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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 greater than 50%; 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 “hospital”) (collectively, “Tenet”). Non-hospital entities are prohibited from providing financial assistance to relocate a physician.


II. PURPOSE:

The purpose of this policy is to ensure, through the implementation of prudent and reasonable controls, that:

- A. relocation agreements are undertaken only when there is an objectively and independently demonstrated community need in the hospital’s service area for the particular medical specialty practiced by the relocating physician;
- B. relocation agreements are undertaken only to help provide reasonable financial assistance to or on behalf of a relocating physician in the start-up phase of his or her medical practice in the hospital’s service area;
- C. relocation agreements comply with applicable laws and regulations, including the federal Anti-Kickback law and the Stark law; and
- D. under no circumstances will any relocation agreement involve a hospital paying remuneration to a physician or any other individual or entity, directly or indirectly, with the intent to induce the physician or other individual or entity to refer patients to, or otherwise generate business for, any hospital.


III. DEFINITIONS:

- A. **“Physician”** means a duly licensed and authorized doctor of medicine or osteopathy, doctor of dental surgery or dental medicine, doctor of podiatric medicine, doctor of optometry, or chiropractor.
- B. **“Service Area”** means the lowest number of contiguous postal zip codes from which the hospital draws at least 75 percent of its inpatient discharges during the most recent calendar year for which data is available. For hospitals located in a rural area (as defined at §411.351), the “geographic area served by the hospital” may also be the area composed of the lowest number of contiguous zip codes

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from which the hospital draws at least 90 percent of its inpatients. If the hospital draws fewer than 90 percent of its inpatients from all of the contiguous zip codes from which it draws inpatients, the “geographic area served by the hospital” may include noncontiguous zip codes, beginning with the noncontiguous zip code in which the highest percentage of the hospital’s inpatients resides, and continuing to add noncontiguous zip codes in decreasing order of percentage of inpatients.

- C. **“Remuneration”** means anything of value, including, but not limited to, cash, items or services.
- D. **“Health Professional Shortage Area (HPSA)”** means an area designated as a health professional shortage area under section 332(a)(1)(A) of the Public Health Service Act, for primary medical care professionals in accordance with criteria specified in 42 C.F.R. part 5, as amended from time to time. HPSA designation is currently available for dental and mental health providers and the providers in the following primary medical care specialties: general or family practice, general internal medicine, pediatrics, and obstetrics and gynecology. See the [DHHS HPSA webpage](#).
- E. **“Assistant General Counsel”** means the Assistant General Counsel in the Tenet Law Department who oversees Tenet’s Regional Counsel.
- F. **“Group Practice”** means two or more physicians (including the relocating physician) who practice through a single legal entity, using a common trade name and a common tax identification number, including a faculty practice plan or other physician group practice organization affiliated with an academic medical center. A “group practice” also includes the medical practice that is formed when a physician joins one or more solo practitioners.
- G. **“Guarantee”** means that component of the relocation agreement pursuant to which the hospital agrees, subject to certain repayment and forgiveness provisions, to guarantee a certain level of collections (solo practitioners only) or net income.
- H. **“Guarantee period”** means the period of time during which the hospital will guarantee the collections or net income of the relocating physician.
- I. **“Federal health care program”** means any plan or program that provides health benefits, whether directly, through insurance, or otherwise, which is funded directly, in whole or in part, by the United States Government, including, but not limited to, Medicare, Medicaid/MediCal, managed Medicare/Medicaid/MediCal,

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TriCare/VA/CHAMPUS, SCHIP, Federal Employees Health Benefit Plan, Indian Health Services, Health Services for Peace Corp Volunteers, Railroad Retirement Benefits Black Lung Program, Services Provided to Federal Prisoners, Pre-Existing Condition Insurance Plans (PCIPs) and Section 1011 Requests.

- J. **“Immediate Family Member”** means husband or wife; birth 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 spouse of a grandparent or grandchild.

