



## ESSENT HEALTHCARE, INC.

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<b>Section: Patient Financial Services</b>	<b>Effective Date: 08/01/05</b>
<b>Subject: Professional Courtesy Discounts</b>	<b>Revision Date: 08/01/05</b>
<b>Policy #: CC-20</b>	<b>Review Date: 03/25/08</b>
<b>Responsible Party: Corporate Compliance Officer</b>	<b>Revision #: 1</b>

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**Scope:**

This policy applies to all facilities of Essent Healthcare, Inc. (“Essent”).

**Purpose:**

The purpose of this policy is to establish guidelines for providing professional courtesy discounts to non-employee physicians and their immediate family members and office staff.

**Policy:**

It is the policy of Essent to permit its hospitals to offer discounts on health care items or services provided by the hospital to non-employee physicians and their immediate family members and office staff in accordance with the provisions of the Stark II Regulations. Professional discounts to employed physicians may only be given as provided for and in accordance with the physician’s terms of employment. Nothing in this policy precludes hospitals from extending their professional courtesy discounts to non-physician *bona fide* employees, or to hospital volunteers or members of the clergy who are not federal healthcare program beneficiaries. Professional courtesy discounts provided pursuant to this policy are not considered “business courtesies” and therefore need not comply with Policy CC-8-A, Extending Business Courtesies to Referral Sources.

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**Definitions:**

***Federal healthcare program beneficiary*** means an individual who is eligible to receive items or services for which payment may be made under a Federal health care program, including Medicare, Medicaid, Tricare or any other benefit program paid entirely or in part by the Federal government, but does not include a provider or supplier of healthcare items or services.

***Professional courtesy*** shall mean the provision of free or discounted health care items or services.

***Immediate family member*** includes: husband or wife; natural or adoptive parent, child, or sibling; stepparent, stepchild, stepbrother, or stepsister; father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law; grandparent or grandchild; and spouse of grandparent or grandchild.

***Office staff*** includes: full-time *bona fide* non-clinical employees of the physician or the physician’s group practice.



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### Procedures:

An Essent facility may offer professional courtesy to non-employed physicians, their immediate family members, and their office staff if all of the following conditions are met:

1. The professional courtesy must be offered equally either to (1) all non-employed physicians on the facility's medical staff or (2) all non-employed physicians in the facility's local community, without regard to the volume or value of referrals or other business generated by the physicians;
2. The health care items or services being provided/discounted must be of the type routinely provided by the facility;
3. The professional courtesy policy must meet the conditions set forth herein, be set out in writing, and be approved in advance by the hospital Board of Trustees and by the Corporate Compliance Officer;
4. The professional courtesy must not be offered to any individual who is a federal healthcare program beneficiary, unless the discount also meets the conditions of Policy CC-8-A Extending Benefits to Federal Healthcare Program Beneficiaries;
5. If the professional courtesy involves any whole or partial waiver of any deductible or coinsurance obligation, (1) any applicable contract with the insurer must be reviewed by the Corporate Compliance Officer or legal counsel to ensure such waiver is permissible and (2) if so, the insurer must be informed in writing of that reduction so that the insurer is aware of the arrangement;
6. The professional courtesy arrangement must not violate the anti-kickback statute or any billing or claims submission laws or regulations.

Any professional courtesy discount provided under this Policy must meet the following conditions:

1. If the professional courtesy involves the discounting or waiver of co-insurance or deductible amounts, the discount shall not exceed the overall aggregate discount provided to managed care payers.
2. If the professional courtesy involves the discounting of services for a self-pay patient, the discount shall not exceed 50% of the total applicable charges.

Nothing in this policy prohibits a non-employed physician (or immediate family member or office



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staff) from receiving any other discount for which he or she may qualify under applicable policies and procedures.

*Nothing in this policy is intended to encourage or require an Essent facility to provide professional courtesy discounts.*

### **References:**

HCCA Compliance Manual  
OIG Compliance Program Guidance  
STARK II Regulations Section 411.357(s)

**APPROVED**

*By Charles J. Fletcher at 12:01 pm, Mar 25, 2008*