

**Policy Name: Compliance – Interactions with Referral Sources****Policy Number: CP – 70X**

- I. **Purpose:** The purpose of this Interactions with Referral Sources Policy (the “Policy”) is to help to ensure PACS Group, Inc.’s and its consolidated licensee operating subsidiaries’ (“PACS” or the “Company”) compliance with applicable federal and state laws and regulations and industry guidance in its interactions with Referral Sources (as defined herein), through the implementation of reasonable and prudent controls.
- II. **Scope:** This Policy applies to the Company, including all skilled nursing, assisted living and other post-acute care facilities that PACS Group, Inc. directly or indirectly owns (each, a “Facility”).
- III. **Definitions:**
  - a. **“Employee”** means all PACS employees and employees of facilities that PACS directly or indirectly owns.
  - b. **“Financial Relationship”** means any agreement, arrangement or contract between two parties for the provision of items or services for compensation, whether in cash or in kind, including but not limited to arrangements for medical director, assistant medical director, quality assurance, records review, professional services, employment, physician expense reimbursement, lease and any other agreements for the provision of items or services (whether medically related or not).
  - c. **“Immediate family member”** means husband or wife; birth or adoptive parent, child or sibling; stepparent, stepchild, stepbrother, or stepsister; father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law; grandparent or grandchild; and spouse of a grandparent or grandchild.
  - d. **“Physician”** means a doctor of medicine or osteopathy, a doctor of dental surgery or dental medicine, a doctor of podiatric medicine, a doctor of optometry, or a chiropractor.
  - e. **“Referral”** means the act of sending an individual from one party to another party for the provision of a healthcare item or service (such as a referral or order by a physician to another healthcare provider for the provision of a healthcare item or

service to a patient) and includes the referring, arranging for or recommending the purchasing, leasing or ordering a healthcare item or service.

- f. **“Referral Source”** means a potential or actual referral source, including but not limited to, patients and their family members, physicians, hospitals, long-term acute care centers, nursing homes, clinics, case managers, therapists and other individuals and entities who are in a position to influence Referrals or otherwise generate business to the Company.
- g. **“Referral Source Entity”** means the entirety of the Referral Source as a business, rather than the individual Referral Sources (such as the entire physician practice or hospital). For avoidance of doubt, different departments, units or floors of a physician practice or hospital are all considered a single Referral Source Entity.

#### IV. Policy:

- a. **Interactions with Referral Sources:** All interactions with Referral Sources must comply with the requirements set forth in this Policy, and shall comply with applicable federal and state laws and regulations, including the federal Anti-Kickback Statute and physician self-referral law (“Stark Law”). All interactions with Referral Sources must be for bona fide and legitimate business reasons and follow ethical business practices.
  - i. Employees are prohibited from offering or providing any meals, gifts or other items of value to Referral Sources with the intent to induce the recipient to make a Referral to, or otherwise generate business for, the Company or any Facility.
  - ii. All interactions with Referral Sources must adhere to the Company’s Travel & Expense Policy (CP-80X).
  - iii. All contracts and other Financial Relationships with Referral Sources must adhere to the Company’s Contracting Policy and Procedure for Referral Source Arrangements (CP-60X).
- b. **Compliance with Stark Law:** Certain services offered by the Company are considered Designated Health Services (“DHS”) under the Stark Law (see 42 USC § 411.351), and as such, Physicians are prohibited from referring Medicare or Medicaid patients for DHS if the Physician has a financial relationship with that entity. To ensure compliance, the Company has implemented an annual limit of

non-monetary compensation for an individual Physician to no more than \$519 per calendar year.

- i. Non-monetary compensation includes meals provided to Physicians that are not in connection with an executed, bona fide personal services or employment arrangement, travel and lodging expenses and other cash equivalents.
- c. **Employee use of Personal Funds Prohibited.** Employees are prohibited from engaging in interactions with Referral Sources with their personal funds where such activities are prohibited by this policy when paid for by the Company.

