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FAIR MARKET VALUE ISSUES REGARDING PROVIDER PANDEMIC COMPENSATION

CMS recently released blanket waivers pertaining to previously prohibited fair market value (FMV) arrangements between hospitals and physicians and non-physician providers (NPP's). These waivers allow hospitals to stabilize their professional workforce needs in the face of this unprecedented pandemic.

Situations which may trigger abnormal compensation adjustments include premium pay for hours worked in excess of existing salary/contract requirements, temporary staffing in re-assigned areas or "hazardous duty" pay in high COVID-19 risk areas.

Although these areas may fall within the acceptable waiver parameters, it is still advisable to consult with legal counsel to determine whether a temporary agreement or addendum to a current contract is needed. In addition, senior management and/or legal counsel should determine compensation based upon "commercial reasonability" standards due to the demand/supply issues involved and document the responsibilities of the physician/NPP as well as the justification/methodology of the compensation arrangement during the pandemic crisis period.

We are offering our advice at no charge regarding the reasonableness of these arrangements during this crisis period. Please let us know if we can be of assistance.

John W. McDaniel, MHA
Founder and Chairman

"Advisors to the Best in Medicine"

- CORPORATE OFFICE -
909 Poydras St., Suite 2600, New Orleans LA 70112 • (504) 281-2372 • Fax (504) 281-2576
Email: info@peakphys.com • www.peakphys.com