- K. **“Collections”** mean all monthly fees and charges resulting and collected from items or services furnished by or under the direction of a relocated physician (including, without limitation, payments made under capitation arrangements), regardless of where or to whom such services are provided, and including compensation for all service arrangements including, without limitation, those for medical directorship, consulting or other administrative services; provided, however, that a relocated physician may exclude from collections fees received as a teaching stipend.

- L. **“Total Income”** means the sum of the relocated physician’s actual total collections (e.g., a collection guarantee) or net income (e.g., a net income guarantee where a physician joins a group practice) for the guarantee period, the relocated physician’s collections during the 60 days following the guarantee period that are attributable to the guarantee period (the collections are included only if required under the relocation agreement) and total payments made by the hospital to the physician under the collections guarantee or the net income guarantee or, in the case of a three party agreement, to the group pursuant to the relocation agreement.


IV. POLICY:

Hospitals shall only enter into relocation agreements when the purpose of the arrangement is to fill an objectively and independently determined community need in the hospital’s service area.

V. PROCEDURE:

- A. Hospital Implementation:

The hospital shall ensure that this policy is adhered to by following all of the steps set forth in this policy.

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1. Step 1 Determine Whether the Service Area is in a Health Professional Shortage Area (HPSA).

If the hospital desires to fulfill a community need for general or family practice, general internal medicine, pediatrics, obstetrics and gynecology, dentists or psychiatrists, and the hospital's service area is in a HPSA for that specialty, then the community need requirement is met – go to Step 4. If the hospital's service area is not in a HPSA for a particular specialty, go to Step 2.


2. Step 2 Determine Whether Community Need is Established in the Annual Community Need Assessment.

At least once each year, the hospital shall engage an independent third party on the vendor list approved by the Assistant General Counsel or General Counsel to prepare a written assessment that identifies medical specialties for which community need exist in the hospital's service area based on objective third party data and criteria that are consistent with generally accepted methodologies for determining community need. The annual community need assessment shall be furnished to the hospital with a copy to Regional Counsel on or before August 1 of each year.

If the hospital desires to fulfill a community need identified in the annual assessment by relocating a physician, the hospital shall go to Step 3. If the most recent annual assessment does not indicate a need for a certain specialty but the hospital provides to the Assistant General Counsel or General Counsel community need data that was not available and/or not considered in the most recent annual assessment, the hospital may proceed to Step 3 upon the approval of the Assistant General Counsel or General Counsel. Otherwise, the hospital shall not proceed with a proposed relocation.

3. Step 3 Confirm Community Need for the Relocating Physician in a Confirmatory Community Need Assessment.

The hospital shall engage an independent third party to prepare an objective assessment of the community need for relocating the identified physician. When possible, the hospital shall engage the same independent third party who performed its most recent annual community need assessment. The confirmatory assessment shall confirm that there is a community need in the hospital's service area for the relocating physician as of the date of the report. The confirmatory assessment shall be based on

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the same criteria and methodology utilized in the annual assessment except that it shall be specific to the relocating physician and shall take into account the terms of the proposed relocation. Notwithstanding, a confirmatory assessment shall not be required if (i) the hospital CEO approves via eCATS a proposed relocation arrangement within one hundred eighty (180) days of the date set forth on the annual community need assessment; or (ii) there was a net need of at least fifteen (15) physicians in that specialty at the time the Annual Community Need Assessment was prepared and the hospital is not aware of any factors that would indicate there is no longer a community need for that specialty.

If the confirmatory assessment indicates a community need for the relocating physician, go to Step 4.

If the confirmatory assessment does not indicate a community need for the relocating physician, the hospital shall not undertake the proposed relocation.


4. Step 4 Determine Whether the Physician Has an Established Practice.

If the physician is not a hospital resident (including those in post-residency fellowships) or has been in medical practice for more than one year, go to Step 5.

