



ArrowISE™

The Physician Arrangement Compliance Self-Audit

A 7-Test Framework for 2026

VERSION 1.0 · JULY 2026

For compliance officers, healthcare counsel, and program administrators. Seven tests, about half an hour each — an afternoon to run the full audit.

ArrowISE — Physician Arrangement Compliance Infrastructure

The design partner cohort is building compliance infrastructure where all seven tests pass by design. Applications open July 15, 2026.

Design Partner Cohort » getarrowise.com/design-partners

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ArrowISE is a compliance workflow tool — not legal advice. All compliance decisions should be reviewed by qualified healthcare counsel.



HOW TO USE

Running the audit

Each test below is a yes/no question with a clear pass and a clear fail. Work through them in order; the later tests assume the earlier ones. Fill the result block on each test page as you go — the fields are interactive in any PDF reader.

1. Pull an export of every active physician arrangement before you start.
2. Score each test honestly against the standard an external reviewer would apply — the value is diagnostic, not decorative.
3. Record PASS, NEEDS REMEDIATION, or FAIL per test, with a note on what you found.
4. Total your results and read the interpretation on the results page.

4 hours

for the full audit — about thirty minutes per test.

The standard this audit applies

These tests score a program against the post-April 23, 2026 OIG guidance — revised FAQ 4 and new FAQ 17 — which restated that Stark compliance and fair market value do not, by themselves, shield an arrangement from the Anti-Kickback Statute. AKS exposure turns on intent.

[Read the framework in full » getarrowise.com/blog](https://getarrowise.com/blog)

EXECUTIVE SUMMARY

The seven tests at a glance

FMV currency, Stark exception completeness, compensation independence, Anti-Kickback intent, contemporaneous documentation, exclusion screening, and audit-trail integrity — each with a clear pass and a clear fail.

TEST	VALIDATES	RISK IF FAILING
1	FMV opinion currency	Compensation exception fails; the claims are not payable.
2	Stark exception element completeness	One missing element voids the entire exception (strict liability).
3	Compensation independence	Volume-or-value taint — the Community Health / Tuomey failure mode.
4	Anti-Kickback intent analysis	Anti-Kickback liability that FMV and Stark fit do not cure.
5	Contemporaneous documentation	Documentation reads as reconstructed for the inquiry.
6	Exclusion screening currency	A single payment to an excluded party — overpayment + CMP.
7	Audit trail integrity	The audit trail cannot rebut alleged after-the-fact edits.



TEST 1

Are fair market value opinions current across all active physician compensation arrangements?

WHY IT MATTERS

Most Stark compensation exceptions — including the personal services exception at 42 C.F.R. § 411.357(d) — require compensation consistent with fair market value, current when the arrangement is entered and maintained across its term. A lapsed opinion is among the most common exception failures.

HOW TO RUN THIS TEST

Run the test:

1. Export every active arrangement from your tracking system.
2. For each, locate the most recent FMV opinion and its date.
3. Flag any opinion older than 24 months.
4. For flagged items, confirm compensation has been re-benchmarked against current survey data (e.g. MGMA, SullivanCotter).

ARRANGEMENT	<input type="text"/>
DATE OF REVIEW	<input type="text"/>
RESULT	<input type="checkbox"/> PASS <input type="checkbox"/> NEEDS REMEDIATION <input type="checkbox"/> FAIL
NOTES	<input type="text"/>

PASSING LOOKS LIKE

Every active arrangement has an FMV opinion under 24 months old, and the refresh cadence is written into policy — not handled ad hoc.

FAILING LOOKS LIKE

Any active arrangement without a current opinion, or a refresh cadence that exists only in practice and is not documented.

COMMON FAILURE PATTERN

FMV drift accumulates quietly: a portfolio can be several opinions past due before anyone notices, because the spreadsheet records the opinion date but never flags its age.

\$85M

Halifax Health

2014 · employed-physician compensation strayed from a defensible basis



TEST 2

For each arrangement, is every element of the applicable Stark exception documented and verifiable?

WHY IT MATTERS

The Stark Law (42 U.S.C. § 1395nn) is strict liability: a single missing element defeats the exception regardless of intent, and the resulting claims are not payable. A good-faith arrangement missing one element is in the same position as a deliberate one — the exception is all-or-nothing.

HOW TO RUN THIS TEST

For a personal services arrangement under 42 C.F.R. § 411.357(d), confirm each element is documented and locatable:

1. A written agreement, signed by the parties, specifying the services.
2. Coverage of all services the physician furnishes to the entity.
3. A term of at least one year.
4. Compensation set in advance, consistent with FMV, and not varying with the volume or value of referrals.
5. Commercial reasonableness even if no referrals were made.
6. No arrangement to counsel or promote unlawful business.

