	Regulatory Compliance Policy	No. COMP-RCC 3.02
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	CONTROLS AND MONITORING OF PAYMENTS TO PHYSICIANS OR OTHER REFERRAL SOURCES	Effective Date: 02-01-11
		Retires Policy Dated: 11-01-10
		Previous Versions Dated:

I. SCOPE:

This policy applies to (1) Tenet Healthcare Corporation and its wholly-owned subsidiaries and affiliates (each, an “Affiliate”); (2) any other entity or organization in which Tenet Healthcare Corporation or an Affiliate owns a direct or indirect equity interest of 50% or more; and (3) any hospital or healthcare facility in which Tenet Healthcare Corporation or an Affiliate either manages or controls the day-to-day operations of the facility (each, a “Tenet Facility”) (collectively, “Tenet”).

II. PURPOSE:

The purpose of this policy is to establish controls and routine monitoring of payments made to physicians and other actual or potential referral sources (“Referral Sources”) through the vendor payment system. For a list of Referral Sources, please refer to the [Electronic Contract Approval Term Sheet \(“eCATS”\) Frequently Asked Questions](#) for the [Law Department Policy L-15 Electronic Contract Approval Term Sheet \(eCATS\) Policy](#). This policy does not apply to payments made to employed physicians or other employed referral sources.


III. POLICY:

Prior to issuing a payment to a new vendor or other third party payee (a “Vendor”), the Tenet Facility CFO and Hospital Compliance Officer (HCO) shall identify whether the Vendor is a Referral Source. Each Tenet Facility shall establish a written procedure for review and approval of all payments including Referral Source payments to ensure that payments made to Referral Sources are consistent with all laws, regulations and Tenet policies.

IV. PROCEDURE:

A. New Vendors

As required by the Accounts Payable Vendor Maintenance Policy AP-1000 (the “Vendor Maintenance Policy”), new Vendors shall complete an Accounts Payable Vendor Addition Form (Form AP60), which, among other information, identifies whether the vendor is a Referral Source. The Facility’s CFO and HCO, or their designees, are required to approve and sign all Vendor Addition Forms to ensure, among other things, that all Vendors are appropriately categorized as Referral Sources or Non-Referral Sources as required by the [eCATS Policy](#) and its [Frequently Asked Questions](#). This includes the completion of a Stark inquiry form unless the Vendor fits within one of the exceptions set forth in the Vendor Maintenance Policy, in which case the exception code shall be provided on the Vendor Addition Form. Accounts Payable requires the completion and approval of the Vendor Addition Form prior to adding a new Vendor to the Accounts Payable system or releasing any payment to a Vendor.

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B. Written Procedure for Payment Approvals

1. Each Tenet Facility shall adhere to the following procedures for review and approval of all payments, including Referral Source payments:
 - a. review and approval of all payments by a member of the finance function at the Tenet Facility prior to payments being released. For example, this review may be completed by a review of a disbursement list prior to release of payments;
 - b. review and approval of all payments to Referral Sources by the Facility’s CFO or if the CFO desires to delegate the approval of Referral Source payments to a member of the Finance staff, such staff should be appropriately trained under this policy. Any standing delegation to the Finance staff shall be referenced in writing, along with a process for payment approvals when the CFO position is vacant. Standing delegations must be approved in advance by the Regional VP of Finance; and
 - c. safeguards should be in place to ensure that (i) individuals responsible for approval of Referral Source payments have the requisite training on the [eCATS Policy](#) and its [Frequently Asked Questions](#); (ii) the supporting agreement has been approved in eCATS in accordance with the [eCATS Policy](#); (iii) the agreement remains in effect, and the amount requested is consistent with the terms of the agreement; and (iv) the requestor has included appropriate supporting documentation so that the approver gains reasonable assurance that the payment complies with Tenet policies.

C. Auditing and Monitoring

Tenet’s Audit Services Department shall audit adherence to this policy in its routine audits. Each quarter, the Tenet HCO shall judgmentally¹ sample twenty-five payments made to Referral Sources during the prior quarter to validate whether the payments were processed in a manner consistent with this policy, the [eCATS Policy](#),

¹ A judgmental sampling approach requires the HCO to use his/her best judgment and understanding of Tenet’s policies and controls to identify a facility’s areas of greatest risk exposure and select items for review. For example, based on experience, an HCO may know which types of payments: (a) are more likely to have processing issues; (b) have had problems in the past or (c) are higher risks to Tenet. Upon completion of the review, the HCO should be satisfied that the sample provides adequate coverage over all types of referral source payments made during the previous quarter.

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the [Frequently Asked Questions](#), and the Vendor Maintenance Policy. For any exceptions identified, the HCO shall open a compliance exception and shall refer the matter to the Law Department for review to determine whether the exception violates the Stark law, the Anti-Kickback statute or other laws or regulations and to direct any appropriate corrective action.

D. Responsible Person

The Tenet Facility CFO is responsible for the establishment and maintenance of controls for the processing of payments as outlined in this policy even if the CFO has delegated the review requirements of this policy to another member of the Finance staff.

E. Enforcement

All employees whose responsibilities are affected by this policy are expected to be familiar with the basic procedures and responsibilities created by this policy. Failure to comply with this policy will be subject to appropriate performance management pursuant to all applicable policies and procedures, up to and including termination. Such performance management may also include modification of compensation, including any merit or discretionary compensation awards, as allowed by applicable law.

V. REFERENCES:

- [Corporate Integrity Agreement dated September 27, 2006 between Tenet Healthcare Corporation and the Office of Inspector General of the Department of Health and Human Services](#)
- [Law Department Policy L-15 Electronic Contract Approval Term Sheet \(eCATS\) Policy](#)
- [Electronic Contract Approval Term Sheet \(eCATS\) Frequently Asked Questions](#)
- [Accounts Payable Policy 1000 Vendor Maintenance](#)