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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 entity in which an Affiliate either manages or controls the day-to-day operations of the entity (each, “Tenet Entity”) (collectively “Tenet”).

II. PURPOSE:

The electronic contract approval term sheet (eCATS) system serves as the electronic depository of all agreements entered into by Tenet Entities and all licenses and accreditations such as The Joint Commission, laboratory, pharmacy, etc. The purpose of this policy is to set forth the general guidelines and procedures for the submission, approval, and administration of all contractual agreements entered into by a Tenet Entity. The eCATS system will have a strong emphasis on administration of Referral Source Arrangements as defined below.

III. DEFINITIONS:

- A. **“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 of a Physician.
- B. **“Non-Referral Source Arrangement”** means an arrangement with any other person or entity not a Referral Source, as defined above. Some examples of Non-Referral Sources are listed on Exhibit A to this policy.
- C. **“Operations Counsel”** means, in the case of a hospital, its Operations Counsel responsible for hospital legal operations; in the case of a Physician organization, its Tenet Physician Resources (TPR) Counsel responsible for Physician practice legal operations; in the case of a non-hospital outpatient facility, its assigned Counsel responsible for outpatient facility legal operations and for managed care organizations, Managed Care Counsel.
- D. **“Referral Source Arrangement”** means an arrangement with a physician or other person or entity that can influence or recommend the purchasing, leasing, ordering or arranging for any goods, facility, item or service paid for, in whole or in part, by a federal or state healthcare program. It is anyone (including an immediate family member of a physician) who has the capacity to refer or

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influence the flow of Medicare/Medicaid or other government healthcare programs business to another party including anyone who has referred a patient to the Tenet Entity in the past or who is reasonably anticipated to refer a patient to the Tenet Entity in the future. This definition includes instances when Tenet or one of its Entities is the party in a position to refer or influence the referral of federal healthcare program business to a vendor. Some examples of Referral Sources are listed on Exhibit A to this policy.

- E. “**Tenet Entity Leader**” means the Tenet Entity CEO, ASC Administrator or /other senior facility leader.

IV. POLICY:



Except as set forth in this policy, all Referral Source Arrangements shall be approved in the eCATS system prior to execution and stored in the eCATS system after execution. This policy does not apply to agreements executed by a Group Purchasing Organizations (GPO) on behalf of a Tenet Entity which are maintained by the GPO and not stored in eCATS or to arrangements between Tenet Entities if none of the entities is a TPR or USPI Entity or if the TPR or USPI Entity arrangement does not involve physician services or result in compensation, directly or indirectly, to a physician or other referral source.

The procedure for approval of an eCATS package is set forth in this policy and depends on: (1) the type of vendor/contractor, *i.e.*, whether the proposed agreement is a Referral Source Arrangement or Non-Referral Source Arrangement; (2) the type of the proposed agreement; and (3) the dollar amount of the proposed agreement. These factors will dictate the required approvers. An eCATS package will automatically route to the necessary approvers based on the Agreement Group and Agreement Type chosen by the Tenet Entity when creating the eCATS package. **If you have any questions about which Agreement Group or Type to select before submitting a new eCATS package, please contact your Contract Administrator or Operations Counsel.**

Except as otherwise described in this policy, Tenet Entities shall ensure the final executed copy of all Referral and Non-Referral Source Arrangements and all required approvals are stored in the eCATS system.

Except as otherwise described in this or any other Tenet policy, Tenet Entity Compliance Officers, Contracts Administrators, and/or other Tenet Entity designated persons, shall be responsible to ensure Referral Source Arrangement eCATS packages contain the following:

- A. Each party involved in the Referral Source Arrangement;

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- B. The type of Referral Source Arrangement (*e.g.*, physician employment agreement, medical directorship, lease agreement, etc.);
- C. The term of the Referral Source Arrangement, including the effective and expiration dates and any automatic renewal provisions;
- D. The amount of compensation expected to be paid pursuant to/by the Referral Source Arrangement and the means by which compensation is paid;
- E. The methodology for determining the compensation under the Referral Source Arrangements, including the methodology used to validate the fair market value of such compensation;
- F. Whether the Referral Source Arrangement satisfies the requirements of an Anti-Kickback Statute safe harbor and/or a Stark Law exception or safe harbor, as applicable.

