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I. SCOPE:

This policy applies to (1) Tenet Healthcare Corporation and its 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 “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 and his or her immediate family members. 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.
- 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

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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 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 for Hospital Operations or Senior Managing Counsel for Ambulatory Operations. Any action assigned to Assistant General Counsel for Hospital Operations or Senior Managing Counsel for Ambulatory Operations may be performed by Tenet’s General 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.

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- 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, 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, and Pre-Existing Condition Insurance Plans (PCIPs).

- 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.

- M. **“Operations Counsel”** means, in the case of a hospital, its Operations Counsel responsible for hospital legal operations.

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:

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A. Hospital Implementation:

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

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 3. 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.**

On an annual basis, generally on or before August 1 of each year, the hospital shall obtain a written assessment from an independent third party approved by the Assistant General Counsel for Hospital Operations or Senior Managing Counsel for Ambulatory Operations 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.

Before committing relocation assistance to a physician, the hospital shall attest that there is a present community need. This need shall be demonstrated by a confirmatory community needs assessment as follows: (i) if the annual assessment identified a need of less than two (2) physicians in the specialty, a confirmatory needs assessment will be required after 30 days from the report date; (ii) if the annual assessment identified a need of between two (2) and five (5) physicians in the specialty, a confirmatory needs assessment will be required after 180 days from the report date; and (iii) if the annual assessment identified a need of more than five (5) physicians in the specialty, no confirmatory needs assessment will be required.

If the hospital desires to fulfill a community need identified in the annual and, if applicable, confirmatory 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

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Assistant General Counsel for Hospital Operations or Senior Managing Counsel for Ambulatory Operations 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 for Hospital Operations or Senior Managing Counsel for Ambulatory Operations or General Counsel. Otherwise, the hospital shall not proceed with a proposed relocation.

3. Step 3 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 4.

If the physician is a hospital resident (including those in an ACGME accredited 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, practiced medicine solely as a full-time employee of 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, go to Step 5.



4. Step 4 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 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. Notwithstanding the foregoing, the hospital may request that the Assistant General Counsel for Hospital Operations or Senior Managing Counsel for Ambulatory Operations approve 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 basis for the exception are set forth in detail, in writing.

5. Step 5 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 in substantially the form contained in the Law Department's Contractual Arrangements and Hospital Governance

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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. In each Three Party Relocation agreement, the terms, representations and obligations applicable to the relocating physician outlined below shall apply equally to the group the relocating physician is joining and all of its members, except as provided below.



- b. The relocation agreement shall not be conditioned on the relocating physician or 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; provided that not all members of the group practice shall be required to 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 the group practice or other business generated between or among the parties.
- d. The relocating physician and 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 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

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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revenues from professional services furnished to patients (including hospital inpatients) (i) not seen or treated by the relocating physician at his or her prior medical practice site during the preceding three years and (ii) who are residents of the hospital's service area.

- g. 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 Operations Counsel and Assistant General Counsel for Hospital Operations or Senior Managing Counsel for Ambulatory Operations .
- h. 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.
- i. 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.
- j. The remuneration shall be specifically permitted by and consistent with the remuneration limits set forth in Step 11.
- k. 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 will join the group as an employee, the hospital shall obtain a copy of the employment agreement to confirm (a) 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. The employment agreement shall not have been executed prior to execution of the

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relocation agreement, unless it is expressly conditioned on the parties entering into a relocation agreement with the hospital.



- (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.

See Law Department Policy L-25 “Referral Source Fair Market Value” for additional requirements on determining Fair Market Value.



1. 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 Code 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.

6. Step 6 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 contract approval package into eCATS:

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- a. A Request for Agreement form outlining (1) 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 identifying whether the relocation was contemplated in the annual manpower plan developed as part of the hospital's annual business plan, and if not, the reason for the unanticipated relocation arrangement; (4) (5) any items requested by Operations Counsel or the Assistant General Counsel for Hospital Operations or Senior Managing Counsel for Ambulatory Operations or General Counsel;
- b. A CEO Acknowledgement form that includes, among other things, statements that (1) the CEO believes that the relocating physician would not establish a practice in the hospital's service area without the assistance proposed by the hospital; (2) 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 (3) there are no other purposes or reasons for the arrangement between the other contracting party and/or any of its owners or employees and my facility other than those identified in the CEO Acknowledgement.
- c. A CFO Acknowledgement form that includes, among other things, affirmation that there are no other purposes or reasons for the arrangement between the other contracting party and/or any of its owners or employees and my facility other than those identified in the eCATS package.
- d. The community need assessment or, if the hospital is relying on its location in a HPSA, evidence of such designation;
- e. The total value of the remuneration that may be paid to or for the benefit of the relocating physician pursuant to the relocation agreement;
- f. In a three party agreement, an unexecuted employment agreement between the relocating physician and the group practice;
- g. A draft CAM relocation agreement, including a draft promissory note and Form UCC-1 to provide adequate security for the

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repayment obligation of the relocated physician or group practice, as appropriate;

- h. A detailed financial statement demonstrating how the guarantee amount and other remuneration conferred on the relocating physician were calculated, including evidence of fair market value for the guarantee amount;
- i. A copy of the relocating physician's current curriculum vitae;
- j. A criminal background check on the relocating physician;
- k. The results of a search of the U.S. General Services Administration's (GSA) Lists of Parties Excluded from Federal Procurement and Nonprocurement Programs maintained in the System for Awards Management (SAM), the Office of Inspector General (OIG) 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) or of the relocating physician and the group practice (in a three party agreement); and
- l. Any other items required by Operations Counsel or the Assistant General Counsel for Hospital Operations or Senior Managing Counsel for Ambulatory Operations or General Counsel.

