


<b>Policy #</b>	<b>PT-1</b> 
Page #	1 of 5
NEW	07/05

# UHHS P&P

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University Hospitals Health System  
Policy & Procedure Manual

## Agreements with Physicians and Other Referral Sources

### SCOPE


This Policy applies to University Hospitals Health System, Inc. and to all of its wholly-owned entities (collectively, “UHHS”), including all UHHS employees, medical staff members and, where appropriate, others who provide services to UHHS.

### PURPOSE

To provide a general statement of policy and guiding principles for transactions with physicians and other potential referral sources, to ensure that all such transactions with physicians and other referral sources comply with applicable Federal and state laws, and to establish a process for transactions with physicians and other referral sources not covered by other UHHS policies.

### DEFINITIONS

- I. **Ineligible Person** means a person or entity that: (i) is currently excluded, suspended, debarred or otherwise ineligible to participate in the Federal health care programs; or (ii) has been convicted of a criminal offense related to the provision of health care items or services and has not been reinstated in the Federal health care programs after a period of exclusion, suspension, debarment, or ineligibility; or (iii) is excluded from receiving Federal contracts or subcontracts.
- II. **Referral Source** means (a) a physician; (b) a physician’s immediate family member (i.e., spouse, natural or adoptive parent, child, sibling, step-parent, step-child, step-brother, step-sister, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandparent, grandchild, and the spouse of a grandparent or grandchild); (c) any entity that is controlled by a physician or a physician’s immediate family member; or (d) any non-physician who may be capable of making referrals to UHHS.
- III. **UHHS Authorized Representative** means the person with signing authority for an agreement with a Referral Source, in accordance with the UHHS policy on Contract Execution (F-24).

<b>Policy #</b>	<b>PT-1</b> 
Page #	2 of 5
NEW	07/05


## **POLICY**

- I. UHHS will, from time to time, develop policies and procedures regarding various types of arrangements with Referral Sources (e.g., physician recruitment arrangements and agreements, physician employment, physician equipment or space leases). The general principles set forth in this Policy apply to all arrangements with Referral Sources; however, to the extent another UHHS policy applies to the specific type of arrangement contemplated by the parties, the more specific policy should be followed as well.
- II. Each arrangement with a Referral Source must comply with applicable Federal and state laws and be documented by a written agreement that:
  - (1) Is signed by both parties;
  - (2) Specifies all of the items or services provided by either party on behalf of the other, including items and services under all other arrangements between the parties by cross-referencing such other arrangements in the agreement;
  - (3) Specifies the time-frame for the arrangement;
  - (4) Specifies the amount (e.g., rent, purchase price, compensation) to be paid under the arrangement; and
  - (5) Satisfies all other applicable legal requirements as determined by the UHHS Law Department.
- III. Financial terms of any arrangement between UHHS and a Referral Source are determined in a manner that is consistent with the fair market value of the items or services provided and without regard to the volume or value of any referrals or other business generated between the parties.
- IV. UHHS contracts only for services that are reasonable and necessary and serve a legitimate business purpose of UHHS. UHHS shall not contract for services that involve counseling or promoting activities that violate Federal or state law.
- V. All documents leading up to, or associated with, a formal, binding agreement with a Referral Source are subject to this Policy. This includes non-binding letters of intent, letter agreements and memoranda of understanding.
- VI. Side agreements or arrangements (whether written or oral) not covered by the primary written agreement are prohibited, unless they are made as a formal amendment or additional agreement reviewed by the UHHS Law Department and signed by both parties.

- VII. In all arrangements with Referral Sources, payments must be consistent with the terms of the agreement and performance of all of the terms of the agreement is required.
- VIII. UHHS will not enter into an agreement with a Referral Source who is an Ineligible Person.
- IX. The following agreements or transactions are not required to comply with this Policy:
- (1) Transfer agreements or affiliation agreements that do not include any exchange of compensation.
  - (2) Business associate agreements on standard template forms approved by the UHHS Law Department.