V. PROCEDURE:

- A. Submission and Approval of eCATS packages
 - 1. Referral Source Arrangements. Except as otherwise provided herein, all Referral Source Arrangements shall be submitted and approved through eCATS in accordance with Tenet Law Department policy¹. In order to facilitate timely review and approval of Referral Source Arrangements, each Tenet Entity shall strive to submit each Referral Source Arrangement for approval in eCATS no later than 60 days prior to the desired effective date. Except as otherwise provided herein, no proposed Referral Source Arrangement shall be executed until the eCATS package has obtained all appropriate reviews and approvals in accordance with this policy. This process is designed to ensure compliance with applicable laws and that all relevant information related to the proposed agreement is included in the eCATS package. The Tenet Entity shall attach all supporting documentation as required in the Law Department policies, as well as any other information requested, to the eCATS package prior to submission.

For approval purposes, the value of each Referral Source Arrangement or Non-Referral Source Arrangement shall be the maximum liability of the Tenet Entity or the maximum amount payable to the Tenet Entity, as

¹All Tenet Law Department Policies, including but not limited to the policies for Services, Directorship, Employment, Relocation, and Lease Agreements are available on the Law Department’s webpage on eTenet.



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applicable, during the proposed term. In the event of a services arrangement that may vary by the quantity of Services utilized such as an hourly, daily or per-use arrangement, the value of the arrangement shall be based on the reasonably anticipated utilization during the term and any contractually permitted hold-over period. The value of the arrangement shall be used to determine approval levels in eCATS and shall serve as the maximum compensation payable for the arrangement.

The eCATS system will automatically route Referral Source Arrangements to the necessary approvers based on the dollar amount entered by the Tenet Entity. Except as otherwise provided herein, all eCATS packages:

- for Referral Source Arrangements, regardless of dollar amount, will be routed from the Tenet Entity to their respective Operations Counsel, as appropriate.
- for Non-Referral Source Arrangements, with a total package value of \$1,000,000 or above, or \$250,000 or above for USPI, will be routed to Operations Counsel after the Tenet Entity approves.
- with a total package amount of \$1,000,000 or above, will be routed to (i) Group CEO if the Tenet Entity is a Tenet hospital, (ii) TPR Vice President of Operations, (iii) USPI Chief Operating Officer, or (iv) Managed Care region (if applicable). Notwithstanding the foregoing, to the extent the Corporate Approval Authority Policy requires approvals in addition to the above due to the package value, the Tenet Entity Contract Administrator shall consult the package to the necessary approver(s) and/or otherwise ensure all necessary approvals are documented in the eCATS package as required by the Corporate Approval Authority Policy.
- with a total package amount of \$5,000,000 or above, will be routed to and be reviewed by Tenet's Senior Vice-President of Operations Finance² and Tenet's Chief Operating Officer, or, as applicable, (i) for TPR, Tenet's Chief Strategy Officer, or (ii) for USPI, its Chief Operating Officer and Tenet's Chief Financial Officer.



²Throughout this policy, the SVP Operations Finance approval can also be accomplished by Tenet's CFO, Corporate Treasurer, or Corporate Principal Accounting Officer.

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- with a total package amount of \$10,000,000 or above, will be routed to and further reviewed by Tenet’s Chief Executive Officer and Chief Financial Officer or their respective designees.

The following exceptions apply:

