



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N

*"Touching Lives Every Day"*

## ***COMPLIANCE ALERT 11-23***

### ***Use of Medical Staff Office Funds for Physician Training, Education, and other Services***

**SUMMARY:** Medical staff office (MSO) funds of HHSC facilities are subject to Stark Law restrictions. This includes such things as use of the funds for educational seminars and training for physicians (with or without CME) and personal services agreements paid for with medical staff office funds. Having a separate Federal Employer Identification Number (EIN), commonly referred to as a tax identification number, in its own name does not exclude a Medical Staff Office from Stark Law restrictions.

**ACTION NEEDED:** Facilities should identify any physician financial arrangements paid for with Medical Staff Office funds (including but not limited to medical staff dues and any CME dues paid by physicians to the medical staff office) and that all procedures for executing a Stark compliant arrangement (including legal review and FMV) are followed. Further, facilities should conduct a careful analysis of all medical staff office sponsored training, purchases, and other expenditures for physicians to ensure compliance.

***Medical Staff Organizations and Stark:*** Often the MSOs at our facilities operate on a fairly autonomous basis. However, recent legal advice confirms that HHSC MSOs are a department of the hospital for Stark purposes. Because of this, medical staff funds—including, but not limited to, medical staff dues—even if administered independently — are considered hospital funds and thus subject to fraud and abuse laws and regulations. Consequently, any provision of training, seminars, CME to physicians, or physician services support (such as Chief of Staff) under the auspices of our Medical Staff Offices are subject to Stark restrictions.

**Applicable Stark Exceptions for Training/Education provided by the Medical Staff Offices:** To comply with Stark, the educational/training arrangement must:

1. Be the annual compliance training;
2. Meet with the non-monetary compensation exception (equivalent to \$359 annually) which must be tracked;
3. Meet the medical staff incidental benefit exception (\$30 per benefit with no annual cap as long as item is provided on the hospital campus). This incidental benefit must be available and provided to all physicians and be documented. Most CME provided on campus with no other costs or benefits given to the physicians attending (e.g. no travel, per diem, lodging, etc.) would be acceptable under the medical staff incidental benefits exception since the

CME training is taking place at the hospital and the benefit (use of room, food, education, etc.) can probably be valued at less than \$30, or;

4. Have a Stark compliant agreement (with legal review, FMV, and Officer Certification) for each attendee if the CME does not fit one of these above exceptions.

*Applicable Stark Exception for Physician Financial Arrangements:* Any use of medical staff office funds or other hospital funds to pay a speaker or trainer an honorarium, travel costs, etc. and/or for services as medical Chief of Staff or other such role, must include a Stark compliant service agreement that includes fair market value documentation and Officer Certification.

Please check with your Regional Compliance Officer, the Chief Compliance and Privacy Officer, and/or legal counsel if you have any questions or need clarification.