

Physician Incentive Compensation
POLICY: AC.ETH.01.19

Date: March 10, 2000

Responsible to: President/CEO; Medical Director

PURPOSE:

To ensure compliance with all applicable federal and state law, including, without limitation Stark II and the Anti-Kickback statute, and to promote sound and ethical business decisions with arrangements for physician incentive compensation.

POLICY:

1. All physician compensation arrangements must comply with all applicable federal law including STARK II and the Anti-Kickback statute, both as amended from time to time. Any compensation arrangements must be evaluated **without** regard to the value or the volume of referrals and may **not** include any direct or indirect inducement of referrals.
2. All physician compensation arrangements must comply with all applicable state laws, including, but without limitation, "Mini-Stark II" "corporate practice doctrine" and "fee splitting" legislation. Legal counsel should be consulted to assist in making these determinations.
3. The amounts paid to physicians under any employment agreement shall be no greater than the fair market value for the service provided, not taking into account the value or volume of referrals or any referral relationship.
4. To substantiate the amount of compensation paid under an employment agreement is consistent with fair market value; Shepherd may require an independent, third party evaluation of compensation. Shepherd may require a compensation arrangement be compared to one or more recognized independent standards as reported by health care experts, such as MGMA, (Medical Group Management Association).
5. Shepherd strongly discourages arrangements that would serve to undermine work ethic without affecting compensation.

PROCEDURE

1. Shepherd will follow the guiding principles of the federal "safe harbors" and to be within all STARK II exceptions with respect to physician incentive compensation arrangements.

2. Shepherd at its discretion may have legal counsel review any arrangements prior to becoming effective. Legal counsel may require proof of fair market value by a third party evaluation or reference to an acceptable standard.
3. All physician employment agreements shall be approved by the Medical Director and President/Chief Executive Officer prior to becoming effective.
4. No agreement, arrangement or incentive program will be consummated with any physician or group who are currently excluded, suspended, disbarred or other ineligible to participate in federal health care programs.

Joint Function: ,

Joint Category: ,

Joint Standard: ,

Reference text: