

Central Us Health System

The Compliance Officer receives a call from Vendor A. The caller indicates that his company provided Greenlight Laser services, including a tech to operate the equipment, for your organization until about 9 months ago. At that time, the organization began using Vendor B. The caller alleges that Vendor B is owned by a physician (Dr. Feel Good a Urologist) on your medical staff.

A review of the accounts payable data verifies the allegation of changing exclusively from Vendor A to Vendor B. You check your contract data base and find no contract for either Vendor A or Vendor B.

You interview the buyer and Director from Surgery to determine why they switched exclusively to Vendor B. They both indicate, because they were requested to make the change by Dr. Feel Good because he had an ownership interest in the Vendor which provided a Greenlight Laser and a technician to operate the equipment. They also advised that this type of laser is used exclusively by Urologist.

You speak to Dr. Feel Good and he verifies that he has an ownership interest with Vendor B. He also shows you a letter from his attorney indicating it is okay for him to have this ownership interest. He further advises that prior to his requesting surgery to use Vendor B exclusively he had a conversation with the Chief Nurse Executive (CNE) and told her that he wanted surgery to use Vendor B exclusively to which he received an okay from the CNE. He also gave her a copy of the letter from his attorney.

You believe you have a potential Stark violation. So, you review records to determine how many referrals were made by Dr. Feel Good and how much the organization was reimbursed by Medicare for those referrals. You determine during that 9 month period Medicare reimbursed the organization \$3,000,000 for referral and services at the direction of Dr. Feel Good.

In discussion with counsel it is decided to disclose and refund the \$3 mil.

You determine that Vendor B contacts Urologists at organizations and offers them a 3% ownership and asks that they use them exclusively at the organization. As a result, of this information you find that Dr. Helping Hands, at a sister organization, also has ownership into Vendor B.

Your organization has a policy for Physician Transactions which clearly indicates the requirement to have a written contract whenever there is a financial relationship with a referring physician.

A decision is made to bring the Root Cause Analysis team together.

