



July 26, 2013

VIA ELECTRONIC MAIL [REDACTED] AND
FIRST CLASS U.S. MAIL (RETURN RECEIPT REQUESTED)

[REDACTED]

Re: Action Required: Intermountain Policy on Physician-Owned Device Companies

[REDACTED]

As you may know, on March 26, 2013, the OIG issued a "Special Fraud Alert: Physician-Owned Entities." A copy is attached for your reference. The Fraud Alert addresses physician-owned entities that derive revenue from "selling, or arranging for the sale of, implantable medical devices" and "includes physician-owned entities that purport to design or manufacture, typically under contractual arrangements, their own medical devices or instrumentation." The OIG refers to such entities as "PODs," but notes that the same principles would apply when evaluating arrangements involving other types of Physician-Owned Entities (POEs).

Prior guidance from the OIG on the subject of POEs had been equivocal, indicating only that such arrangements could potentially implicate the Federal Antikickback Statute and should be evaluated based on the particular facts and circumstances. By contrast, the Fraud Alert suggests heightened concern about POEs, which the OIG describes as "inherently suspect under the anti-kickback statute."

In response, under the direction of Intermountain's President and CEO, Intermountain has adopted an updated policy regarding contracting with POEs. A copy of the policy is attached for your reference.

The basic thrust of the policy is quite simple: Intermountain will no longer contract with POEs, and will also be discontinuing purchases from existing POEs.

Under the Policy, a POE includes any entity that is owned in any part by a physician or an immediate family member of a physician. There is no minimum percentage that needs to be reached to trigger the prohibition. "Ownership" can mean shares, partnership units, bonds and other forms of debt, or royalties based on purchases by the ordering physician.

[REDACTED]

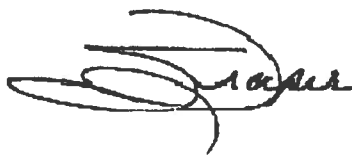
We are writing you to reconfirm that you are not a POE under the Policy's definition, as you have previously represented. You will qualify as a POE if you have any owner who is a physician, or whose immediate family member is a physician. Under the Policy, "immediate family member" means husband or wife; birth or adoptive parent, child or sibling; stepparent, stepchild, stepbrother or stepsister; father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law; grandparent or grandchild; and spouse of grandparent or grandchild.

Please take a moment to review the Policy and, if you are not a POE, sign the attached attestation. **If Intermountain does not receive a signed copy of the attached attestation prior to August 9, 2013, Intermountain will initiate a process to terminate any further purchases from [REDACTED].** False or incomplete attestations will be taken seriously, and will be treated both as a breach of the purchase agreement between [REDACTED] and Intermountain and, depending on the facts, unprofessional conduct that may result in disciplinary action through the medical staff process.

We recognize that this Policy will change some existing arrangements, but believe that ultimately this is the right thing to do. We very much value your contribution over the years, and the contribution made by every supplier and physician at Intermountain in providing the care for which Intermountain is known.

If you have any questions about this letter or the Policy, please contact me at (801) 442-1502. Also, please contact Jeramy Green at (801) 442-3557 if you believe [REDACTED] does not qualify as a POE.

Sincerely,



Suzie Draper
Vice President of Business Ethics and Compliance
Intermountain Healthcare

cc: Dr. Brent Wallace, Chief Medical Officer, Intermountain Healthcare
Brent Johnson, Chief Purchasing Officer, Intermountain Healthcare
Jeramy Green, Esq., Intermountain Healthcare