If the physician is a hospital resident (including those in post-residency fellowships) or has been in medical practice for one year or less, or for the two years immediately prior to the recruitment arrangement, was employed on a full-time basis by a Federal or State bureau of prisons (or similar entity operating correctional facilities), the Department of Defense or Department of Veteran Affairs, or facilities of the Indian Health Service, provided that the physician did not maintain a separate practice in addition to such full-time practice, the physician is not required to meet the relocation requirement set forth in Step 5 or to represent and warrant that he or she expects to derive at least 75 percent of his/her professional revenues from patients not seen at a prior practice site as set forth in Section F of Step 6, but must establish the site of his or her medical practice in the hospital's service area. Go to Step 6.

5. Step 5 Confirm Location of Physician's Practice.

No Relocation Agreement shall be undertaken unless, prior to the execution of a relocation agreement, the relocating physician maintains his


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or her practice outside the hospital’s service area and is relocating the site of his or her practice at least twenty-five (25) miles and into the hospital’s service area. The hospital shall not relocate a physician who is currently practicing in the hospital’s service area. Notwithstanding the foregoing, the hospital may request that the Assistant General Counsel or General Counsel review a proposed relocation in which the physician will move his or her practice less than twenty-five (25) miles as long as all other requirements of this policy are met and the reasons for making the exception are set forth in detail, in writing.

6. Step 6 Review the Requirements of the Relocation Agreement.


The hospital shall confirm that the proposed relocation will meet all of the following terms to be set forth in a relocation agreement:

- a. The arrangement shall be evidenced by a written relocation agreement contained in the Law Department’s Contractual Arrangements and Hospital Governance Manual (CAM) signed and dated by all parties. There shall be no oral or implied understandings that are not incorporated in the written agreement. The Two-Party Relocation agreement shall be used when the relocating physician will be a solo practitioner. The Three Party Relocation agreement shall be used when the physician joins a group practice as an employee or owner of the practice.
- b. The relocation agreement shall not be conditioned on the relocating physician (or, in three party agreements, the relocating physician, the group practice or any individual or entity affiliated with the group practice) making referrals (actual or anticipated) to the hospital or being in a position to make or influence referrals or otherwise generating business for the hospital provided, however, that the relocation agreement shall require that the relocating physician obtain and maintain medical staff privileges at the hospital.
- c. The remuneration provided by the hospital shall not vary (or be adjusted or renegotiated) in any manner based on the volume or value of any actual or anticipated referral by the relocating physician (or, in three party agreements, the relocating physician, the group practice or any individual or entity affiliated with the group practice) or other business generated between or among the parties.


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- d. The relocating physician (or, in three party agreements, the relocating physician or any other physician affiliated with the group practice) shall not be required to refer patients to the hospital and shall not be restricted from establishing staff privileges at any other hospital or facility, or referring patients to or utilizing the services of, or otherwise generating business for any other hospital or facility.
- e. The guarantee period shall last for no longer than two years.
- f. In the relocation agreement, the relocating physician (or, in three party agreements, the relocating physician and the group practice) shall represent and warrant that he or she (or it) expects that the relocating physician's new medical practice will, in each year¹ of the guarantee period, derive at least 75 percent of its revenues from professional services furnished to patients (including hospital inpatients) not seen or treated by the relocating physician at his or her prior medical practice site during the preceding three years.
- g. In the relocation agreement, the relocating physician (or, in three party agreements, the relocating physician and the group practice) shall represent and warrant that he or she (or it) expects that the relocating physician's new medical practice will, in each year¹ of the guarantee period, derive at least 75 percent of its revenues from professional services furnished to patients (including hospital inpatients) residing in the hospital's service area.
- h. The terms of the agreement shall not be renegotiated, renewed, extended or amended after the agreement is executed by all of the parties unless approved in advance and in writing by the Regional Counsel.
- i. The relocation agreement shall require the relocating physician (or, in three party agreements, the relocating physician and the group practice) to treat Federal health care program patients in a nondiscriminatory manner.