**V. Procedure:**

**a. Gifts to Referral Sources**

- i. Gifts may not be given to Referral Sources to induce the recipient to make a Referral to the Facility for care or services.
- ii. Nominal gifts may be provided to Referral Sources as provided below:
  - 1. Occasional gifts of PACS/Facility branded “swag” of no more than \$15 per item or \$75 in aggregate per year may be provided to Referral Sources. In no case may a Referral Source Entity receive gifts of branded “swag” in excess of \$75 in aggregate per year (*i.e.*, 5 people working at a physician clinic may receive branded swag valued at no more than \$15 each during a single year).

**b. Gifts to Patients, Residents and Family Members**

- i. Gifts may not be given to patients, residents and family members to induce the recipient to select the Facility for care or services.
- ii. Gifts to family members of a patient or resident are not permitted. However, providing a sympathy card and a modest gift, such as a bouquet of flowers, to family members following the passing of a patient or resident is permitted.
- iii. Occasional gifts of no more than \$15 per item or \$75 in aggregate per year may be provided to patients or residents if the gift relates to the individual’s well-being or comfort (*e.g.*, flowers or a card on their birthday).

**c. Prohibition on Entertainment and Recreation to Referral Sources**

- i. Employees may not offer or provide entertainment or recreational activities to any Referral Source regardless of the value of the event or activity, and regardless of whether the entertainment or recreational activity is in connection with a business or educational purpose. Entertainment and recreational activities include golf, wine tasting, casinos, sports tickets, theater tickets, nail salons, spa treatments and similar activities.
  - 1. For the avoidance of doubt, Employees are prohibited from hosting a Referral Source at an entertainment or recreational activity that is paid for in whole or in part by the Company.
- ii. Employees may not provide tickets, coupons, vouchers, gift cards, or similar items redeemable for entertainment nor may Employees fund, in whole or in part, recreational or entertainment activities for or on behalf of a Referral Source.

**d. Promotional Pamphlets and Materials**

- i. Promotional pamphlets or materials may be provided to a Referral Source at any time. Any promotional or educational materials provided to Referral Sources, such as brochures and informational materials, must be truthful, accurate and pre-approved by the Company. All promotional materials must comply with all applicable Company policies and guidance.
- ii. See **Section V.e** regarding the provision of modest food and drink items to Referral Source Entities.

**e. In-Office Marketing Presentations and Provision of Other Food and Beverages**

- i. In-Office Marketing Presentations
  - 1. In-office marketing presentations must occur at the Referral Source's place of business and involve the provision of information about PACS, Facilities and services available at the Facilities.
  - 2. Attendees must complete an attendee log, providing their names, titles and affiliations (see Exhibit A for a sample attendee log).

3. Modest and reasonable snacks, drinks and/or a packaged lunch (e.g., cold sandwiches) may be provided during the in-office marketing presentation.
  - a. All attendees must stay for the majority of presentation (e.g., no “drive by” attendance) to receive a meal, snack or drink.
  - b. A modest meal is limited to \$30 per person, inclusive of tax and tip for the vendor/delivery.
  - c. Presentations involving the provision of food and beverages are limited to once per quarter per Referral Source Entity.
  - d. Alcoholic beverages may not be provided as part of an in-office meal.
  - e. Employees may not provide an in-office meal to Referral Source where the employee is not present.

ii. Provision of Other Food and Beverages

1. Modest food and drink (e.g., donuts, bagels, muffins, coffee, cookies), of not more than \$500 in aggregate per year, may be provided to an individual Referral Source.
  - a. Such interactions should not involve gifts to multiple individuals associated with a Referral Source Entity in a manner that is inconsistent with the spirit and intent of this Policy.

f. **Off-Site Meals with Referral Sources (Business Meals)**

- i. Meals may be provided to a Referral Source away from their place of business (i.e., “off-site”) only in connection with a bona fide meeting, presentation, or training regarding scientific, educational, or business information, and provided in a manner conducive to the presentation of such information.
- ii. Off-site meals must be in a setting that is conducive to scientific, educational, or business discussions and may not be hosted at entertainment or sports venues.

