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SOFTWARE INTELLIGENCE



112520 NEWS BLAST

ATTN: ALL PROVIDERS

Changes to Physician Self-Referral Regulations, aka “Stark Law”

On November 20, 2020, Centers for Medicare & Medicaid Services (CMS) finalized changes to the Physician Self-Referral Law, also known as the “Stark Law,” which generally prohibits a physician from making referrals to an entity for certain healthcare services, if the physician has a financial relationship with the entity. Unless otherwise specified in the rule, all of the provisions in this rule will go into effect 60 days from the rule’s display date in the **Federal Register, scheduled to be published December 20, 2020.**

The old federal regulations that interpret and implement this law were designed for a health care system that reimburses providers on a fee-for-service basis, where the financial incentives are to deliver more services. However, the 21st century American health care system is increasingly moving toward financial arrangements that **reward providers who are successful at keeping patients healthy and out of the hospital, where payment is tied to value rather than volume.**

With this final rule, CMS is ensuring the regulations interpreting the Stark Law allow for changes that will help modernize the healthcare system. The rule finalizes many of the proposed policies from the notice of proposed rulemaking issued in October 2019, including:

- Finalizing new, permanent exceptions for value-based arrangements that will permit physicians and other health care providers to design and enter into value-based arrangements without fear that legitimate activities to coordinate and improve the quality of care for patients and lower costs would violate the physician self-referral law. This supports CMS’ broader **push to advance coordinated care** and innovative payment models across Medicare, Medicaid, and private plans.
- Finalizing additional guidance on key requirements of the exceptions to the physician self-referral law to make it easier for physicians and other health care providers to make sure they comply with the law.
- Finalizing protection for non-abusive, beneficial arrangements that apply regardless of whether the parties operate in a fee-for-service or value-based payment system – such as donations of cybersecurity technology that safeguard the integrity of the health care ecosystem.
- Reducing administrative burdens that drive up costs by taking money previously spent on administrative compliance and redirecting it to patient care.

Resources:

CMS News press release, published 11/20/20: <https://www.cms.gov/newsroom/press-releases/cms-announces-historic-changes-physician-self-referral-regulations>

Final rule: <https://www.federalregister.gov/public-inspection/2020-26140/medicare-program-modernizing-and-clarifying-the-physician-self-referral-regulations>

For assistance or any questions, contact MDS/MSI via:

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