¹The relocating physician (or, in three party agreements, the group practice) may elect whether to use a fiscal year or calendar year.

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- j. Other than as specifically provided for in this policy, the remuneration shall not directly or indirectly benefit any individual or entity in a position to make or influence patient referrals (actual or anticipated) to, or otherwise generate business for, the hospital.
- k. The remuneration shall be specifically permitted by and consistent with the remuneration limits set forth in Step 12.
- l. The relocation agreement shall include the following additional provisions if the relocating physician is joining a group practice:
 - (1) The relocating physician shall join the group practice as a direct or indirect owner or as an employee.
 - (2) If the relocating physician and group have executed an employment agreement before the relocation agreement is executed, the hospital shall obtain a copy of the employment agreement to confirm (a) that the compensation will be commercially reasonable and consistent with fair market value and will not take into account – either directly or indirectly – the value or volume of patient referrals (actual or anticipated) to, or other business generated for, the hospital; and (b) that the group practice does not impose on the recruited physician practice restrictions that unreasonably restrict the recruited physician’s ability to practice medicine in the geographic area served by the hospital, and (c) that the group practice and relocating physician agree to comply with all relevant claims submission and billing laws and regulations.
 - (3) The group practice shall provide a written representation and warranty that (1) the compensation of each physician affiliated with the group including, without limitation, shareholders, members, partners, employees and independent contractors (a) will be commercially reasonable and consistent with fair market value; and (b) will not vary with, or reflect or relate to – either directly or indirectly – the volume or value of patient referrals (actual or anticipated) to, or other business generated for, the hospital; and (2) that the group practice agrees to comply with all relevant claims submission and billing laws and regulations.

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(4) In the relocation agreement, the relocating physician and the group practice shall each represent and warrant that he, she or it expects that in each year of the guarantee period, no more than twenty-five percent (25%) of the revenues of the group practice shall be generated from patients previously seen by the relocating physician at his or her former practice (if any).

m. The relocation agreement will require the physician and the group practice, if applicable, to abide by Tenet’s Compliance Program. Specifically, the physician and group will be required to have received, read, understood and abide by Tenet’s Standards of Conduct. The parties to the relocation agreement shall comply with Tenet’s Compliance Program and Tenet’s policies and procedures related to the Anti-Kickback Statute and the Stark Law. A summary of Tenet’s Compliance Program and a link to Tenet’s policies and procedures shall be provided to the physician and group upon request. Further, the parties to the relocation agreement shall certify that they shall not violate the Anti-Kickback Statute and/or the Stark Law. The physician and group, if applicable, shall complete any training required under Tenet’s Compliance Program.


7. Step 7 Prepare the Contractual Arrangements Term Sheet (CATS) Package.

For each proposed relocation agreement, the hospital shall prepare all of the following documentation for submission with the CATS package into eCATS:

a. A cover memorandum outlining (1) all the terms of the arrangement; (2) all previous, current and anticipated hospital arrangements, agreements or assistance, if any, provided within the last ten years to the relocating physician and, in a three party agreement, the group practice or a physician affiliated with the group practice; (3) a statement that the proposed arrangement represents the entire agreement with the relocating physician and, in a three party agreement, the group practice and the physicians affiliated with the group practice; and (4) any items requested by Regional Counsel or the Assistant General Counsel or General Counsel (Note: a sample cover memo is included in the CAM Forms on eTenet);