## **PROCEDURE**

- I. The UHHS Authorized Representative or his or her designee completes and forwards the relevant portions of a contracting form provided by the UHHS Law Department or provides such information as necessary for the efficient and timely preparation of the agreement by the UHHS Law Department, as soon as a transaction is contemplated.
- II. If the UHHS Law Department determines that a more specific UHHS policy does not apply to the proposed arrangement, the UHHS Law Department and Organizational Integrity Department will analyze the proposed arrangement for compliance with all applicable legal requirements. The UHHS Law Department must approve the agreement as to form.
- III. The UHHS Authorized Representative or his or her designee shall not make a commitment (whether written or oral) to any Referral Source regarding the terms of a proposed arrangement until such terms have been reviewed and approved by the UHHS Law Department.
- IV. Arrangements that are not in compliance with this Policy, or that are with a person who is a disqualified person, as defined in 26 C.F.R. § 53.4958-0 et seq., or in a common medical practice with a disqualified person, shall be permitted only upon approval of the Audit and Organizational Integrity Committee of University Hospitals Health System, Inc., pursuant to procedures adopted by such committee.
- V. If, at any time, it appears that there have been discussions or memoranda indicating an intent to obtain or reward referrals by way of an agreement or arrangement, the agreement or arrangement will not be approved.
- VI. Prior to signing the agreement on behalf of UHHS or presenting the agreement to the Referral Source for signature, the UHHS Authorized Representative or his or her

<b>Policy #</b>	<b>PT-1</b> 
Page #	4 of 5
NEW	07/05

designee (who shall be at least a Senior Vice President) must certify in writing, on a form provided by the UHHS Law Department, that:


- (1) Except as disclosed or cross-referenced in the agreement, there are no other arrangements, whether oral or written, between UHHS and the Referral Source;
- (2) The items or services reflected in the written agreement are the only items or services covered by the proposed arrangement and are reasonable and necessary and satisfy a legitimate business purpose of UHHS;
- (3) The amount to be paid under the proposed arrangement was determined in a manner that is consistent with the fair market value of the items or services to be provided and without regard to the volume or value of any referrals or other business generated by the Referral Source for UHHS;
- (4) That the Referral Source is not an Ineligible Person; and
- (5) Any other condition determined by the UHHS Law Department as necessary for the proposed arrangement to satisfy applicable legal requirements.

- VII. Upon receiving the agreement approved as to form from the UHHS Law Department and signing the certification form, the UHHS Authorized Representative may sign the agreement on behalf of UHHS and present the agreement to the Referral Source for signature.
- VIII. The UHHS Authorized Representative or his or her designee forwards an original of the signed agreement and certification form to the UHHS Law Department and a copy of the agreement to the UHHS Finance Department, and retains a copy for his or her records.

## **SEE ALSO**

In the UHHS P&P:

- F-24, Contract Execution
- F-30, Contracts
- HR-8, Background Checks
- PT-2, Medical Director and Other Service Agreements with Physicians
- PT-3, Physician Recruitment Activities and Agreements
- PT-4, Physician Gifts, Meals, Free CME and Other Business Courtesies
- PT-5, Physician Employment
- PT-6, Physician Loans and Loan Guaranties
- PT-7, Physician Equipment and Space Leases
- PT-8, Management Services Agreements Involving Physicians
- PT-9, Physicians Purchasing Items or Services
- PT-10, Physician Access to Vendor Agreements

Policy #	PT-1 
Page #	5 of 5
NEW	07/05

PT-11, Medical Practice Asset Acquisitions  
PT-12, Medical Practice Asset Divestitures  
PT-13, Physician Referral Services  
PT-14, Physician Expense Reimbursement

**REFERENCES**

42 U.S.C. § 1320a-7b; 42 C.F.R. § 1001.952;  
42 U.S.C. § 1395nn; 42 C.F.R. § 411.357;  
26 U.S.C. § 4958; 26 C.F.R. §§ 53.4958-0 – 53.4958-8

APPROVALS	
 _____ CHIEF EXECUTIVE OFFICER	<u>7/18/05</u> Date
 _____ SENIOR VICE PRESIDENT	<u>7/18/05</u> Date