



Centers for Medicare &amp; Medicaid Services

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## Physician Self Referral

**IMPORTANT UPDATE:** The deadline for physician-owned hospitals to report ownership and investment information pursuant to Section 6001 of the Affordable Care Act has been extended to March 1, 2014. See [Spotlight](#) page.

Section 1877 of the Social Security Act (the Act) (42 U.S.C. 1395nn), also known as the physician self-referral law and commonly referred to as the "Stark Law":

1. Prohibits a physician from making referrals for certain designated health services (DHS) payable by Medicare to an entity with which he or she (or an immediate family member) has a financial relationship (ownership, investment, or compensation), unless an exception applies.
2. Prohibits the entity from presenting or causing to be presented claims to Medicare (or billing another individual, entity, or third party payer) for those referred services.
3. Establishes a number of specific exceptions and grants the Secretary the authority to create regulatory exceptions for financial relationships that do not pose a risk of program or patient abuse.

The following items or services are DHS:

1. Clinical laboratory services.
2. Physical therapy services.
3. Occupational therapy services.
4. Outpatient speech-language pathology services.
5. Radiology and certain other imaging services.
6. Radiation therapy services and supplies.
7. Durable medical equipment and supplies.
8. Parenteral and enteral nutrients, equipment, and supplies.
9. Prosthetics, orthotics, and prosthetic devices and supplies.
10. Home health services.
11. Outpatient prescription drugs.
12. Inpatient and outpatient hospital services.

When enacted in 1989, Section 1877 of the Social Security Act (the Act) applied only to physician referrals for clinical laboratory services. In 1993 and 1994, Congress expanded the prohibition to additional DHS and applied certain aspects of the physician self-referral law to the Medicaid program. In 1997, Congress added a provision permitting the Secretary to issue written advisory opinions concerning whether a referral relating to DHS (other than clinical laboratory services) is prohibited under section 1877 of the Act. In addition, in 2003 Congress authorized the Secretary to promulgate an exception to the physician self-referral prohibition for certain arrangements in which the physician receives non-monetary remuneration that is necessary and used solely to receive and transmit electronic prescription information and established a temporary moratorium on physician referrals to certain specialty hospitals in which the referring physician has an ownership or investment interest.

CMS has published a number of regulations interpreting the physician self-referral statute. In 1995, we published a final rule with comment period incorporating into regulations the physician self-referral prohibition as it applied to clinical laboratory services. In 1998, we published a proposed rule to revise the regulations to cover the additional DHS and the Medicaid expansion.

We finalized the proposed rule in three phases. We issued the "Phase I" final rule with comment period in 2001; in 2004, we issued the "Phase II" interim final rule with comment period; and, in 2007, we issued the "Phase III" final rule. [To view these proposed and final rules, refer to "Significant Regulatory History" in the navigation tool on the left side of this page.]

We also have published other proposed and final rules that affect physician self-referral. Examples include: the proposed and final rules to include nuclear medicine within existing DHS categories and a proposed and final rule related to electronic prescribing technology and electronic health records technology. Shortly following Phase III in 2007, we published revisions to the physician self-referral regulation in the Calendar Year 2008 Physician Fee Schedule, and in 2008 we published revisions in the Fiscal Year 2009 Hospital Inpatient Prospective Payment System final rule. [For more information, refer to "Significant Regulatory History" in the navigation tool on the left side of this page.]

Additionally, because our regulations define certain DHS by CPT and HCPCS codes, we publish annually in the

Physician Fee Schedule final rule an updated list of codes for the relevant DHS. [For more information, refer to the "List of Codes for Certain DHS" in the navigation tool on the left side of this page.]

On September 23, 2010, we published the Medicare self-referral disclosure protocol ("SRDP") pursuant to Section 6409(a) of the Patient Protection and Affordable Care Act (ACA). The SRDP sets forth a process to enable providers of services and suppliers to self-disclose actual or potential violations of the physician self-referral statute. Additionally, Section 6409(b) of the ACA, gives the Secretary of HHS the authority to reduce the amount due and owing for violations of Section 1877. [For more information, refer to "Self-Referral Disclosure Protocol" in the navigation tool on the left side of this page.]

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7500 Security Boulevard, Baltimore, MD 21244