- a. All space leases, including leases with Referral Sources and Non-Referral Sources, will be approved by Operations Counsel, regardless of dollar value.
- b. Certain agreements used in form of the CAM template without substantive changes will be approved only by the Tenet Entity Leader. These agreements include (1) affiliation agreements; (2) transfer agreements; (4) supplemental staffing; (5) non-disclosure agreements; (6) program letter agreements for graduate medical education rotations; and (6) CAM letter agreements including recruitment dinner letter agreements with physicians; letter agreements with a physician to attend Tenet sponsored events; letter agreements with a physician to assess and treat people injured on the Tenet Entity’s premises; CME speaker letter agreements; letter agreements with physicians to replace a patient’s lost item; a physician visit reimbursement letter agreements; and patient post-discharge service letters agreements.
- c. In exigent circumstances for certain Referral Source Arrangements, Tenet Entities may execute an agreement, memorandum of understanding (MOU), or extension of an existing arrangement without prior eCATS approval provided the Tenet Entity has documented the exigent circumstances in writing and obtained prior written approval (approval may be obtained via email) from Operations Counsel. Additional email approvals shall be obtained in advance from all of the individuals whose approvals would be required for the arrangement in eCATS. All previously obtained written approvals shall be maintained as part of the eCATS package.
- d. Agreements implementing a project that received prior approval through the capital expenditures process shall not require approval in eCATS by Tenet corporate approvers, regardless of dollar value.

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e. All Managed Care Agreements with Referral Sources shall be reviewed by Managed Care or Operations Counsel, as determined by the Tenet Entity which is entering into the Arrangement with the Referral Source. Managed Care Agreements initiated by Managed Care entities are routed to Tenet's Vice President of Managed Care if the total amount of the contract is \$1,000,000 or above.

2. Treasury Review. Leases of space and equipment shall require Treasury approval.

B. Renewals and Changes to Approved eCATS



1. General.

a. If a Tenet Entity desires to change the terms of an arrangement that has been approved in eCATS, the Tenet Entity shall submit a new eCATS package through a "renew" or "change" of eCATS.

b. When renewing or changing an agreement, the existing eCATS package should be accessed. The system will generate a new sequence number for the package, and the package will be subject to the same dollar approval limits as a new agreement.

2. Amendments. Amendments to agreements will be processed as Change packages. Any changes to the compensation methodology or required number of hours shall be expressly described in the package, along with the rationale for the change. Notwithstanding the foregoing, the following changes may be approved by Operations Counsel and Tenet Entity level approvers by email which shall be uploaded to the approved eCATS package: (i) increases in compensation in the amount of less than 5% of the total projected compensation, not to exceed \$50,000; (ii) reductions in compensation and services; and (iii) immaterial non-financial changes to non-financial terms excluding elimination of termination without cause provisions, term of the contract or extension of notice periods beyond 90 days..

3. Renewals and Extensions. For renewals or extensions of active agreements previously approved in eCATS, with a duration exceeding 90 days, the Tenet Entity shall submit a renewal eCATS packages. Extensions of 90 days or fewer on the same terms as the current agreement

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may be approved by Operations Counsel by email which shall be uploaded to the approved eCATS package.

C. Batch Approval of Multiple Similar Agreements

Multiple agreements for the same services on the same terms and which expire concurrently may be processed in a “batch” as opposed to individually. The Tenet Entity will initiate a batch eCATS package and will insert the names of each physician or other Referral Source who will be providing or receiving services under the proposed agreements under the Additional Parties link, along with such other documentation as is requested. Batch packages should be designated by inserting “BATCH” as the physician first and last name on the Term Sheet. Batch eCATS packages should be submitted in the aggregate amount expected for the arrangements represented in the batch

D. Demonstration of Purpose of Referral Source Arrangements in eCATS



Each eCATS package for a Referral Source Arrangement shall include an executive memo or contract request documentation consistent with the form(s) published on the CAM that describes the terms of the proposed arrangement, the purpose of the proposed arrangement, the basis for the Tenet Entity’s determination that any compensation is consistent with fair market value, the basis for selection of the other contracting party if the Tenet Entity is purchasing services from the party or the space if the Tenet Entity is the lessee, and any other information required under the policy specifically applicable to the arrangement.

Additionally, the Tenet Entity Leader shall submit the CEO Acknowledgement Form to demonstrate the commercial reasonableness assessment applicable to the arrangement.

All communications regarding an existing or proposed referral source arrangement shall accurately record the business purpose behind an arrangement and avoid any possible implication that recordkeeping should in any way obscure an improper purpose or create a falsely favorable impression.

E. Related Agreements

Arrangements involving multiple related agreements which are part of an integrated transaction may be processed in a single eCATS package. The package shall be submitted under the category of the primary arrangement without which the other related arrangements would not take place. The dollar value of the

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package should be the aggregate value of the arrangements submitted in the eCATS package.

