

NOTE TO: Chief Executive Officers or Chief Financial Officers of Medicare Participating Hospitals

The Centers for Medicare and Medicaid Services (CMS) is conducting an important review of investment/ownership and compensation arrangements between physicians and hospitals to determine whether they are in compliance with the physician self-referral statute and implementing regulations. Your hospital has been selected as one of 500 hospitals that are required to submit physician investment, ownership, and compensation arrangement information. Each hospital respondent is required to complete the attached Disclosure of Financial Relationships Report (DFRR). The complete DFRR (original and one copy) must be received by us no later than 60 days from the date that appears on this cover letter or e-mail transmission to you.

Section 1877(f) of the Social Security Act (the Act) allows the Secretary to collect, in such form, manner, and at such times as the Secretary shall specify, “information concerning [an] entity’s ownership, investment and compensation arrangements, including” (1) the covered items and services furnished by the provider or supplier; and (2) the names and unique physician identification numbers (UPINs) of all physicians (or their immediate family members) with an ownership or investment, or compensation interest. The implementing regulation, 42 C.F.R. § 411.361, states that CMS and the Office of the Inspector General (OIG) may require entities to submit information concerning their ownership or investment interests or compensation arrangements with a physician (or his or her immediate family member), including the name and UPIN or national provider identifier (NPI) of each physician-owner or investor, and the extent and/or value of the ownership or investment interest or compensation arrangement. Please note that Section 1877(g) of the Act and 42 C.F.R. § 411.361(g) provide that failure to disclose timely the information sought can result in civil monetary penalties of up to \$10,000 for each day beyond the deadline established for disclosure.

Please be advised that the results from the DFRR may be shared with other Federal agencies and with Congressional committees, as permitted or mandated by law. In addition, we intend to protect from public disclosure, to the fullest extent permitted by Exemptions 4 and 6 of the Freedom of Information Act, 5 U.S.C. § 552(b)(4) and (b)(6), any confidential business information and any individual-specific information collected. We note that CMS is prevented by the Trade Secrets Act, 18 U.S.C. § 1905, from releasing confidential business information, except as authorized by law.

Questions concerning the DFRR may be sent to: [DFRR-Questions@cms.hhs.gov](mailto:DFRR-Questions@cms.hhs.gov).

Again, we appreciate your cooperation in this important CMS project.

Sincerely,

Donald H. Romano  
Director, Division of Technical Payment Policy  
Center for Medicare Management  
Centers for Medicare & Medicaid Services