accountable to the House of Delegates through the election process. Further, the trustees have mandated the Society work within a balanced budget. The trustees will provide the most recent financial statements to the House of Delegates for review at Reference Committee B and at the Annual Meeting.

### Process

The Standing Committee on Revision of Constitution and Bylaws considered the amendments at a meeting on August 2, 2005. The Committee reported the proposed amendments out favorably and the amendments were mailed to the House of Delegates on August 29, 2005. If the House approves the amendments, they become effective immediately.

The two recommendations proposed by the Committee on Revision of Constitution and Bylaws are:

Recommendation #1

That Chapter X, Section 1(b) be amended to read as follows:

Dues shall be determined by the House of Delegates at the annual meeting. If a new member joins after July 1 of any year, the new member is entitled to a 50 percent discount for the remainder of that calendar year.

The effect of adopting this Bylaw change will eliminate the first-year discount for members. Residents and students will continue as complimentary members of MSNJ.

Recommendation #2

That Chapter X, Section 1(b) be amended to read as follows:

Dues shall be determined by the Board of Trustees.

The effect of adopting this Bylaw change will be to allow the Board of Trustees to establish the annual dues rate for MSNJ membership.

\* \* \* \* \*

After both sides of the issues were heard, the House of Delegates voted to adopt the following amendment to Chapter X, Section 1(b) of the MSNJ Bylaws:

Dues shall be determined by the Board of Trustees. A new member, who joins within one-year post-training or military service, shall be entitled to a 50 percent discount for that initial calendar year. Any physician, who has not previously been a member of the Society, joining after July 1 of any year, shall be entitled to a prorated 50 percent discount for the remainder of that calendar year.

President Moynihan adjourned the meeting of the House of Delegates at 11:30 a.m.