If any arrangement approved as part of a related agreement is an on-going arrangement, as opposed to a one-time arrangement such as a physician practice acquisition, the Tenet Entity shall create an eCATS package for that arrangement with a copy of the executed agreement, referencing the approved eCATS number in the keyword section. This package may have a dollar value reflective of the value of the arrangement.



F. Review of Multiple Agreements with the Same Physician Referral Source

For proposed Referral Source arrangements with a Physician, the Tenet Entity CFO or USPI Regional Vice President must review eCATS package to determine whether any Tenet Entity already has one or more active agreement(s) with the same Physician. If additional agreements are identified, the Facility CFO or USPI Regional Vice President must review the proposed agreement, along with the other active agreement(s), to determine: (1) whether payments across all contracts are consistent with fair market value; (2) whether there is a commercial need for the physician to provide services as proposed in the Referral Source arrangement; and (3) whether it is reasonable to expect that the Physician can fulfill the duties and responsibilities of all agreements within a reasonable number of working hours per week; and (4) whether there are reasonable safeguards to assure that duties performed under the arrangements are not paid in connection with a different contract.

G. Entity Licenses/Accreditations

The eCATS system will also serve as the electronic depository for the Tenet Entity’s specific licenses and accreditations such as The Joint Commission, laboratory, pharmacy, etc. The Tenet Entity should choose the Agreement Group for “Licenses/Accreditations” when entering these into the eCATS system. When this Agreement Group is chosen, the Tenet Entity should scan and upload all relevant data for the license/accreditation including the license itself. This type of package will automatically be archived into the eCATS system and will not go through any approval process.

Package Finalization

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Once an agreement requiring eCATS approval has been approved by all relevant personnel, the eCATS system will automatically route the package back to the Tenet Entity's contract administrator for execution of the agreement.



1. Prepare: The contract administrator must first read all comments made to the package during the approval process and share relevant comments, such as those addressing changes to the arrangement or conditions of approval, and the final form of agreement with the person who will ultimately be signing the agreement prior to execution. In most instances, this person is the Tenet Entity Leader.

2. Execute: The preferred method of agreement execution is for the contract administrator to initiate a request to the party other than the Tenet Entity for electronic signature, followed by obtaining electronic signature of the CEO, USPI Regional Vice President or USPI Market President, as applicable, or any other senior facility leader authorized by Tenet policy to execute the agreement. If the other party is not willing to sign electronically, the contract administrator shall send 2 unsigned originals to the outside contracting entity with a request both be signed, dated, and returned to the contract administrator. Upon return, the contract administrator should then obtain the signature of the net Entity CEO, USPI Regional Vice President, USPI Market President or other senior facility leader authorized by Tenet policy on both original agreements. One fully executed and dated original agreement should then be returned to the outside contracting entity.

3. Upload: The fully executed original agreement shall be uploaded into the eCATS package no more than thirty (30) days from the date of final signature. The contract administrator shall then fill in the actual effective date on the eCATS term sheet (so the tickler system will have the accurate date) and complete the package.

I. Payment

Unless otherwise approved as set forth in this policy, the Tenet Entity Leader is responsible for ensuring that no remuneration is furnished in connection with an arrangement until all appropriate approvals are indicated in eCATS and the agreement is signed by all parties. The Tenet Entity Leader may delegate this responsibility so long as the delegation is in writing in advance.

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J. Document Retention

The eCATS system will serve as the electronic depository and document retention system for Tenet Entity agreements. The original signed agreement shall be maintained in the Tenet Entity's paper file, as well. Tenet Entities shall retain all eCATS documents and records in accordance with Administrative policy AD 1.11, Records Management and its Records Retention Schedule.

VI. 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.

VII. REFERENCES:

Code of Conduct

Tenet's Quality, Compliance and Ethics Program Charter

VII. ATTACHMENTS:

[L-15A Examples of Referral Sources \(Attachment A\)](#)

[L-15.PR.01 Operations Counsel Approval of Delayed Signature and Limited Remuneration Arrangements](#)