- iii. Off-site meals or refreshments must be incidental in time and focus to the purpose of the meeting or presentation.
  - iv. Employees may not provide an off-site meal to Referral Sources where an Employee is not present.
  - v. The off-site meal must be modest and is limited to \$125 per person, inclusive of tax and tip.
  - vi. Off-site meals may only be provided to Physicians, Nurse Practitioners (NPs), Physician Assistants (PAs) or hospital administration. Case managers may not attend off-site meals.
  - vii. Marketers may not attend off-site meals with Referral Sources without the presence of the Facility Administrator and/or Regional Vice President of Operations (RVPO).
  - viii. Any alcohol provided to attendees at off-site meals must be done responsibly, in a non-excessive manner, and at a venue outside the clinical setting. Alcohol is limited to two glasses per attendee, and ordering bottles of alcohol is prohibited.
  - ix. Off-site meals with a Referral Source are limited to once per quarter.
- g. **Holiday Parties with Referral Source Invitees:** A Facility may host an on-site holiday party with Referral Sources invitees once per year, subject to the following restrictions:
- i. The invitation must be open to all members of the medical community, and invitations may not be sent exclusively to specific Referral Sources.
  - ii. Holiday gifts, cash and cash equivalents may not be provided to non-Employee attendees.
  - iii. Non-Employee attendees may not participate in raffles or other contests to win gifts or prizes.
  - iv. Any alcohol provided to attendees must be done responsibly, in a non-excessive manner.
  - v. Care should be taken to avoid implying that the invitation or attendance at the holiday party is in exchange for, or in appreciation of, referrals made to the Facility.

**h. Professional, Educational and Industry Conferences and Other Events:**

i. The Company may not pay for any costs associated with a Referral Source attending a conference or other event, regardless of whether the payment is direct or indirect, and regardless of whether an Employee will also be in attendance. This prohibition includes registration and attendance fees, meals and travel expenses associated with such events.

i. **Sponsorships and Charitable Donations:** All sponsorships and donations must comply with all applicable Company policies and guidance.

j. **Waivers of Patient Financial Responsibility:** The Company, Facilities and Employees are prohibited from advertising or offering to waive patient financial responsibility (e.g., coinsurance or deductible amounts). Any waivers of patient financial responsibility must comply with all applicable Company policies and guidance.

**VI. Expense Reporting:** All expenses incurred in connection with an interaction with a Referral Source must be submitted through the Company's expense reporting system, and must adhere to the Company's Travel & Expense Policy (CP-80X).

a. All expense submissions must include an itemized, legible picture of the receipt, including the date, location and total amount.

b. All expense submissions must include the names of all attendees, their titles and affiliations.

c. Expense submissions that do not include the required information will not be reimbursed by the Company.

**VII. Non-Monetary Compensation:** All non-monetary compensation provided to Physicians must be reported consistent with Company policies and directives and recorded on the Company's Non-Monetary Compensation Log.

**VIII. Exceptions.** Any exceptions or deviations from this Policy must be approved in advance and in writing by the Chief Legal Officer and Chief Compliance Officer, or their respective designees.

**IX. Recordkeeping:** All records generated as a result of, or as directed by, this Policy should be maintained in accordance with all applicable PACS record retention policy(ies).

**X. Accountability and Enforcement:** All Employees are expected to be familiar with and adhere to the requirements herein. Failure to comply with this Policy will be subject to



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appropriate performance management pursuant with the Company’s applicable policies and procedures, including disciplinary actions as necessary, up to and including termination.

<b>Effective Date</b>	<b>Previous Version(s)</b>	<b>Authors</b>	<b>Reviewers</b>	<b>Approvers</b>
8/6/2025	N/A	L&W	K. Lauer, ECC	ECC

