

DEPARTMENT: Legal	POLICY DESCRIPTION: Loans & Loan Guaranties
PAGE: 1 of 2	REPLACES POLICY DATED: 2/24/97, 2/11/98, 12/15/99, 6/1/02, 8/31/2005
EFFECTIVE DATE: January 1, 2006	REFERENCE NUMBER: LL.009
APPROVED BY: Ethics and Compliance Policy Committee	

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

PURPOSE: The purpose of this policy is to provide a clear, unambiguous business standard for those situations where a physician or physician group requests the Company to make a loan or guaranty a loan from a third party lending institution. While applicable federal laws permit loans between the Company and physicians (provided certain conditions are met), the business and regulatory environment leads the Company to decide to restrict loans and loan guaranties to a greater extent than currently permitted by law.

POLICY: As of the enactment of this Policy, no loan or loan guaranty may be entered into with any physician group or any one or more individual physicians (or family member of a physician) except in the context of a physician recruitment arrangement where amounts owed to the Company by the recruited physician may be converted to a loan consistent with the policy specifically addressing physician recruitment arrangements or if an exception is approved in writing first by the Approving Authority, then by the Group President, and finally by the Executive Vice President and Chief Financial Officer. Also, see the General Statement on Agreements with Referral Sources, Approval Process Policy, LL.001, and physician recruitment arrangements must comply with the Physician Recruiting Agreements Policy, LL.003.

Programs that have the effect of providing an income guarantee or the equivalent to a hospital-based physician or a physician who operates in effect like a hospital-based physician or programs that operate with the purpose of reducing the cost to the facility of hospital-based physician services or the equivalent are not considered loans prohibited by this policy.

DEFINITIONS:

Approving Authority, for purposes of this policy, 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.

Hospital-based physicians include but are not limited to: anesthesiologist, radiologists, pathologists, and emergency physicians.

Physicians who are in effect hospital-based include but are not limited to: neonatologists, hospitalists, and intensivists.

PROCEDURE:

1. Each facility CEO may wish to familiarize himself or herself with local banking institutions in order to direct physicians to independent loan officers if requested to make a loan or extend a loan guaranty.

DEPARTMENT: Legal	POLICY DESCRIPTION: Loans & Loan Guaranties
PAGE: 2 of 2	REPLACES POLICY DATED: 2/24/97, 2/11/98, 12/15/99, 6/1/02, 8/31/2005
EFFECTIVE DATE: January 1, 2006	REFERENCE NUMBER: LL.009
APPROVED BY: Ethics and Compliance Policy Committee	

2. In the rare event that an exception is sought, it must be approved in writing first by the Approving Authority, then by the Group President, and finally by the Executive Vice President and Chief Financial Officer. Such approval may be granted only if the loan or loan guaranty is commercially reasonable, the interest rate is at fair market value, requires adequate collateral as determined by the specific circumstances, and is not based on the volume or value of referrals from the physician or physician group to any Company facility. In no event may a facility make or guarantee a loan to physicians in order to invest in a facility-physician joint venture in which the parties will jointly participate (e.g., ambulatory surgery center, imaging center). All such loans must be reviewed and approved by the Legal Department.

3. Before establishing a program that has the effect of providing an income guarantee to a hospital-based physician or the equivalent, a facility must obtain approval from its Operations Counsel.

REFERENCES:

42 U.S.C. § 1320a-7b; 42 C.F.R. § 1001.952(a)-(v); 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)
 General Statement on Agreements with Referral Sources, Approval Process Policy, LL.001
 Physician Recruiting Agreements Policy, LL.003