

OIG Releases “Free Pre-Authorization” Advisory Opinion

On April 30, 2010 the Office of the Inspector released Advisory Opinion 10-04 relating to free pre-authorization services provided by several diagnostic imaging providers. The service providers, consisting of a clinic and a medical center, sought advice for whether providing free pre-authorization services would violate anti kickback legislation. In the opinion OIG states that, while these types of arrangements may potentially violate anti kickback laws, OIG would not impose sanctions, due to the low risk of abuse.¹

In an attempt to lower costs and over utilization, many insurance companies require pre-authorization of imaging services.² In the arrangement proposed by the medical center, they would operate a call center, free of charge, to both patients and physicians as a go-between for the provider and the insurance company for pre-authorization. Prior to approving the proposal, OIG stated that if an insurance company requires physicians to pre-authorize, an external source providing such services for free, would be relieving the physician of a burden and expense. In turn, when linked to referrals, such services would violate federal anti-kickback law. Under the statute it is a criminal offense to knowingly and willfully offer any remuneration to gain referrals for services reimbursable by a Federal health care program.³ Despite this the OIG cited several factors when deciding to approve of the free services.⁴

OIG referred to four reasons for allowing free pre-authorization services from the medical center. First, as the arrangement would not be targeting specific high volume physicians, but provide services to any patient or physician, there is a low risk of fraud and abuse. Second, the imaging providers would not be making payments,

but solely collecting and providing documentation. This compliance with all state and federal privacy laws provides additional safeguards to reduce the risk of fraud and abuse. Third, the call center must identify themselves as representative of the imaging providers and provide referring physicians will copies of all information given to insurers to supply transparency. Finally, the arrangement fulfills a legitimate business purpose independent of referrals.

OIG has in prior and current opinions expressed concern over the use of free (or any amount under fair market value) services furnished to a referring physician.⁵ While OIG asserted that the opinion has no application to any other individual or entity, it helps to further explain the intricacies of how healthcare entities may interact.⁶

¹ “OIG Advisory Opinion No. 10-04” Office of the Inspector General, Advisory Opinion, May 6, 2010, Washington, D.C.: Department of Health and Human Services, p.2, 5.

² “The OIG Publishes an Advisory Opinion on Free Pre-Authorization Services” By Scott Thill, von Briesen & Harper, S.C., May 10, 2010, <http://blog.vonbriesenhealth.com/2010/05/10/the-oig-publishes-an-advisory-opinion-on-free-pre-authorization-services/> (Accessed 6/8/10).

³ “Criminal Penalties for Acts Involving Federal Health Care Programs” 42 U.S.C 132a-7b (2003)

⁴ “OIG Advisory Opinion No. 10-04” Office of the Inspector General, Advisory Opinion, May 6, 2010, Department of Health and Human Services: Washington, D.C., p 5-6.

⁵ “OIG Opinion Approves Free Pre-Authorization Arrangement” The Health Law Partners, May 14, 2010, <http://www.healthlawattorneyblog.com/2010/05/oig-opinion-approves-free-prea.html> (Accessed 6/8/10).

⁶ “OIG Advisory Opinion No. 10-04” Office of the Inspector General, Advisory Opinion, May 6, 2010, Washington, D.C.: Department of Health and Human Services, p.7.



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Robert James Cimasi, MHA, ASA, FRICS, MCBA, AVA, CM&AA, serves as President of **HEALTH CAPITAL CONSULTANTS (HCC)**, a nationally recognized healthcare financial and economic consulting firm headquartered in St. Louis, MO, serving clients in 49 states since 1993. Mr. Cimasi has over thirty years of experience in serving clients, with a professional focus on the financial and economic aspects of healthcare service sector entities including: valuation consulting and capital formation services; healthcare industry transactions including joint ventures, mergers, acquisitions, and divestitures; litigation support & expert testimony; and, certificate-of-need and other regulatory and policy planning consulting.

Mr. Cimasi holds a Masters in Health Administration from the University of Maryland, as well as several professional designations: Accredited Senior Appraiser (ASA – American Society of Appraisers); Fellow Royal Intuition of Chartered Surveyors (FRICS – Royal Institute of Chartered Surveyors); Master Certified Business Appraiser (MCBA – Institute of Business Appraisers); Accredited Valuation Analyst (AVA – National Association of Certified Valuators and Analysts); and, Certified Merger & Acquisition Advisor (CM&AA – Alliance of Merger & Acquisition Advisors). He has served as an expert witness on cases in numerous courts, and has provided testimony before federal and state legislative committees. He is a nationally known speaker on healthcare industry topics, the author of several books, the latest of which include: *“The U.S. Healthcare Certificate of Need Sourcebook”* [2005 - Beard Books], *“An Exciting Insight into the Healthcare Industry and Medical Practice Valuation”* [2002 – AICPA], and *“A Guide to Consulting Services for Emerging Healthcare Organizations”* [1999 John Wiley and Sons].

Mr. Cimasi is the author of numerous additional chapters in anthologies; books, and legal treatises; published articles in peer reviewed and industry trade journals; research papers and case studies; and, is often quoted by healthcare industry press. In 2006, Mr. Cimasi was honored with the prestigious *“Shannon Pratt Award in Business Valuation”* conferred by the Institute of Business Appraisers. Mr. Cimasi serves on the Editorial Board of the Business Appraisals Practice of the Institute of Business Appraisers, of which he is a member of the College of Fellows.



Todd A. Zigrang, MBA, MHA, ASA, FACHE, is the Senior Vice President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where he focuses on the areas valuation and financial analysis for hospitals and other healthcare enterprises. Mr. Zigrang has significant physician integration and financial analysis experience, and has participated in the development of a physician-owned multi-specialty MSO and networks involving a wide range of specialties; physician-owned hospitals, as well as several limited liability companies for the purpose of acquiring acute care and specialty hospitals, ASCs and other ancillary facilities; participated in the evaluation and negotiation of managed care contracts, performed and assisted in the valuation of various healthcare entities and related litigation support engagements; created pro-forma financials; written business plans; conducted a range of industry research; completed due diligence practice analysis; overseen the selection process for vendors, contractors, and architects; and, worked on the arrangement of financing.

Mr. Zigrang holds a Master of Science in Health Administration and a Masters in Business Administration from the University of Missouri at Columbia, and is a Fellow of the American College of Healthcare Executives. He has co-authored *“Research and Financial Benchmarking in the Healthcare Industry”* (STP Financial Management) and *“Healthcare Industry Research and its Application in Financial Consulting”* (Aspen Publishers). He has additionally taught before the Institute of Business Appraisers and CPA Leadership Institute, and has presented healthcare industry valuation related research papers before the Healthcare Financial Management Association; the National CPA Health Care Adviser’s Association; Association for Corporate Growth; Infocast Executive Education Series; the St. Louis Business Valuation Roundtable; and, Physician Hospitals of America.



Anne P. Sharamitaro, Esq., is the Vice President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where she focuses on the areas of Certificate of Need (CON); regulatory compliance, managed care, and antitrust consulting. Ms. Sharamitaro is a member of the Missouri Bar and holds a J.D. and Health Law Certificate from Saint Louis University School of Law, where she served as an editor for the Journal of Health Law, published by the American Health Lawyers Association. She has presented healthcare industry related research papers before Physician Hospitals of America and the National Association of Certified Valuation Analysts and co-authored chapters in *“Healthcare Organizations: Financial Management Strategies,”* published in 2008.