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- b. The confirmatory community need assessment or, if the hospital is relying on its location in a HPSA, evidence of such designation;
- c. A fully completed CATS signed by the hospital's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) containing the total value of the remuneration that may be conferred upon the relocating physician during the term of the relocation agreement;
- d. In a three party agreement, an executed employment agreement between the relocating physician and the group practice and/or a written representation and warranty of the relocating physician and group as required by Step 6, item l.(2);
- e. In a three party agreement, a written representation and warranty of the group practice as required by Step 6, item l.(3);
- f. A draft CAM relocation agreement;
- g. A draft promissory note and Form UCC-1 to provide adequate security for the repayment obligation of the relocated physician or group practice, as appropriate;
- h. Copies of all internal and external correspondence (including emails, memos or other file materials) that have been generated in connection with the relocation;
- i. A detailed financial statement demonstrating how the guarantee amount was calculated and a statement that identifies the method of calculating the reasonableness and fair market value of other remuneration conferred on the relocating physician;
- j. A copy of the relocating physician's current curriculum vitae;
- l. A criminal background check on the relocating physician;
- m. The results of a search of the U.S. General Services Administration's Lists of Parties Excluded from Federal Procurement and Nonprocurement Programs, the Office of Inspector General of the Department of Health and Human Services List of Excluded Individuals/Entities and any applicable state healthcare exclusion list noting no exclusions, suspensions or debarments of the relocating physician (in a two party agreement)

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or of the relocating physician and the group practice (in a three party agreement); and

- n. Any other items required by Regional Counsel or the Assistant General Counsel or General Counsel.


8. Step 8 Obtain Legal Review and Approval.

No relocation agreement shall be executed until the hospital’s Regional Counsel and, if applicable, Assistant General Counsel or General Counsel, has reviewed and approved the proposed relocation and relocation agreement to ensure compliance with the applicable laws and ensured that all documents relevant to the proposed relocation agreement are set forth in eCATS. If any one or more of the following apply, the Assistant General Counsel or General Counsel shall also be required to approve the CATS package before the relocation agreement may be executed:

- a. The hospital has entered into more than eight relocation agreements within the current calendar year.
- b. In the case of a three party agreement, the hospital has entered into a relocation agreement with the group practice or a physician affiliated with the group practice in the previous ten years.
- c. An immediate family member of the relocating physician has entered into a relocation agreement with a Tenet hospital in the previous ten years.
- d. An immediate family member of the relocating physician is (1) an active member of the hospital’s medical staff or (2) a full time or part time employee of the hospital.
- e. The guarantee amount exceeds the guarantee amount as described in Step 12.

9. Step 9 Execute the Relocation Agreement.

Once all required approvals have been obtained in eCATS, the hospital CEO may execute the relocation agreement, promissory note, and UCC-1 on behalf of the hospital. The hospital shall not provide any remuneration in connection with a relocation agreement until after the relocation agreement and all supporting documents have been executed by all parties.

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The hospital's CEO, or his or her designee, shall advise the relocating physician in writing that under no circumstances shall he or she relocate to the hospital's service area before a non-binding letter of intent or the relocation agreement and all supporting documentation have been executed by all parties. **Note: The hospital's Regional Counsel and, if applicable, the Assistant General Counsel or General Counsel, shall not approve any relocation arrangements when the relocating physician has already relocated to the hospital's service area prior to executing a non-binding letter of intent or the relocation agreement.**

10. **Step 10 Obtain a Promissory Note for the Remuneration.**

Except for the recruitment fee described in Step 12, item b below, all remuneration provided pursuant to this policy shall be repaid to the hospital pursuant to the terms and conditions of a promissory note unless forgiven by the hospital as permitted by this policy.


11. **Step 11 Perfect the Hospital's Security Interest.**

Upon receipt of the signed UCC-1 from the relocating physician or group practice, as appropriate, the hospital shall coordinate with Regional Counsel to file the UCC-1 with the applicable governmental authority.

12. **Step 12 Limit Remuneration Pursuant to the Relocation Agreement.**

The hospital may provide only the following remuneration pursuant to this policy. If the relocating physician will be a solo practitioner, the payments shall be made directly to the relocating physician or the recruitment firm, as appropriate. If the relocating physician will join a group practice, the payments shall be made directly to the group practice or recruitment firm as appropriate, but not to the relocating physician.


