**SCOPE:** All Company facilities including, but not limited to, hospitals, ambulatory surgery centers, outpatient imaging centers, home health agencies, physician practices, service centers, and all Corporate Departments, Groups and Divisions and Markets.

**PURPOSE:** The purpose of this policy is to ensure compliance with all applicable federal and state law, including, without limitation, Stark II and the Anti-Kickback Statute, and to promote sound business judgments in connection with medical practice asset acquisitions.

**POLICY:**

1. **Compliance with Anti-Referral & Anti-Kickback Laws**
   All transactions involving the purchase of a medical practice or medical practice assets must comply with all applicable federal and state laws, including, without limitation, Stark II and the Anti-Kickback statute, both as amended from time to time. The acquisition must be structured as a one-time transaction with no “earn outs” or similar contingent or installment payments to the seller of the medical practice. No transaction may be conducted if any one purpose of the transaction is to obtain or reward referrals by the selling physician or entity.

2. **Compliance with the Standard of Fair Market Value**
   The aggregate purchase price paid by the Company to acquire a medical practice or medical practice assets from a physician shall be no greater than the appraised fair market value. Such value shall in no way reflect, directly or indirectly, the value or volume of referrals to the Company and must not have any intention, directly or indirectly, to induce referrals between the parties.

3. **Independent Confirmation of Fair Market Value**
   The Company requires obtaining an independent, third-party written evaluation of the practice assets to be transferred, which evaluation shall establish fair market value of the assets as of closing using recognized valuation methodologies and reasonable economic and market assumptions.

4. **Standards for Acquisition Terms & Conditions**
   The terms and conditions for acquiring assets from physicians shall be commercially reasonable and consistent with the Company’s overall network development strategies.

5. **Guidelines and Procedures of HCA Physician Services**
   - The Company requires all medical practice acquisitions to comply with the Guidelines and Procedures established by HCA Physician Services (HCAPS).
   - Employment agreements associated with acquisitions may not become effective until the asset purchase, real estate and other employment agreements are all fully executed. As
documentation of this requirement, each Physician Employment Agreement that is part of
an acquisition of assets shall include language stating that the Physician Employment
Agreement is not effective until those other agreements are executed and, in the case of
a real estate acquisition through lease or purchase, provides the employer access to the
space in advance of the Effective Date.

- In the interest of allowing adequate time for agreement execution, due diligence and
transition activities, no acquisition may become effective until at least 90 days after a
Definitive Agreement (either an Employment Agreement, Professional Services
Agreement, or an Asset Purchase Agreement) has been executed by both parties.
- Exceptions to these Guidelines and Procedures would require approval of the Group
President.

DEFINITION:

**Approving Authority:** For purposes of this policy, the approving authority is the Division President
or the Market President, except where the Division or Market President is also the CEO of the
facility, in which case approval should come from the next highest position.

PROCEDURE:

1. **Conceptual Approval of Acquisition**
   All physician practice asset acquisitions shall be conceptually approved by the appropriate
   Approving Authority and HCAPS VP prior to obtaining an independent, third-party appraisal of
   the practice. The conceptual approval process and documentation, e.g. Approval of Concept
   Form (ACF), shall include a summary of relevant information regarding the practice and
   physicians and justification for acquiring the practice assets.

2. **Review of Independent, Third-Party Evaluations**
   To ensure that an independent, third-party written evaluation is obtained for each physician
   practice acquisition, HCAPS shall maintain a list of qualified, reputable valuation consultants
   available for use in all transactions. These independent third-party evaluations also shall be
   reviewed as to form by the Development analysts of HCAPS. This review shall assess whether
   the appraisal is based on valid valuation methodologies and whether the assumptions used in
   such evaluations are reasonable, given the facts and circumstances. After an ACF becomes
   fully approved, Development will select and assign a valuator to provide the third party
   valuation.

3. **Review of Development Legal Counsel**
   In-house Development legal counsel, at its option, shall either perform the legal work directly or
   supervise and review the work of outside law firms in the preparation of definitive agreements.
Such legal work will require a written agreement, signed in advance of any transfer of assets by both (i) the facility or other Company representative with authority to so bind the Company, and (ii) the physician(s) selling the medical practice, unless approved in advance by Operations Counsel. The transaction and the requisite documents must be approved by the Legal Department.

4. **Acquisition Approval Process**
   All physician practice asset acquisitions with a total purchase price of less than $500,000 shall only require the approval of the appropriate Approving Authority and HCAPS Vice President prior to becoming effective consistent with the Guidelines and Procedures of HCAPS. All physician practice asset acquisitions with a total purchase price between $500,000 and $3,000,000 shall be approved by the appropriate Approving Authority, HCAPS Vice President, and Group President prior to becoming effective consistent with the Guidelines and Procedures of HCAPS. In addition to the approval of the Group President, Approving Authority, and HCAPS Vice President, the Senior Vice President and Chief Development Officer shall approve all physician practice asset acquisitions in excess of $3,000,000 prior to becoming effective consistent with the Guidelines and Procedures of HCAPS. The approval process and documentation (e.g., Executive Management Review (“EMR”)) shall include all relevant information regarding the practice and physicians, the objectives for acquiring the practice assets, the major deal terms, the appraised fair market value of the practice, and the amount to be offered for it.

5. **Certification**
   Prior to closing any medical practice acquisition, the facility CEO, Approving Authority and HCAPS Vice President (and Group President if the total purchase price is $500,000 or more) each shall certify that:
   - He or she has reviewed the written evaluation for the practice.
   - He or she is familiar with the Company’s policies and guidelines related to physician practice asset acquisitions.
   - Except as included or disclosed in the approval documentation, there are no other financial arrangements, oral or written, with the practice or any of its physicians (or his or her family members).
   - The aggregate amount paid for its assets is consistent with and does not exceed fair market value for the practice acquired as established by the independent, third-party evaluation and was not determined in a manner that takes into account (directly or indirectly) the volume or value of any referrals by the practice or any of its physicians.
   - No portion of the purchase price is being offered or paid with the intention to directly or indirectly induce referrals to any Company facility or service.
   - The purchase agreement is commercially reasonable, even if no referrals were made to any Company facility or service.
This Certification shall be delivered to in-house Development legal counsel prior to closing the transaction.

6. **Due Diligence**
   As a condition to closing an acquisition transaction, all necessary due diligence work shall be completed according to written Guidelines and Procedures established by HCAPS. Both HCAPS and legal counsel shall ensure that all necessary due diligence is finalized prior to closing. All relevant information and findings shall be disclosed to the independent, third-party appraiser for inclusion in its final opinion of fair market value.

7. **Post Closing Adjustments**
   Adjustments to the terms of the sale may be made after closing if the revised terms are (1) commercially reasonable; (2) not dependent on and do not take into account (directly or indirectly) the volume or value of referrals or other business generated by the referring physician; and (3) approved by the Legal Department.

**REFERENCES:**

42 U.S.C. § 1320a-7b; 42 C.F.R. § 1001.952(a)-(v); 42 U.S.C. §1395nn(e)(6);