



## ESSENT HEALTHCARE, INC.

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<b>Section:</b>	<b>Corporate Compliance</b>	<b>Effective Date:</b>	<b>11/01/05</b>
<b>Subject:</b>	<b>Contracting with Referral Sources</b>	<b>Revision Date:</b>	<b>03/25/08</b>
<b>Policy #:</b>	<b>CC-22</b>	<b>Review Date:</b>	<b>11/19/09</b>
<b>Responsible Party:</b>	<b>VP Corporate Compliance</b>	<b>Revision #:</b>	<b>2</b>

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**Scope:**

This policy applies to all Essent facilities.

**Purpose:**

The purpose of this policy is to provide direction as to Essent's process for entering into contractual arrangements with physicians or other referral sources.

**Policy:**

It is the policy of Essent Healthcare, Inc. to fully comply with all Federal, State and Local rules and regulations when contracting with physicians or other referral sources. From time to time, Essent will promulgate policies and procedures related to financial relationships with referral sources ("Contracting Policies"). Compliance with the Contracting Policies is mandatory for all contracts with physicians and other referral sources; although exceptions may be made in certain circumstances where the facts demonstrate that an exception is appropriate. Any proposed exceptions must be discussed with and approved by the Corporate Compliance Officer (CCO). Such exceptions are discouraged and only permitted where the applicable legal requirements continue to be met.

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**Application:** The Contracting Policies apply to any agreement or financial relationship involving, i) a physician or non-physician referral source, or ii) a physician's immediate family members (herein and in the Contracting Policies, all may be referred to as "Referral Sources") ("Immediate family members" is defined as spouse; 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, or sister-in-law; grandparent or grandchild; and the spouse of a grandparent or grandchild). Subject agreements and financial relationships include, but are not limited to, physician recruiting agreements, loans, guarantees of physician loans, management services agreements, gifts or donations, professional service agreements, employment agreements, physician expense reimbursement agreements, other agreements for the provision of items or services (whether medically related or not), asset purchase and disposition agreements, and leases of property or equipment.



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**Requirements:** In general, in compliance with 42 U.S.C. § 1395nn (commonly known as “Stark II”) and the fraud and abuse safe harbors, an agreement with a Referral Source must:

1. be in writing, signed by the parties and must specify the services covered;
2. specify the timeframe for the arrangement;
3. specify the consideration (*i.e.*, rent, purchase price, compensation) and set the consideration in advance, consistent with fair market value, for services or items actually provided without taking into account the value or volume of referrals or other business generated by the Referral Source; and
4. be intended to obtain or provide an item or service that is reasonable and necessary for a legitimate business purpose; the agreement should be commercially reasonable even if there are no referrals from the potential referral source.

Informal documents, such as "letters of intent," "letter agreements," or "memorandums of understanding" are subject to the Contracting Policies, as are arrangements with physician-owned groups or entities. Facilities must not enter into side agreements or arrangements (written or oral) with Referral Sources that do not meet the requirements of the Contracting Policies. Contracting Policies apply to all amendments and extensions/renewals of agreements with Referral Sources as well. If at any time it appears that there have been discussions or memoranda indicating intent to obtain or reward referrals by way of an agreement, such agreement will not be approved.

**Approval:** All agreements with Referral Sources must receive the written approval of the Corporate Compliance Officer (CCO) and the appropriate Corporate Officials. In most cases, this approval is evidenced by signatures on the applicable “Corporate Office Contract Review Summary Sheet” (a copy of which is attached to this policy). The review and approvals must be obtained even if the agreement complies in all respects with the Contracting Policies. It is not acceptable to obtain the appropriate approvals after making payments in accordance with the agreement. Further, do not make commitments to Referral Sources until written approvals have been obtained from the CCO.

**Compliance with contract terms:** In all arrangements with Referral Sources (including potential referral sources), payments must be consistent with the terms of the written agreement and performance of all of the terms of the agreement is required. For example, monies owed by a Referral Source under a lease agreement or loan document must be paid in accordance with the terms of the



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documents. Accurate and complete records of all Referral Source receivable and collection activity should be maintained by the facility.

**Forms:** The Compliance Department has prepared contract templates which will cover the most common contracting situations. To the extent possible, these templates should be adhered to. Each provision of the contract has its own purpose, so there should not be many deletions (other than "optional" provisions). Substantially all referral source agreements should utilize these templates. Contracts that are not prepared using the standard templates will require a thorough review by legal counsel.

**References:**

STARK II interim final rule 3/26/04 FR  
OIG Compliance Guidance

## CORPORATE OFFICE CONTRACT REVIEW SUMMARY SHEET

Facility Name:						
Referral Source:						
Effective Date:				Expiration Date:		
Termination Clause:						
Automatic Renewal:			Length:			
If not renewed, what is cancellation notice:						
Terms:						
Payment Terms: <i>(specify days of week, month, etc., how often?)</i>						
				<b>Yes</b>	<b>No</b>	<b>N/A</b>
Compliance Checklist Included?						
Proforma Required?						
Insurance Required?						AMOUNT:
Audit Required?						
Is certification evidencing coverage current?						
Does contract have " mutual save harmless" clause?						
Allow for recovery of reimbursement due to Medicare limitations?						
Does Contract contain open records provision?						
Is proof of Licensure or Accreditation Provided?						
Has background check been conducted (please attach)?						
Notification made to Corporate insurance risk management?*						
Is need for item or service clearly documented by the facility?						
Does the facility have documentation of Fair Market Value?						
Does contract contain HIPPA Language or BAA on File?						
Does facility have any other contracts with this referral source?						
Is party responsible to bill services defined?						

### Explanations/Business Purpose


	Signature	Date		Signature	Date
Hospital CEO			Hospital CFO		

### THIS SECTION FOR CORPORATE USE ONLY

	Signature	Date		Signature	Date
VP-Op's/Finance			CIO		
RVP-Operations			Corporate Controller		
VP- Clinical Operations			COO		
Compliance Officer			CFO		
CC to Regulatory Counsel			CEO		

**\* Note - Insurance risk management must be notified well in advance of start date - failure to do so could result in hiring delay. Notification should be made to Jennifer Hockersmith, Ashton Tiffany LLC, 4041 N. Central Avenue Suite 1200, Phoenix, AZ 85012. Include completed application, copy of CV, projected start date, and employment status (full time, part time...) - Info can be faxed to Jennifer at (602) 257-5117.**