- a. An amount no more than the documented, actual relocation expenses, such as moving, storage and temporary lodging, reasonably incurred in connection with the physician's relocation to the hospital's service area.
- b. Payment of a reasonable recruitment (or "headhunter's") fee paid directly to the recruitment firm, when applicable.
- c. An amount no more than the documented, actual malpractice insurance premiums incurred in connection with the purchase of a

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professional liability insurance policy for the relocating physician's services in the hospital's service area (or, alternatively, for adding the relocating physician as an additional insured on the group practice's professional liability insurance policy).

- d. An amount no more than the documented, actual tail malpractice insurance covering the physician's prior practice.
- e. Payment of documented, actual marketing expenses in connection with the opening of the relocating physician's new practice in the hospital's service area subject to a cap of \$10,000 except that the payment of marketing expenses may not be made if the relocating physician is joining a group practice.
- f. Payment of documented, actual consulting fees in connection with the opening of the relocating physician's new practice in the hospital's service area subject to a cap of \$12,000 except that the payment of consulting fees may not be made if the relocating physician is joining a group practice.
- g. A collection guarantee amount (a collection guarantee can only be offered in the case where the recruited physician will be a solo practitioner) and a net income guarantee amount (a net income guarantee must be used in the case where the recruited physician joins a group practice) that does not exceed the Medical Group Management Association (MGMA) median salary². Notwithstanding the foregoing, if the hospital believes that a salary level used in calculating the collection guarantee amount or the net income guarantee amount that differs from MGMA median salary amount derived above is fair market value, and all other requirements of this policy are met, the hospital may seek approval of the proposed collection guarantee amount or the net income guarantee amount from the Regional Senior Vice President, Regional Counsel and Assistant General Counsel or General Counsel. In no event shall the salary used in determining the collection guarantee amount or the net income guarantee amount exceed the MGMA 75th percentile salary. The hospital shall provide any supporting documentation requested by the Assistant

²The MGMA salary shall be obtained from the physician compensation table of the most recent MGMA survey for the specialty of the relocating physician with similar years in practice. For the 75th percentile compensation amount, please utilize MGMA's Table 1: Physician Compensation.


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General Counsel or General Counsel in support for any salary used in the collection guarantee amount or the net income guarantee amount in excess of the MGMA median salary listed above. See Step 14 for instructions on calculation of the net income guarantee payment amount.

- h. For difficult to recruit positions, on a case-by-case basis a sign-on bonus not to exceed the greater of Twenty-Five Thousand Dollars \$25,000 or ten percent of the base salary used in calculating the guarantee amount provided the overall compensation remains consistent with fair market value.
- i. For physicians in the last year of their residency program, a stipend of up to Two Thousand Dollars (\$2,000) per month while completing their residency provided the overall compensation remains consistent with fair market value.
- j. For difficult to recruit physicians or where necessary to be competitive in the market, on a case-by-case basis a student loan repayment in an amount not to exceed Twenty-Five Thousand Dollars (\$25,000), payable directly to the lending institution.

13. Step 13 Obtain Physician Certification.

- a. If the guarantee period exceeds one year and the relocated physician is a solo practitioner, within thirty days following the conclusion of the first year of the guarantee period, the relocated physician shall provide the hospital with a certification that, during the first year of the guarantee period (1) at least 75 percent of the revenues of the relocated physician's new medical practice were, in fact, derived from professional services furnished to patients (including hospital inpatients) not seen or treated by the relocated physician at his or her prior medical practice site during the preceding three years, and (2) at least 75 percent of the revenues of the relocated physician's new medical practice were, in fact, derived from professional services furnished to patients (including hospital inpatients) residing in the hospital's service area.
- b. If the guarantee period exceeds one year and the relocated physician joined a group practice, within thirty days following the conclusion of the first year of the guarantee period, the relocated physician and the group shall each provide the hospital with a

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certification that, during the first year of the guarantee period (1) no more than 25 percent of the revenues of the group practice were, in fact, derived from professional services furnished to patients (including hospital inpatients) seen or treated by the relocated physician at his or her prior medical practice site during the preceding three years, and (2) at least 75 percent of the revenues of the relocated physician were, in fact, derived from professional services furnished to patients (including hospital inpatients) residing in the hospital's service area.

