

**DEPARTMENT OF HEALTH SERVICES  
COUNTY OF LOS ANGELES**



**SUBJECT:** OFFERING GIFTS, FREE SERVICES OR OTHER INDUCEMENTS TO  
MEDICARE OR MEDI-CAL BENEFICIARIES

**POLICY NO:** 1002

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**PURPOSE:**

To prevent the practice of offering gifts, free services or other remuneration to Medicare or Medi-Cal beneficiaries that are likely to influence the beneficiaries' selection of a particular provider of Medicare or Medi-Cal payable items or services. Remuneration is defined as anything of value.

Non-compliance with this policy could subject the Department to civil monetary penalties under the Federal Social Security Act and the Health Insurance Portability and Accountability Act (HIPAA) of 1996.

**POLICY:**

The Department will not provide gifts, free services or other remuneration exceeding \$10 per item or \$50 annually (per beneficiary) that are likely to influence the beneficiaries' selection of a particular provider of Medicare or Medi-Cal payable items or services unless:

- 1) The practice fits within a statutory exception (see below),
- 2) The Department has received a favorable federal Office of Inspector General (OIG) opinion covering the practice, or
- 3) The Director of Health Services or his designee has approved the practice.

The statutory exceptions are: waivers of cost-sharing amounts based on financial need; properly disclosed copayment differentials in health plans; incentives to promote the delivery of certain preventive care; any practice permitted under the federal anti-kickback statute safe harbor (42 CFR 1001.952); or waivers of copayment amounts in excess of the minimum copayment amounts under the Medicare outpatient perspective payment system.

**PROCEDURE:**

Prior to offering gifts, free services or other remuneration that do not fall within the exceptions listed above, Department management will obtain the concurrence of the DHS Compliance Committee and, if obtained, the Director of Health Services' or his designee's approval before implementing the proposed practice.

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**APPROVED BY:**

**EFFECTIVE DATE:** May 1, 2003

**SUPERSEDES:**

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If necessary, Department management should consult with County Counsel to determine whether the practice fits within a statutory exception.

Non-compliance with the policy should be reported to:

Audit and Compliance Division  
313 N. Figueroa Street, Room 708  
Los Angeles, CA 90012  
(213) 240-7901 telephone or (213) 481-8460 via facsimile

**AUTHORITY:** Social Security Act, Section 1128A(a)(5)

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**EFFECTIVE DATE:** May 1, 2003

**SUPERSEDES:**

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