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HEALTHCARE BULLETIN

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CMS PARTIALLY DELAYS

“STAND IN THE SHOES” FOR A YEAR

On November 9, 2007, CMS made a final rule available for public inspection at the Office of the Federal Register (CMS-1810-F2) which delayed the effective date of certain provisions of Stark II Phase III (CMS-1810-F). After CMS published Stark II Phase III on September 5, 2007, including its highly controversial “stand in the shoes” provision relating to indirect physician compensation arrangements with physician organizations, it received numerous comments regarding the significant impact of this provision on academic medical centers and other tax-exempt organizations.

This new final rule delays the effective date for one year (until December 4, 2008) the stand in the shoes provisions of the Phase III final rule, but ONLY as to the following compensation arrangements between the following physician organizations and entities:

- with respect to an academic medical center as described in §411.355(e)(2), compensation arrangements between a faculty practice plan and another component of the same academic medical center; and
- with respect to an integrated section 501(c)(3) health care system (as described in CMS-1810-F2), compensation arrangements between an affiliated DHS entity and an affiliated physician practice in the same integrated section 501(c)(3) health care system.

The new final rule is posted on the CMS website and was published in the November 15, 2007 Federal Register. Access the full text of the CMS announcement <http://www.healthlawyers.org/email/pg/071113fraud/CMS_Announcement.pdf>.



Should you have any questions regarding this impact on an existing or pending arrangement, please do not hesitate to contact one of our healthcare attorneys at the offices below.

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