

**ADVENTIST HEALTH CARE, INC.**  
**CORPORATE POLICY MANUAL**  
**PROFESSIONAL COURTESY AND**  
**WAIVERS OF CO-PAYMENTS/DEDUCTIBLES**

Effective Date: December 12, 2005

Cross Referenced:

Reviewed:

Revised:

Policy No: 4.8

Origin: OI

Authority: SIO

Page: 1 of 2

**SCOPE:**

This policy applies to all Adventist HealthCare, Inc. (“AHC”) entities including, but not limited to, hospitals, nursing homes, home health agencies, long-term care facilities, behavioral health operations, and physician practices.

**PURPOSE:**

Adventist HealthCare, Inc., (“AHC”) delivers clinical and service excellence through a ministry of physical, mental and spiritual healing in a complex and rapidly changing regulatory environment. In keeping with our core values of respect, integrity, service, excellence and stewardship (“RISES”), and a commitment to conduct its business in an ethical and compliant manner, AHC has developed this policy to prohibit professional courtesy/waivers of co-payments & deductibles, except in the case of financial hardship to the patient.

**POLICY:**

**1. Regulatory Background**

- A. OIG Fraud Alert:** The Office of the Inspector General of the Department of Health and Human Services (“OIG”), in a May 1991 Fraud Alert, cautioned against the routine waiver of co-payments and deductibles to beneficiaries covered under Medicare and other federal health care programs. In particular, the Fraud Alert states that health care providers should not waive co-payments and deductibles except in the case of demonstrated financial hardship.
- B. Anti-Kickback Law:** The Anti-kickback law prohibits any remuneration in exchange for patient referrals paid under federal health care programs; therefore, the provision of “professional courtesy” to referral sources, or the routine waiver of co-payments and deductibles to patients, could violate the Anti-kickback statute.
- C. Stark II:** Professional courtesy is prohibited under Stark II unless the arrangement falls within the Stark II “exception” for professional courtesy. The Stark II exception contains six elements, all of which must be met for the exception to apply. Most important, the Stark II exception does not apply to any arrangement that violates the Anti-kickback law, which does not have a safe-harbor for professional courtesy.

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**2. Prohibition on Professional Courtesy/Waiver of Co-payment or Deductible**

- A. Definition of “Professional Courtesy”:** Professional courtesy is the waiver of all or a portion of a fee, or the application of a discount, for healthcare services provided to physicians and/or their families, friends or staff, as a routine business practice rather than based on a determination of financial hardship.
- B. Prohibition on Professional Courtesy:** It is the policy of AHC to prohibit the offering of professional courtesy, such as partial or full waivers of any fees, or of co-payments and deductibles, to referral sources. This includes medical staff physicians as well as their families, friends, and staff.
- C. Prohibition on Waiver of Co-Pays or Deductibles to Beneficiaries:** It is the policy of AHC to prohibit the routine waiver of co-payments or deductibles for patients.
- D. Exception Based on Financial Hardship Only:** Professional courtesy to a referral source, or a waiver of a co-payment or deductible to a beneficiary, can be made if the AHC Entity can establish, prior to admission or shortly after discharge, that the patient is financially indigent (which may include members of the clergy of any faith or religious affiliation), as determined by a good faith assessment of the patient’s assets, liabilities, income and expenses, and outside resources.
- E. Special Consideration for CHAMPUS:** Federal law prohibits the waiver of a CHAMPUS beneficiary’s cost share. Exceptions exist for specific arrangements with CHAMPUS demonstration project.