



## NO SANCTIONS FOR FINANCIAL RELATIONSHIPS BETWEEN A HOSPITAL AND FEDERALLY QUALIFIED HEALTH CENTER LOOK-ALIKE

In Advisory Opinion No. 22-17, posted on September 6, 2022, the U.S. Department of Health and Human Services’ Office of the Inspector General (OIG) stated that it would not impose sanctions on a hospital system (Hospital) and a federally qualified health center look-alike (FQHCLA) that were parties to agreements under which the Hospital provided financial support to the FQHCLA.

The Hospital supported the FQHCLA through a Credit Line Note (Note), Lease Agreement (Lease), and Master Services Agreement (MSA). Under each agreement, the FQHCLA was obligated to make payments but was unable to do so. The Hospital proposed to: forgive the Note in full; enter into a new Lease which provided use of the Hospital’s premises and furnishings free of charge; and increase the scope of services provided under the MSA.

The OIG determined that no sanctions were warranted. It noted that although the Federal anti-kickback statute for FQHCs did not apply to FQHCLAs, the new agreements would be structured in a manner that aligned with the safe harbor provisions. Importantly, the OIG found a low risk of fraud and abuse under the proposed arrangement which allowed for the forgiveness of the Note in full and a zero-rent Lease.

There are numerous benefits for both a Hospital and an FQHCLA in collaborating to provide needed primary care services in medically underserved areas. Knowledge of how to enter into legitimate arrangements is critical in the effort to minimize risk.

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Should you have any questions regarding the above, please contact the [Garfunkel Wild attorney](#) with whom you regularly work, or contact us at [info@garfunkelwild.com](mailto:info@garfunkelwild.com).

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