

# Elder Care Business Owners Should Not Pay Referral Fees

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A ruling, on the books since 1972, called the Safe Harbor Provisions states, in part, "the federal anti-kickback law's main purpose is to protect patients and the federal health care programs from fraud and abuse by curtailing the corrupting influence of money on health care decisions"... it goes on to say, ... "anyone who knowingly and willfully receives or pays anything of value to influence the referral of federal health care program business, including Medicare and Medicaid, can be held accountable for a felony. See <http://oig.hhs.gov/fraud/docs/safeharborregulations/safefs.htm>

Violations of the law are punishable by up to five years in prison, criminal fines up to \$25,000, administrative civil money penalties up to \$50,000, and exclusion from participation in federal health care programs."

A referral service serves both the senior and the elder care service provider in this manner:

Service providers register with the referral service

A senior searching for a service is asked for their location

The referral company now emails, phones or faxes each service within the desired zip code to provide you with this referral. (You are provided the name, phone number and address of the senior)

You and your staff quickly respond - you know if you get there first, you have a higher chance of contracting with the senior

The senior now receives multiple sales calls from nice people who all say the same thing, "You should choose my company because we are the best"

You contract with the senior

The referral company now sends you a bill. The bill is normally based on the dollar amount you charge the senior.

(Example: An assisted living facility that charges \$3,000 per month will typically owe the referral service a fee of \$1,500. Their neighbor, the assisted living facility across the street charges \$1,500 per month and will owe the same referral service a fee for \$750.00 for the same client, same service)

Representatives of referral companies normally earn commissions. This can also pose a concern. If a family's income depended on earning a high commission, the temptation may be there to direct a senior to a service that

a. Charges more

b. Where the staff has a history of 'closing' the sale.

If your business is searching for a legal method to connect with the senior market, see <http://www.qualityeldercare.com> Searching for a service? See <http://www.seniorsapprove.com> Founder of Quality Care Options - the first and only company nationwide that offers a consumer-driven survey and certification process.