

Compliance Today – January 2018 Compensation and compliance: Five common sense steps

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Based on the healthcare industry's increased emphasis on the requirement for physician compensation arrangements to be fair market value (FMV) and commercially reasonable, health system executives are faced with the importance of these standards. These standards can sometimes seem challenging to digest and apply to arrangements based on vague regulatory guidance, as well as evolving physician alignment strategies. That said, many factors supporting these standards can be met by stepping back and applying common sense.

The nuances of how to determine FMV compensation appropriately for the myriad of physician arrangements (e.g., on-call, pay for performance, employment) is beyond the scope of this article. Similarly, navigating all the appropriate questions, which should be asked to ensure an arrangement is commercially reasonable, is often a robust analysis that is also not the focus here. The point is to demonstrate that both of these standards have some common themes, which are easy to "check the box" on, and important to keep in mind for any physician compensation arrangement.

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