FAVORABLE

OIG WATCH

23-12

Retirement-triggered equity redemptions for physician-partners

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What OIG Said

OIG said this can be okay if redemption payments are age-based, fairly valued, and not a reward for referrals.

- ✓ OIG reviewed a structure where physician-partners aged 67+ were offered a one-time opportunity to redeem their ownership, paid in 3 equal installments over 2 years, if they agreed to retire within 6 months of the first payment.
- ✓ OIG acknowledged these payments are “remuneration” under Anti-Kickback, since retiring physicians may continue to refer for a short time after the first payment.
- ✓ OIG accepted the structure because offers were made to all physicians at age 67, not selectively, and were not based on referral volume or past productivity.
- ✓ Payments were based on the FMV of the ownership units on each payout date, and the time-limited transition period allowed for compliant clinical wind-down, not ongoing steerage.

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Diligence Checklist

What you need to be ready to show in diligence

- ✓ Show that redemption offers are based on age or other objective factors, not tied to volume, collections, or referral history.
- ✓ Prove that redemption values are calculated using a defensible FMV methodology on each payout date.
- ✓ Have clear documentation that retirees fully exit clinical practice within a fixed period (e.g., 6 months) and certify non-referral status.
- ✓ Keep written agreements that govern redemption terms, valuation timing, and clinical exit commitments, no informal side deals.
- ✓ Demonstrate that the structure was implemented to manage liquidity risk, not induce ongoing referrals.

If you're offering equity cash-outs tied to referral behavior or unclear exit terms, that's a profile OIG flagged for scrutiny.

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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