**EPIC MANAGEMENT, L.P.**
**BEAVER MEDICAL GROUP, L.P.**
**EPIC HEALTH PLAN**

**ADMINISTRATIVE POLICY AND PROCEDURE**
**COMPLIANCE**

| **SUBJECT:** Contractual Arrangements with Referral Sources and DHS Entities | |
|---|---|
| **DRAFTED BY:** Sherry Miller, CCO | **DATE:** 8/17/2020 |
| **REVIEWED BY:** | **DATE:** |
| **REVISED BY:** | **DATE:** |
| **APPROVED BY:** Compliance Committee | **DATE:** 8/17/2020 |
| **BOARD APPROVAL DATE:** N/A | |
| **EFFECTIVE DATE OF POLICY:** | |

1. **PURPOSE:** This EPIC Contractual Arrangements with Referral Sources and DHS Entities Policy (1) provides a statement of EPIC's policy of ensuring that its contractual arrangements with Referral Sources and DHS Entities are structured to comply with federal and state laws aimed at preventing health care fraud and abuse, (2) and sets forth EPIC's compliance requirements for such contractual arrangements, which are aimed at ensuring compliance with such fraud and abuse laws.

2. **ATTACHMENTS:** N/A.

3. **DEFINITIONS:**

   a. All capitalized terms used but not defined in this Policy shall have the meaning attributed to them in the EPIC Compliance Program Definitions Policy.

   b. In addition, the following capitalized terms shall have the following meanings for purposes of this Policy:

      i. "Anti-Kickback Statute" refers to the Federal Health Care Program anti-kickback statute, 42 U.S.C. § 1320a-7b(b).

      ii. "DHS Entity" refers to any entity that furnishes or bills the Medicare fee-for-service program for designated health services, as that term is defined under the Stark Law. DHS Entities can include physician practices (like BMG) and institutional healthcare providers and suppliers (such as hospitals and clinical laboratories).

iii. "Financial Relationship" refers to either a compensation arrangement in which remuneration is exchanged between a DHS Entity and a physician (e.g., employment, personal services arrangement) or an ownership or investment interest pursuant to which a physician holds an equity interest in a DHS entity (e.g., shareholder, partner, or limited liability company member). A compensation arrangement and an ownership/investment interest can be direct or indirect.

iv. "Immediate Family Member" refers to a spouse or civil union partner; 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.

v. "Referral Source" means any person or entity that is in a position to refer patients to or otherwise generate business for EPIC that may be reimbursed, in whole or in party, by a health care payor (including, but not limited to, a Federal Health Care Program). The term "Referral Source" includes the Referral Source and their Immediate Family Member(s).

vi. "Remuneration" means anything of value, including a salary, stipend or fee, a free or discounted item, a loan, a gift, and the like.

vii. "Stark Law" refers, collectively, to the federal physician self-referral statute, 42 U.S.C. § 1395nn, 42 U.S.C. § 1396b(s), and the implementing regulations, 42 C.F.R. § 411.350 et seq.

4. **POLICY:** EPIC is committed to ensuring that all of its contractual arrangements with Referral Sources and DHS Entities are structured to comply with federal and state laws aimed at preventing health care fraud and abuse, including, but not necessarily limited to, the Stark Law, the Anti-Kickback Statute, and their California law counterparts.

5. **PROCEDURE:**

a. **Overview**

i. Various federal and state laws and regulations are aimed at preventing fraud and abuse in Federal Health Care Programs and other health care payment contexts ("Fraud and Abuse Laws"). Fraud and Abuse Laws include, for example, the Anti-Kickback Statute and the Stark Law.

(1) The Anti-Kickback Statute prohibits any person from knowingly and willfully soliciting, receiving, offering, or

paying Remuneration with a purpose of inducing patient referrals or otherwise generating business for which payment made be made, in whole or in part, by a Federal Health Care Program.

(2) The Stark Law prohibits patient referrals and billing for services furnished to improperly referred patients regardless of "purpose," if the referring physician has a Financial Relationship with the DHS Entity (e.g., a hospital) and no statutory or regulatory exception applies.

ii. This Policy includes contract requirements aimed at ensuring EPIC's compliance with Fraud and Abuse Laws. Compliance with this Policy is mandatory, unless an exception has been granted by the Corporate Compliance Officer in writing and in advance.

(1) Exceptions to this Policy are discouraged and will not be issued with regularity.

