

Vol. 69, Issue 49

Thursday, December 4, 2025

GUEST COLUMN: Ensuring FMV Compliance in Provider Compensation

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OVERVIEW



When speaking about a health system or provider compensation plan, it's common to hear leadership reference Stark Law definitions as a point of guidance. While these definitions speak to intent, they don't offer any actionable support for identifying whether a compensation

model is legally compliant.

HSG assists healthcare organizations in these efforts by conducting internal compliance reviews on your physician and advanced practiced provider (APP) compensation models, providing your team with consistent, objective evaluations and fair market value determinations, and helping leaders address issues before they become critical.

Stark Law Common Definitions:

- Fair Market Value (FMV)
 - The value in an arm's-length transaction, consistent with the general market value of the subject transaction.
- General Market Value for Compensation
 - With respect to compensation for services, [general market value means] the compensation that would be paid at the time the parties enter into the service arrangement as the result of bona fide bargaining between well-informed parties that are not otherwise in a position to generate business for each other.
- No Consideration of Referrals
 - Arrangements can't take into account the volume or value of referrals or other business generated between the parties.



Neal D. Barker

CHALLENGES

Problem Recognition and Reactive Solutions

Evaluating your provider compensation plans can feel like a daunting task, but even the smallest concern can become full-blown legal issue if it goes unchecked, causing a much bigger headache.

Some common reasons we see major compliance risks develop include:

- There is no set standard or internal process to create a culture of compliance.
- Existing FMV problems are not perceived as significant enough to address (or they are willingly ignored).
- Leadership fears provider dissatisfaction, so they are slow to react when faced with a potential issue.
- Leadership has routinely been reactive instead of proactive when potential FMV compliance concerns are brought to their attention.
- Issues are left alone until they require legal counsel or must be "self-reported."

Because these behaviors tend to happen simultaneously, risks often do not get addressed until one major concern becomes impossible to ignore.

APPROACH

HSG's Insights to Action Methodology takes clients through six key steps to identify problems and create long-lasting solutions.

1. Data Acquisition
2. Data Transformation

3. Professional Services
4. Packaging
5. Delivery
6. Implementation and Monitoring

HSG partners with organizations to comprehensively evaluate and redesign provider compensation models, incorporating an ongoing, periodic FMV review. For the most effective results, we believe the reviews must:

- Be conducted annually or bi-annually
- Identify provider or specialty-specific issues and outliers
- Allow for proactive adjustments and changes to the compensation plan

Proactively reviewing plans helps to ensure FMV compliance and severely reduces the need for urgent reactive measures.

NEXT STEPS

During a review, it is common for HSG to identify other existing provider compensation-related and/or practice issues that require further consideration, such as:

- Mismatched compensation structure for the reality of practice utilization, or larger systemic issues
- Medical necessity coding and documentation issues, and/or a need for internal education and review
- wRVU calculation and/or billing modifier application issues.
- APP under- or over-utilization, or APP supervision and/or medical director compensation and program concerns
- Scheduling and/or access issues

Because our compensation and compliance experts come with years of practical practice operations experience, comprehensive specialty understanding and clinical expertise, we are uniquely positioned to provide clients' ongoing assistance to address these issues when identified.

So, are you ready to start being proactive about your potential compliance risks and protect your bottom line? Reach out to Neal Barker to start the conversation.

[Read the full article here.](#)

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EDUCATION EVENTS

Dec. 16, 2025

Common Hospital Deficiencies

Jan. 14, 2026

Caring for Wisconsin's Caregivers Well-Being First Champion Challenge for Credentialing Kickoff

Jan. 28, 2026

2026 WHA Health Care Leadership Academy