- c. If the relocated physician and, if applicable, group practice, are unable to provide the hospital with this certification, following the approval of the hospital's Regional Counsel, the hospital will terminate the relocation agreement and require the repayment of the amounts paid in accordance with the terms of the relocation agreement.


14. Step 14 Pay Remuneration Pursuant to the Relocation Agreement.

The hospital CFO is responsible for ensuring that no remuneration is furnished in connection with a relocation arrangement until all appropriate approvals are indicated in eCATS and a relocation agreement and all supporting documentation have been executed by all parties. The only exception is that the hospital may pay the reasonable recruiting expenses of a physician who determined not to relocate.

On a monthly basis, the relocated physician or group practice shall furnish the hospital with a monthly statement of collections or net income, as the case may be, and supporting documentation for the relocated physician's collections and actual operating expenses³ for the preceding month but excluding any expenses paid by the hospital pursuant to Step 12, items a, b, c, d, e, f, or j. If the relocated physician joined a group practice, the monthly statement of net income shall reflect only the actual additional incremental expenses⁴ attributed to the relocated physician but excluding any expenses paid by the hospital pursuant to Step 12, items a, b, c, d or j. With respect to a physician recruited to join a physician practice located in a rural area or HPSA, if the physician is recruited to replace a physician who, within the

³operating expenses shall not include the physician's salary or capital expenditures.

⁴a physician's benefits (excluding salary), malpractice premiums and the cost of hiring a nurse who will work solely for the relocating physician are examples of incremental expenses. Any expense of the practice that existed prior to the relocation is not incremental and shall not be included

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previous 12 month period, retired, relocated outside the of the geographic area served by the hospital, or died, the costs allocated by the physician practice to the recruited physician may not exceed either (A) the actual additional incremental costs attributable to the recruited physician; or (B) the lower of a per capita allocation or 20 percent of the practice’s aggregate costs.

If the collections for the prior month is less than the guaranteed monthly collections set forth in the relocation agreement, or if the net income for the prior month is less than the guaranteed monthly net income set forth in the relocation agreement, the hospital shall pay to the relocated physician (in a two party agreement) or the group practice (in a three party agreement), the difference within fifteen (15) business days of the hospital’s receipt of the physician’s or group’s documentation. The difference shall not exceed the collections if the guarantee is a collection guarantee or the sum of the guaranteed monthly net income plus the expense cap for the prior month if the guarantee is a net income guarantee.


If the relocated physician’s collections or net income exceeds the guaranteed monthly collections or net income, respectively, in any month of the guarantee period, the relocated physician (in a two party agreement) or the group practice (in a three party agreement) shall reimburse the hospital the difference within fifteen (15) days following receipt by the physician or group practice of a reconciliation report from the hospital. Any excess collections or net income remaining thereafter shall be carried forward and offset against the hospital’s future monthly guarantee payments, if any, as set forth in the relocation agreement.

15. Step 15 Perform a Reconciliation.

As soon as possible following the end of the guarantee period, the hospital CFO or his or her designee shall perform a reconciliation of the total income attributable to the relocated physician during the guarantee period (as defined in the relocation agreement). The reconciliation shall be performed as set forth in the relocation agreement.

16. Step 16 Seek Repayment of Overpayments.

If the total income exceeds the net collection guarantee amount or the net income guarantee amount (*i.e.*, the net income guarantee plus the operating expense allowance), then the relocated physician (in a two party agreement) or the group practice (in a three party agreement) shall repay

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to the hospital the excess funds except that the repayment amount shall not exceed the net guarantee payments paid pursuant to the relocation agreement. Repayment shall be made within one hundred eighty (180) days following receipt of the hospital's reconciliation report.

