I. SCOPE:

This policy applies to any of the following entities with a formal medical staff: (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 an Affiliate either manages or controls the day-to-day operations of the facility (each, a “provider”).

II. PURPOSE:

Professional courtesy, the practice among many physicians and other providers of providing free or discounted services to their fellow professionals, their families and to others, has been a respected tradition for over 200 years. Once an American Medical Association ethical requirement, the practice continues to be viewed as a hallmark of professionalism provided that it is offered in accordance with all applicable law. The purpose of this policy is to ensure, through the implementation of reasonable and prudent controls, that:

A. providers offer discounts on their bills for healthcare services to physicians and members of its Governing Board only as permitted by this policy;

B. any discounts offered or provided pursuant to this policy comply with applicable laws and regulations, including the federal Anti-Kickback law and the Stark law; and

C. under no circumstances will any discount 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 provider.

III. DEFINITIONS:

A. “Remuneration” means anything of value, including, but not limited to, cash, items or services.

B. “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.

C. “Spouse” includes a common law husband or wife or a domestic partner if such relationship is recognized under applicable state or local law. Contact Regional Counsel for assistance in making the determination as to whether an individual is a “spouse” under this policy.
D. “Dependent child” must be the natural or adopted child or stepchild of the physician or Governing Board member and meet the following conditions: (i) age 26 or less; (ii) unmarried; (iii) live with the physician or member of the Governing Board (when not attending school if a student); and (iv) the physician or member of the Governing Board provides at least half of the child’s financial support; or of any age who are permanently disabled and reliant upon the financial support of the person described in Subsections V.C.1-3. below.

E. “Other potential referral source” means any individual [other than a licensed physician, dentist, chiropractor, optometrist or podiatrist; a member of the Governing Board or their respective spouses, dependent children, or parents (including mothers- and fathers-in-law)] or entity in a position to make or influence referrals to, or otherwise generate business for, a provider.

F. “Service Area” means the lowest number of contiguous postal zip codes from which the provider draws at least 75 percent of its inpatient discharges during the most recent calendar year for which data is available. If the provider does not provide inpatient services, substitute outpatient services for inpatient discharges.

IV. POLICY:

A provider with a formal medical staff may offer a discount on its healthcare services to physicians, members of its Governing Board and the spouse, dependent child, or parent (including mother- and father-in-law) of any of these individuals provided that it follows all the steps set forth in this policy and the discount is offered without regard to the volume or value of referrals or other business generated between the parties. Unless permitted by this policy or Regulatory Compliance policy COMP-RCC 4.02 Waivers of Co-Payments and Deductibles, providers may not offer or provide discounts to any other potential referral source.

V. PROCEDURE:

A. Obtain Governing Board Approval

The Stark II Phase II Regulations require that this policy be approved by the provider’s Governing Board prior to implementation. Designate the date of approval in the header of this policy.

B. Identify Individuals Who May Not Be Offered a Discount

Discounts may not be offered pursuant to this policy to any individual who is a federal health care program beneficiary unless the discount meets all of the requirements of Regulatory Compliance policy COMP-RCC 4.02 Waivers of Co-Payments and Deductibles, which requires a good faith showing of financial need.
C. Determine Who is Offered a Discount

If a provider elects to offer discounts permitted by this policy, the provider is required to offer discounts to all of the following individuals without regard to the volume or value of referrals or other business generated between the parties:

1. all current members of its medical staff;¹
2. all Physicians within its Service Area;
3. all current members of its Governing Board except the Provider’s Chief Executive Officer; and
4. the spouse, dependent children, and parents (including mothers- and fathers-in-law) of 1-3 above.

Allied health professional (e.g., nurse practitioners, surgical techs, physician assistants, etc.) are not eligible for this discount except as family members of an eligible Physician or governing board member.

D. Offer the Discount

Providers shall advise all eligible individuals of the availability of and limitations on the discounts set forth in this policy. Notification may be made in person, in writing, or other form of private communication. Providers shall not advertise the availability of discounts.

E. Determine What Services are Eligible for Discounting

The courtesy discount may only be offered on health care items and services that are of a type routinely provided by the provider. If the individual receiving the discount is uninsured, an eligible individual can receive either the rate set forth in Tenet’s Compact With Uninsured Patients (see Regulatory Compliance policy COMP-RCC 4.56 Implementation of Tenet’s Compact With Uninsured Patients) or the discount under this policy, but not both. Likewise, an eligible individual may either receive the discount available under this policy or pay the applicable Cash Pay rate for services (see COMP-RCC 4.57 Cash Pay Rates), but may not receive both for the same services.