(2) In determining whether to grant an exception to this Policy, the Corporate Compliance Officer will consult with Health Care Counsel, as appropriate.

b. **Application**

i. This Policy applies to the following arrangements ("Covered Arrangements"):

(1) Any Financial Relationship between BMG and a DHS Entity, including, e.g.,

(a) Personal services arrangements (e.g., professional services, medical director services, on-call services);

(b) Medical office building, other space, and equipment leases;

(c) Joint ventures; and

(d) Certain co-marketing arrangements.

(2) Any Financial Relationship between BMG and a physician or physician group, including, e.g.,

(a) Employment arrangements,

(b) Personal services arrangements, and

(c) Shareholder or partnership arrangements.

(3) Any arrangement in which there is an exchange of Remuneration between any EPIC entity and any Referral Source.

(a) Note. This Policy does not apply to gifts and non-monetary Remuneration, which are addressed in EPIC's Gifts, Gratuities, Business Courtesies, and Other Non-Monetary Compensation Policy.

ii. If any Personnel member responsible for negotiating or reviewing an arrangement is unsure whether the arrangement constitutes a Covered Arrangement, the Personnel member shall consult with the Corporate Compliance Officer (or their designee).

iii. Note. Covered Arrangements may also give rise to an actual, potential, and/or perceived Conflict of Interest. Any such Conflicts of Interest are subject to and must comply with EPIC's Conflicts of Interest Policy.

c. **Contract Requirements**

i. In addition to complying with other legal requirements, the requirements set forth in EPIC's Contract Execution Policy, all Covered Arrangements must:

(1) Be set forth in a current written agreement (i.e., an agreement that has not expired or been terminated), which sets forth the parties' respective duties and obligations in sufficient detail (e.g., specifies the services covered) and is signed and dated by all of the parties;

(2) Specify the timeframe for (i.e., term of) the arrangement;

(3) Specify the Remuneration (e.g., rent, purchase price, compensation) to be exchanged, which Remuneration must be:

(a) Set in advance (with the exception of certain employment agreements);

(b) Consistent with fair market value for services or items actually provided; and

(c) Determined in a manner that does not take into account the value or volume of referrals or other business generated by either party; and

(4) Be intended to obtain or provide an item or service that is reasonable and necessary for a legitimate business purpose.

(a) For example, when EPIC is acting as a buyer of items or services, EPIC should determine how much it reasonably and legitimately needs to purchase and limit its purchases to those amounts.

d. **Compliance Review and Approval**

i. All agreements for Covered Arrangements should be reviewed and approved in advance and in writing by the Corporate Compliance Officer (or their designee).

(1) The Corporate Compliance Officer (or their designee), in consultation with Health Care Counsel, as appropriate, shall review each Covered Arrangement to ensure compliance with applicable law, Federal Health Care Program requirements, and EPIC Compliance Program Policies.

(2) Agreements for Covered Arrangements that require compliance review and approval include:

(a) Formal contracts;

(b) Informal contractual documents, such as letters of intent, letter agreements, or memoranda of understanding; and

(c) Amendments to an existing agreement that revise the payment terms and/or the effective dates of the existing agreement.

ii. The compliance review and approval must be obtained even if the agreement complies in all respects with this Policy.

iii. If at any time it appears that there have been discussions, memoranda, or any other informal documents indicating an intent to obtain or reward referrals or other business generation by way of an agreement, such agreement will not be approved; provided, however, that this prohibition shall not apply to EPIC's physician and practitioner compensation plans, which will be subject to separate review by the Corporate Compliance Officer and Health Care Counsel.

e. **Payments under Covered Arrangements**

i. For all Covered Arrangements, both parties must sign and date the relevant approved written agreement(s) before any items or services are provided and before any payment is made. Any items or services provided before the parties sign the agreement should not be compensated without the express written approval of the Corporate Compliance Officer in consultation with Health Care Counsel.

ii. In all Covered Arrangements, payments must be consistent with the terms of the written agreement and performance of all of the terms of the agreements is required.

iii. EPIC shall maintain accurate and complete records of all Accounts Receivable and Accounts Payable for Covered Arrangements.

f. **Covered Arrangement Contract Log**

i. Commencing on or around November 1, 2020, the Corporate Compliance Officer shall maintain a centralized and computerized Covered Arrangement contract control log ("Covered Arrangement Log") documenting all Covered Arrangements. The Covered Arrangements Log should include all current agreements for Covered Arrangements, as well as copies of all supporting documents, including fair market value verification, Compliance Department approvals, and documentation that the DHS Entity or Referral Source (as applicable) is not an Ineligible Person.