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Scratching Beneath Surface of Medical Directorships May Yield Surprises

By Nina Youngstrom

When a medical director was questioned about the veracity of his timesheet, he admitted to the hospital that it was only about 50% accurate. The hospital had a feeling it was paying more than fair market value for the physician's administrative services because he spent most of the day performing surgeries and seeing patients at his private practice. But it was the physician's explanation for exaggerating his medical-director hours that really raised eyebrows. He was including direct patient care services because he had convinced himself that "his mere presence in the hospital" counted toward his medical director hours, said attorney Bob Wade, with Nelson Mullins in Nashville, Tennessee, who did a compliance review of the medical director agreement.

Medical directors "can't document direct patient services" to justify the time they spend fulfilling administrative duties, Wade said. The situation created a compliance risk for the physician and hospital—and the executives who signed the medical director's timesheet, up to and including the CEO—under the Stark Law and Anti-Kickback Statute (AKS), and by extension the False Claims Act and civil monetary penalties law, he noted. The executives were essentially attesting to the accuracy of a document that's used as the basis for payment to a referral source but weren't validating the way the medical director spent his time.

Even as timesheets themselves may start to become passé, executives should do more than take a cursory look at how medical directors spend their time before signing. There are tools that can be provided to physicians to track their administrative time, Wade said.

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