

UHHS P&P

University Hospitals Health System
Policy & Procedure Manual

Physicians Purchasing Items or Services

SCOPE

This policy applies to University Hospitals Health System, Inc. and 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 establish guidelines under which a physician or physician group may purchase items or services from UHHS.

DEFINITIONS

UHHS Authorized Representative means the UHHS person with signing authority for an agreement or arrangement with a physician or physician group purchasing items or services from UHHS, in accordance with the UHHS policy on Contract Execution (F-24).

POLICY


- I. UHHS generally discourages the sale of items and services to physicians or physician groups, except as provided under the UHHS policy on Management Services Agreements Involving Physicians (PT-8). The Senior Vice President, System Services must approve such sales of items or services from UHHS to a physician or physician group.
- II. Subject to the UHHS policy on Physician Access to Vendor Agreements (PT-10), if a physician or physician group purchases items or services from UHHS, the parties shall sign a written contract setting forth in detail the payment amount and items or services to be purchased, and the payment amount must be fair market value.

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- III. Sales and services provided under this Policy are to be provided on a one-time basis (such as a one time sale of equipment) or to the physician or physician group on-site at a UHHS facility, rather than in the physician or physician group medical office. Services to be provided in the physician or physician group medical office are covered by other policies, such as the UHHS policy on Management Services Agreements Involving Physicians (PT-8).
- IV. This Policy does not apply to:
- A. Incidental benefits provided by UHHS to medical staff or physicians under the UHHS policy on Physician Gifts, Meals, Free CME and Other Business Courtesies (PT-4).
 - B. UHHS leasing activities covered by the UHHS policy on Physician Equipment or Space Leases (PT-7).
 - C. Leasing or “sharing” of clinical or non-clinical staff with a physician in a UHHS medical service location where such staff is providing administrative or teaching support for a UHHS entity.

PROCEDURE

- I. If the Senior Vice President, System Services determines such transaction may proceed, the UHHS Authorized Representative, or his or her designee, contacts the UHHS Law Department. The UHHS Law Department will consult with the Organizational Integrity Department and will prepare a written agreement.
- II. The Senior Vice President, System Services will consult with the UHHS Law Department and the UHHS Finance Department as to whether sales taxes are required to be collected from the physician or physician group under state tax laws for any sales of items or services to a physician or physician group.
- III. The UHHS Law Department must approve the contract as to form.
- IV. Arrangements that are with a person who is a disqualified person, as defined in 26 CFR 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. Prior to signing the contract on behalf of UHHS or presenting the contract to the physician or physician group for signature, the UHHS Authorized Representative or his or her designee (who shall be at least a Senior Vice President) must certify in writing, on a form provided by the UHHS Law Department, that:


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- (1) The payment is fair market value for the indicated items or services;
 - (2) The items or services are the only items and services covered by the written contract;
 - (3) The sale of the items or services by UHHS to the physician or physician group is not conditioned upon the referral of any patients or the generation of any other business between the parties; and
 - (4) Any other condition determined by the UHHS Law Department as necessary for the proposed arrangement to satisfy applicable legal requirements.
- V. Prior to signing the contract on behalf of UHHS or presenting the contract to the physician or physician group for signature, the Senior Vice President, System Services must certify, on a form provided by the UHHS Law Department, that:
- A. He or she has reviewed the contract and approved the terms thereof; and
 - B. Based upon the certification of the UHHS Authorized Representative or his or her designee, as well as any personal knowledge concerning the relevant UHHS market, to the best of his or her information and belief, the payment under the contract is established at fair market value for the indicated items or services.
- VII. Upon receiving the agreement approved as to form from the UHHS Law Department and obtaining all approvals for the certification form, the UHHS Authorized Representative may sign the agreement on behalf of UHHS and present the agreement to the Physician for signature.
- VIII. The UHHS Authorized Representative or his or her designee forwards an original of the signed agreement and certification form and any fair market value analysis to the UHHS Law Department and a copy of the agreement to the UHHS Finance Department and the System Services Department, and retains a copy for his or her records.

SEE ALSO

In the UHHS P&P:

- F-24, Contract Execution
- PT-4, Physician Gifts, Meals, Free CME and Other Business Courtesies
- PT-7, Physician Equipment and Space Leases
- PT-8, Management Services Agreements Involving Physicians
- PT-10, Physician Access to Vendor Agreements

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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