7. Step 7 Obtain Legal Review and Approval.

No relocation agreement shall be executed until the hospital's Operations Counsel and, if applicable, Assistant General Counsel for Hospital Operations or Senior Managing Counsel for Ambulatory Operations 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 for Hospital Operations or Senior Managing Counsel for Ambulatory Operations or General Counsel shall also be required to approve the CATS package before the relocation agreement may be executed:

- a. An acute care hospital has entered into more than eight relocation agreements within the current calendar year or a surgical hospital

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has entered into more than five relocation agreements within the current year.



- b. In the case of a three party agreement, the hospital has entered into three (3) or more relocation agreements 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 11.

8. **Step 8 Execute the Relocation Agreement.**

Once all required approvals have been obtained in eCATS, the hospital CEO may execute the relocation agreement, promissory note, and, unless otherwise approved in writing in advance by Operations Counsel and the Assistant General Counsel for Hospital Operations or Senior Managing Counsel for Ambulatory Operations, the 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. **The hospital's Operations Counsel and, if applicable, the Assistant General Counsel for Hospital Operations or Senior Managing Counsel for Ambulatory Operations or General Counsel, shall not approve any relocation arrangements when (i) the relocating physician has already relocated to the hospital's service area or (ii) in the case of a physician joining a group practice, executing an employment agreement with the group practice which is not conditioned upon the execution of a relocation agreement prior to executing a non-binding letter of intent or the relocation agreement.**

The hospital shall obtain a copy of the executed employment agreement for any recruited physician joining a group practice as an employee.

9. **Step 9 Obtain a Promissory Note for the Remuneration.**

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Except for the recruitment fee described in Step 11, 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.



10. Step 10 Perfect the Hospital’s Security Interest.

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

11. Step 11 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 professional liability insurance policy for the relocating physician’s services in the hospital’s service area for the guarantee period (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

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payment of marketing expenses may not be made if the relocating physician is joining a group practice.

- f. Payment of documented, actual third party service fees in connection with the opening of the relocating physician’s new practice in the hospital’s service area, other than attorney fees incurred to negotiate the relocation agreement, 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, Operations Counsel and Assistant General Counsel for Hospital Operations or Senior Managing Counsel for Ambulatory Operations 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 General Counsel for Hospital Operations or Senior Managing Counsel for Ambulatory Operations 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 13 for instructions on calculation of the net income guarantee payment amount.

- h. 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

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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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.
- j. A student loan repayment in an amount not to exceed Twenty-Five Thousand Dollars (\$25,000), payable directly to the lending institution.



The benefits set forth in Sections 11 (g)-(j) shall be, in the aggregate, no greater than the fair market value of the services of a similarly experienced and qualified physician.

12. Step 12 Obtain Physician Certification.

- a. If the guarantee period exceeds one year, within thirty days following the conclusion of the first year of the guarantee period, the relocated physician, if a solo practitioner, or the group practice 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 relocated physician and, if applicable, group practice, fail to provide the hospital with this certification in a timely manner, the hospital will consult Operations Counsel regarding the appropriate action, which may include terminating the relocation agreement.

13. Step 13 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.

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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 11, items a, b, c, d, e, f, or j. If the relocated physician joined a group practice, the monthly statement of operating expenses shall reflect only the actual additional incremental expenses⁴ attributed to the relocated physician but excluding any expenses paid by the hospital pursuant to Step 11, 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 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

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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offset against the hospital's future monthly guarantee payments, if any, as set forth in the relocation agreement.

14. Step 14 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.

15. Step 15 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 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 or as otherwise provided in the relocation agreement.

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 in accordance with the promissory note, subject to forgiveness as described below.

16. Step 16 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.

17. Step 17 Collect Money Due to Hospital.

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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 Operations Counsel for collection any relocation agreement receivable not paid within forty-five (45) days of the due date. The hospital shall maintain all 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 Operations Counsel and the Assistant General Counsel for Hospital Operations or Senior Managing Counsel for Ambulatory Operations or General Counsel.

B. Early Termination

All early terminations of relocation agreements shall be reviewed and approved by the hospital's Operations Counsel. The hospital's Operations 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 and its Record Retention Schedule.

D. Exceptions to Policy

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

VI. 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.

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VII. 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 and its Record Retention Schedule

VIII. ATTACHMENTS:

- Attachment A: Physician Relocation Frequently Asked Questions