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| DEPARTMENT: Legal | POLICY DESCRIPTION: Physician Management Services Agreements/Business Office Services Agreements/HCAPS Contract Services |
| PAGE: 1 of 3 | REPLACES POLICY DATED: 2/11/98, 6/15/99, 3/1/00, 1/1/01, 6/1/02, 10/15/2003, 1/1/06, 5/1/07 |
| EFFECTIVE DATE: February 1, 2012 | REFERENCE NUMBER: LL.005 |
| APPROVED BY: Ethics and Compliance Policy Committee | |

SCOPE: All Company-affiliated facilities worldwide including, but not limited to, hospitals, ambulatory surgery centers, home health centers, home health agencies, physician practices, outpatient imaging centers, service centers, joint ventures and all Corporate Departments, Groups, Divisions and Markets.

PURPOSE: The purpose of this policy is to ensure compliance with all applicable federal and state law, including, without limitation, Stark II and the Anti-Kickback Statute, and to promote sound business judgments in connection with agreements whereby the Company provides management services, business office services, and/or HCA Physician Services (“HCAPS”) contract services on behalf of a physician or physician entity in exchange for a fair market value fee for services to be provided unrelated to a medical practice acquisition or Equity MSO.

POLICY:

1. **Management Must Comply With Applicable Law**

All transactions involving management services, business office services, and/or HCAPS contract services provided by the Company to a physician or medical practice in exchange for a fee must comply with all applicable federal and state laws, including, without limitation, Stark II and the Anti-Kickback statute, both as amended from time to time.

2. **Policy Requirements**

The Policy, with respect to management services agreements (“MSAs”), business office services agreements (“BOSAs”) and/or HCAPS service agreements, with physicians and medical practices, requires that:

- There is a written agreement signed by both the physician or medical practice and the HCAPS or other Company representative before services are rendered and before any fee is paid, unless approved in advance by Operations Counsel;
- The agreement specifies all of the services to be provided;
- The services to be provided do not exceed those that are reasonable and necessary for the arrangement’s commercially reasonable business purposes;
- The agreement has a term of at least one year;
- Compensation over the term of the agreement is set in advance, is not less than fair market value, exceeds a combination of both direct and overhead costs (based on capacity), and is not determined in a manner that reflects, or with the intention to induce, referrals or business otherwise generated between the parties;
- The terms and conditions of the agreement whereby the Company provides management, business office, and/or HCAPS contract services to a physician or medical practice shall be commercially reasonable;
- The services provided under the agreement do not involve counseling or promoting business arrangements or other activities that violate state or federal law;
- If the agreement is intended to provide for the services on a periodic, sporadic or part-time basis, rather than on a full-time basis for the term of the agreement, the agreement must specify exactly the schedule of such intervals, their precise length, and the exact charge for each interval; and
- The arrangement meets any other requirements included in federal and state regulations.

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Any agreement with a physician who is a foreign official must also comply with the Global Anti-Corruption Policy, LL.AC.001.

3. Guidelines and Procedures of HCA Physician Services

The Company requires all transactions whereby management, business office, and/or other contract services are provided by HCAPS on behalf of a physician or medical practice to comply with the Guidelines and Procedures established by HCAPS. In order to determine the fair market value for services provided by HCAPS, a qualified independent, third party valuation firm must validate the process to cover direct and overhead costs (based on capacity) by which the fee for services to be provided is established. In addition, a validation of current market rates of the MSA/BOSA/other contract services to be provided must be obtained. The validation of the process must cover the geographic area serviced by the applicable HCAPS Service Center and be revalidated annually. All fees for services to be provided must be determined by the process validated by the independent, third-party and shall in no way reflect the value or volume of referrals or business otherwise generated between the parties or have any intention to induce, directly or indirectly, referrals between the parties. All fee structures not determined by the validated process will require a separate written fair market opinion as of the effective date of the agreement by a qualified independent, third party valuation firm. Policy LL.002 is inapplicable to those agreements entered into by HCAPS pursuant to this policy.

DEFINITION:

Approving Authority: For purposes of this policy, the approving authority is the Division President or the Market President, except where the Division or Market President is also the CEO of the facility, in which case approval should come from the next highest position.

Company colleagues should consult the definition of "Foreign Official," provided in the Global Anti-Corruption Policy, LL.AC.001, and be aware that physicians and other employees of hospitals or other facilities owned or controlled by national, state or local governments of any Foreign Country may be considered Foreign Officials under the Global Anti-Corruption Policy and Foreign Corrupt Practices Act.

PROCEDURE:

FOR HCA PHYSICIAN SERVICES:

1. Review of FMV Appraisals

To ensure that an independent, third-party appraisal is obtained annually to validate the process by which the fee for services to be provided is established, HCAPS shall maintain a list of qualified, reputable valuation consultants available for use in all transactions. These independent third-party appraisals also shall be reviewed as to form by HCAPS.

2. Review of Legal Counsel

In-house legal counsel, at its option, shall either perform the legal work directly or supervise and review the work of outside law firms in the preparation of MSAs, BOSAs, and/or other contracts for each transaction.

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3. **MSA/BOSA/Other Contracts Approval Process**

All MSAs, BOSAs and/or other service contracts shall be approved by the appropriate Operations Vice President for HCAPS prior to becoming effective. The approval process and documentation shall include all relevant information regarding the practice and physicians to be managed, the major terms of the agreement, and details of the fee for services to be provided.

4. **Certification**

The appropriate HCAPS Operations Vice President and the HCAPS Operations Director each shall certify (in capacity as officers of the managing “facility”) that:

- (a) except as disclosed in the certification, there are no other financial arrangements, oral or written, with the professional;
- (b) the payments pursuant to the agreement will represent the fair market value of the services to be rendered;
- (c) the services to be provided do not exceed those that are reasonable and necessary for the arrangement’s commercially reasonable business purposes; and
- (d) the terms and conditions of the agreement are commercially reasonable.

FOR ALL OTHERS:

1. **Review of Legal Counsel**

In-house legal counsel, at its option, shall either perform the legal work directly or supervise and review the work of outside law firms in the preparation of MSAs and/or BOSAs for each transaction.

2. **MSA/CBOSA Approval Process**

All MSAs and/or BOSAs shall be approved by the appropriate Approving Authority and Facility CEO prior to becoming effective. The approval process and documentation shall include all relevant information regarding the practice and physicians to be managed, the major terms of the agreement, and details of the fee for services to be provided.

3. **Certification**

The appropriate Approving Authority and Facility CEO each shall certify (in capacity as officers of the managing “facility”) that:

- (a) except as disclosed in the certification, there are no other financial arrangements, oral or written, with the professional;
- (b) the payments pursuant to the agreement will represent the fair market value of the services to be rendered;
- (c) the services to be provided do not exceed those that are reasonable and necessary for the arrangement’s commercially reasonable business purposes; and
- (d) the terms and conditions of the agreement are commercially reasonable.

REFERENCES:

42 U.S.C. § 1320a-7b; 42 C.F.R. § 1001.952(d); 42 U.S.C. § 1395nn;
60 Fed. Reg. 41914 (Aug.14, 1995); 63 Fed. Reg. 1659 (Jan. 9, 1998);
66 Fed. Reg. 856 (Jan. 4, 2001); 69 Fed. Reg. 16054 (March 26, 2004);
Global Anti-Corruption Policy, [LL.AC.001](#)