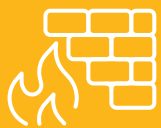




Robust governance structures are fundamental to maintaining compliance within physician compensation programs. By adhering to clearly defined policies and oversight mechanisms, health care organizations can ensure alignment with federal regulatory standards, including the Stark Law and Anti-Kickback Statute. Failure to identify and remediate compliance vulnerabilities—such as improperly structured compensation arrangements or insufficient documentation—can expose an organization to significant legal, financial, and reputational risk.



## Governance Best Practices



### Build and Maintain a Compensation Firewall

Separate strategic financial planning from physician compensation negotiations



### Empower and Educate the Board

Ensure the board understands the compensation governance model and can question management



### Audit Regularly and Document Thoroughly

Perform periodic audits and maintain comprehensive documentation



### Standardize and Enforce Consistent Compensation Models

Apply uniform, market-based compensation models across the organization



### Foster a Culture of Transparency

Promote open communication about compliance policies



## Common Pitfalls to Avoid



### Factoring in Referrals

Avoid basing compensation on the volume or value of referrals



### FMV Opinion Shopping

Do not seek multiple valuations in pursuit of a desired FMV outcome



### Ignoring Valuation Guidance

Do not disregard third-party valuator advice without proper justification



### Inadequate Follow-Through by Management

Revisit pro forma assumptions and commitments made to the board



### Informal Communication About Referrals

Avoid casual or suggestive language regarding referrals in written communications



For over 30 years, SullivanCotter has helped hospitals, health systems and medical groups effectively manage complex regulatory risk from their financial relationships with both employed and independent physicians. With our unique combination of industry expertise, regulatory insight and [market-leading physician compensation data](#), we work with organizations to mitigate risk through an array of comprehensive fair market value and commercial reasonableness assessments as well as advisory support.

To learn more, visit our [website](#) or contact us at 888.739.7039 or [info@sullivancotter.com](mailto:info@sullivancotter.com)