STARK LAW

Open Forum

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Learning Objectives

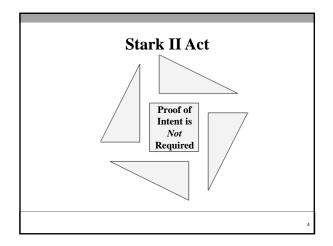
- Recognize when the Stark Act is implicated
- Comply with the components for exceptions for a physician practice

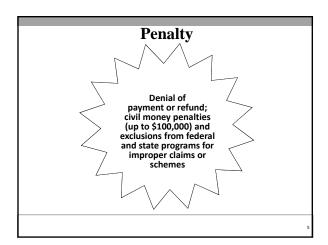
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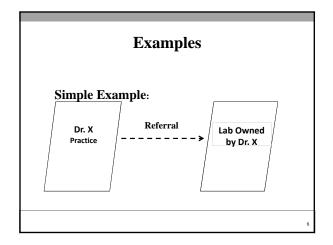
Stark Act § 42 U.S.C. 1395nn

- The Stark II Act prohibits a physician from making a *Referral*
 - \succ to an Entity
 - \succ for the furnishing of a $Designated\ Health\ Service$
 - ➤ for which payment may be made under Medicare
 - ➤ if the physician (or an immediate family member)
 - has a *Financial Relationship* with the entity

2







1	Simple Example	
Dr. X Practice	Referral	Lab Owned by Dr. X
ow Stark II has bee	en applied:	
Dr. X Practice	Medical Directorship Payments Medical Suite Rent Payments Referral	Hospital V

What is a Referral?

A referral includes:

Request for an item or a service by a physician

Request by physician for consultation with another physician, and any tests or procedures the other physician orders, performs or supervises

Request for or of plan of care that includes provision of designated health services

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What is a Referral?

- A referral is not a DHS personally performed by a physician
- A referral does not include a request by:
 - Pathologists for clinical diagnostic laboratory tests and pathological examination services
 - Radiologists for diagnostic radiology services
 - > Radiation Oncologists for Radiation Therapy
- If the request for such additional services results from a consultation initiated by another physician

9

Designated Health Services

- Designated Health Services include:
 - Clinical laboratory services;
 - Physical therapy and occupational therapy services;
 - Radiology or other diagnostic services (including MRI, CAT scans);
 - $\blacktriangleright \ Radiation \ the rapy \ services;$

 - Durable medical equipment;
 Parental and enteral nutrients, equipment and supplies;
 - Prosthetics, orthotics and prosthetic devices;
 - ➤ Home health services;

 - Outpatient prescription drugs; and
 Inpatient and outpatient hospital services (encompassing almost every type of medical procedure).

Note: Ambulatory Surgery Centers services are not DHS!

What is a DHS Entity?

- Entity that bills for DHS service
- Entity that performs DHS service
 - ➤"Perform" is given common meaning

What Is a Financial Relationship?

A Financial Relationship includes:

- · Ownership interests
 - \blacktriangleright Through equity, debt , compensation or other means;
- · Compensation arrangements
 - > Includes virtually any form of direct or indirect remuneration (i.e., personal service contracts, medical directorships, lease agreements, consulting arrangements, medical service provider arrangements)

What Is a Financial Relationship?

Remuneration is defined (42 CFR § 411.351) as "any payment *or other benefit* made directly or indirectly, overtly or covertly, in cash or *in kind* ..."



13

What Is a Financial Relationship?

Benefits:

- Payments for services rendered
- Use of space
- Use of personnel
- CME
- Dinners
- Trinkets
- Parking



14

Nature of Exceptions

If Financial Relationship exists with an Entity, and patients are being Referred for Designated Health Service, then activity must either comply with an exception or the activity is illegal



15