If the total income is less than or equal to the collection guarantee amount or the net income guarantee amount (*i.e.*, the net income guarantee plus the operating expense allowance), then the relocated physician (in the case of a two party agreement) or the group practice (in the case of a three party agreement) shall repay the net amounts paid by the hospital under the relocation agreement by executing a promissory note subject to forgiveness as described below.

17. Step 17 Forgive the Promissory Note in Increments.


The hospital shall forgive one-thirty-sixth (1/36) of the principal and accrued interest, if any, under the promissory note for each month beyond the guarantee period that the relocated physician continues to meet his or her duties and obligations under the relocation agreement. The forgiveness period shall be three (3) years, commencing at the conclusion of the guarantee period. Any amounts not forgiven under the promissory note shall be repaid in accordance with the terms of the promissory note.

18. Step 18 Perform a Post-Guarantee Audit.

As soon as possible following the conclusion of the guarantee period as defined in the relocation agreement, the hospital CFO, or his or her designee, shall commence an audit of the relocated physician or group practice's back-up documentation of the collections and expenses attributed to the relocated physician to determine whether the relocated physician or group practice, as appropriate, has a repayment obligation in accordance with the terms of the relocation agreement. The post guarantee audit shall be completed as soon as possible following the end of the guarantee period.

19. Step 19 Collect Overpayments.

The hospital CFO is responsible for ensuring that diligent efforts are made to collect any and all money due from the relocated physician or group practice in accordance with the terms of the relocation agreement. The CFO shall refer to SOS for collection any physician receivable not paid within forty-five (45) days of the due date. The hospital shall maintain all

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documentation of its efforts to collect delinquent receivables. The hospital shall not write off a relocated physician's receivable without the prior approval of the Regional Counsel and the Assistant General Counsel or General Counsel.

B. Early Termination

All early terminations of relocation agreements shall be reviewed and approved by the hospital's Regional Counsel. The hospital's Regional Counsel, with the approval of the Assistant General Counsel or General Counsel, shall determine any repayment obligations of the relocated physician or group practice, provided that in the event a relocation agreement is terminated (1) the guarantee period shall conclude on the effective date of the termination; (2) the hospital shall not be required to make any further guarantee payments under the relocation agreement; and (3) the relocated physician or the group practice, as applicable, shall have the repayment obligations set forth in the early termination provisions of the relocation agreement.

C. Document Retention


The hospital shall retain all CATS packages, agreements and other documentation relating to relocation agreements and the audits conducted thereunder in accordance with [Administrative Policy AD 1.11, Records Management](#).

D. Auditing and Monitoring

Tenet Audit Services is responsible for auditing Tenet's compliance with this policy through its Physician Relocation Audits, Focus Arrangements Testing and other processes. Each Hospital Compliance Committee is responsible for auditing and monitoring compliance with this policy, including such activities as periodically reviewing reconciliation reports, actions taken to seek repayments of any overpayments and results of post-guarantee audits.

E. Responsible Person

The Tenet hospital CEO and CFO are responsible for ensuring that all individuals adhere to the requirements of this policy. If the CEO or CFO is unable to create adherence to this policy, they shall immediately report the non-adherence to this policy to the Hospital Compliance Officer.

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F. Exceptions to Policy

Any exceptions to this policy require the General Counsel's prior written approval.

G. Enforcement

All employees whose job 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 improvement pursuant to all applicable policies and procedures, up to and including termination. Such performance improvement may also include modification of compensation, including any merit or discretionary compensation awards, as allowed by applicable law.

VI. REFERENCES:

- Stark Law, 42 U.S.C. §1395nn, and implementing regulations
- Anti-Kickback Law, 42 U.S.C. §1320a-7b(b), and implementing regulations
- Office of Inspector General of the Department of Health Advisory Opinion 01-4
- Definition of a Health Professional Shortage Area, 42 C.F.R. part 5
- [Tenet Contractual Arrangements and Hospital Governance Manual](#)
- Two Party Relocation Agreement
- Three Party Relocation Agreement
- [Administrative Policy AD 1.11, Records Management](#)