UNFAVORABLE

OIG WATCH

13-09

GPO offers member equity for long-term lock-in and volume commitments

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What OIG Said

OIG said equity given to members in exchange for purchasing loyalty is remuneration, not a discount, and looks like inducement.

- ⚠ OIG reviewed a proposal where a GPO's parent would give certain members stock if they extended their GPO contracts 5–7 years, promised not to reduce purchase volume, and surrendered part of their admin-fee sharebacks.

- ⚠ OIG treated the equity interest as "remuneration" intended to influence purchasing of items reimbursed by Federal programs, triggering Anti-Kickback analysis.

- ⚠ The stock was not a price reduction or rebate; members were trading away sharebacks (which can be discounts) for equity upside that does not benefit payors.

- ⚠ Risk was amplified by three linked features: equity value tied to past purchases, mandatory multi-year contract extension, and a forward commitment not to decrease volume, effectively paying for continued steerage.

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Diligence Checklist

What you need to be ready to show in diligence

- ✓ Have third-party FMV support for every value transfer to referral sources, including equity, rebates/sharebacks, or other economic sweeteners.
- ✓ Prove any rewards are not tied to historical or future purchasing volume, market share, or exclusivity.
- ✓ Avoid contract terms that “lock in” volume or penalize members for switching to better-priced options; document commercial necessity independent of referrals.
- ✓ If using sharebacks/admin-fee pass-throughs, ensure they are structured and reported as bona fide discounts/rebates with full disclosure.
- ✓ Keep written agreements with clear scope, fixed terms, and no side deals that create purchase-driven upside.

If equity or other upside is linked to purchasing behavior, past or future, this is the profile OIG said will draw fire.

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Structure not diligence-ready?

Cabra Consulting helps healthcare organizations make sure compensation and transaction structures are independently valued, clearly scoped, and defensible in diligence.

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