¹Physicians employed by the provider or an affiliate of the provider and their spouses, dependent children, and parents (including mothers- and fathers-in-law) shall also be offered discounts consistent with this policy even though they may receive other discounts in accordance with other Tenet policies or their benefit plans.
F. Determine the Amount of the Discount

If the individual receiving the discount is covered by insurance, the provider shall waive all co-payments, deductibles and other patient cost-sharing items required to be paid by the individual under his or her insurance plan except that the total discounts provided to the individual and his or her spouse, dependent children, or parents shall not exceed an aggregate amount of $5,000.00 per family per calendar year. Providers shall document the date, recipient, and amount of discounts pursuant to this policy.

G. Approve the Discount

The provider’s Chief Executive Officer or Chief Financial Officer (CFO) shall approve in writing all discounts offered and provided pursuant to this policy.

H. Notify the Insurer

If required by state law or by the insurer’s contract, the provider’s business office shall notify the insurer in writing of the discount provided pursuant to this policy by attaching it or stamping it on the bill for the discounted services or by submitting the attached letter to the insurer on or after the date on which the healthcare services were provided to an individual eligible under the policy. If the provider is required to notify the insurer under this policy but is unable to notify the insurer of the discount applied to each claim, the provider shall not offer or provide discounts pursuant to this policy.

I. Document Retention

Providers shall retain the documentation required under Subsection V.F. of this policy according to the requirements of Administrative Policy AD 1.11 Records Management.

J. Responsible Person

The provider’s CFO is responsible for ensuring that all individuals adhere to the requirements of this policy. If the CFO is unable to create adherence to this policy, the CFO shall immediately report the non-adherence to the Hospital Compliance Officer.

K. Auditing and Monitoring

Tenet’s Audit Services Department shall audit and monitor adherence to this policy in its routine audits.
L. 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.

VI. REFERENCES:


VII. ATTACHMENTS:

- Sample Letter to Insurer
Sample Letter to Insurer

Instructions for Use:

- This letter is to be used for the sole purpose of notifying the insurer of a courtesy discount provided in accordance with Law Department Policy L-13 “Courtesy Discounts for Physicians and Governing Board Members”. Before sending the letter, ensure that the discount provided meets all of the requirements of this policy. See Law Department Policy L-13. Do not use this letter if the patient is a federal program beneficiary. See L-13, Section V.B.

- Before using this form, obtain the approval of this form from Regional Counsel as the discounts contemplated in this letter may not be permitted under state law. Regional Counsel is not required to approve each individual discount but either the CEO or the CFO is required to approve each individual discount. See L-13 Section V.G.

- This letter must be sent to the insurer on or after the date on which the healthcare services were provided to an individual eligible under the Policy.

- This letter must be directed to the claims processing unit that will process the electronic claim submitted to the insurer.

- A copy of this letter must be retained in the Patient Account files retained in the business office and by the CFO. Copies of these letters must be readily available for review during internal and other audits.

- If you have any questions about the use of this letter or desire to modify it in any way, contact your Regional Counsel.
[Date]

[Contact Person for Processing of Claims]
[Name of Insurance Company]
[Address]
[Address]
Attention: Claims Processing Unit

Re:  Patient Name: ____________________________
     Date(s) of Service: __________________________
     Insured:  ________________________________
     SSN: ________________________________
     Claim Number: ____________________________
     Total Charges: ____________________________

Dear Sir or Madam:

The patient referenced above received services at our hospital on the date(s) of service referenced above. Under the hospital’s Courtesy Discount Policy, this patient was eligible to receive a discount on the claim referenced above as the patient is a:

☐ physician
☐ spouse, dependent child, or parent of a physician
☐ member of the hospital’s Governing Board
☐ spouse, dependent child, or parent of a member of the hospital’s Governing Board

In accordance with our Courtesy Discount Policy, the hospital has waived $____________, which had the effect of forgiving all [part] of the patient’s otherwise applicable patient cost sharing amount.

If you have any questions about our Courtesy Discount Policy or this claim, please contact me at [phone number or email address].

Sincerely,

[Business Office Manager/Regional Business Office Director]

cc: Chief Financial Officer
    Patient Account File