ARRANGEMENT	<input type="text"/>
DATE OF REVIEW	<input type="text"/>
RESULT	<input type="checkbox"/> PASS <input type="checkbox"/> NEEDS REMEDIATION <input type="checkbox"/> FAIL
NOTES	<input type="text"/>

PASSING LOOKS LIKE

Every element is documented and locatable in under five minutes per arrangement.

FAILING LOOKS LIKE

Any element undocumented, or documentation that must be reconstructed to answer the question.

COMMON FAILURE PATTERN

Programs satisfy the visible elements — a signed agreement, an FMV figure — and leave commercial reasonableness or the volume-or-value condition thinly documented.

\$237M

Tuomey Healthcare

judgment; settled \$72.4M, 2015 · the canonical volume-or-value failure



TEST 3

Is compensation structured so that no component varies with the volume or value of federal-program referrals?

WHY IT MATTERS

This condition sits at the center of both Stark compensation exceptions and Anti-Kickback intent analysis — where the largest matters have been decided. The April 2026 OIG guidance makes the intent dimension independently reviewable.

HOW TO RUN THIS TEST

Review each compensation formula and ask:

1. Does base compensation reference or track referral generation?
2. Do productivity bonuses scale with referral volume, directly or indirectly?
3. Do quality or satisfaction bonuses correlate with referrals through how the metric is designed?
4. Is there any tacit understanding — in emails or minutes — tying compensation to referrals?

ARRANGEMENT	<input type="text"/>
DATE OF REVIEW	<input type="text"/>
RESULT	<input type="checkbox"/> PASS <input type="checkbox"/> NEEDS REMEDIATION <input type="checkbox"/> FAIL
NOTES	<input type="text"/>

PASSING LOOKS LIKE

Compensation methodology is independent of referrals, documented in policy, and periodically confirmed in board minutes.

FAILING LOOKS LIKE

Any component that references referral volume or value, or any gap in the documentation of independence.

COMMON FAILURE PATTERN

The failure is rarely explicit — it is a formula that moves with referral generation while the file says it does not. The test examines how the formula behaves, not only how it is described.

\$345M

Community Health Network

December 2023 · the largest Stark-based FCA settlement in DOJ history

TEST 4

Does each arrangement have documented, contemporaneous analysis addressing Anti-Kickback intent — not just Stark exception fit?

WHY IT MATTERS

This is the test most programs fail, and the one the 2026 standard added. The OIG's April 23, 2026 FAQ update (revised FAQ 4, new FAQ 17) stated that Stark compliance and FMV do not shield against the Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)); intent must be analyzed on its own terms.

HOW TO RUN THIS TEST

For each arrangement, locate documentation addressing:

1. Whether any purpose of the remuneration is to induce referrals.
2. Whether the arrangement fits an Anti-Kickback safe harbor (42 C.F.R. § 1001.952).
3. Whether it is commercially reasonable independent of referrals.
4. Whether the written agreement's terms match actual conduct.
5. Whether any off-record remuneration — gifts, marketing support, free items — accompanies the deal.

ARRANGEMENT	<input type="text"/>
DATE OF REVIEW	<input type="text"/>
RESULT	<input type="checkbox"/> PASS <input type="checkbox"/> NEEDS REMEDIATION <input type="checkbox"/> FAIL
NOTES	<input type="text"/>

PASSING LOOKS LIKE

Each arrangement has a documented intent analysis dated near its start and refreshed on material changes.

FAILING LOOKS LIKE

Analysis that is missing, retrospective, or addresses only Stark fit — the pre-April 2026 posture the OIG named as insufficient.

COMMON FAILURE PATTERN

Most spreadsheet-based systems have no structured field for Anti-Kickback intent at all. The gap surfaces at the next external audit or, worse, in a whistleblower filing — of which FY 2025 produced 1,297.

Programs finding a gap here usually find them at Tests 5 and 7 too

The honest fix is workflow, not remediation — a system where the intent analysis is captured as the arrangement is built, not reconstructed later. That is what the Design Partner Cohort is building.

[See the Design Partner Cohort »](#)



TEST 5

Is the documentation supporting each arrangement contemporaneous rather than reconstructed?

WHY IT MATTERS

Auditors and whistleblowers distinguish records created during an arrangement's lifecycle from records assembled for an inquiry. Reconstruction is a red flag — one an adversarial insider is well positioned to expose.

HOW TO RUN THIS TEST

For three arrangements chosen at random, examine the creation timestamps on:

1. The FMV opinion.
2. The executed agreement.
3. The Stark exception analysis.
4. The Anti-Kickback intent analysis.
5. Any modifications to the arrangement.

ARRANGEMENT	<input type="text"/>
DATE OF REVIEW	<input type="text"/>
RESULT	<input type="checkbox"/> PASS <input type="checkbox"/> NEEDS REMEDIATION <input type="checkbox"/> FAIL
NOTES	<input type="text"/>

PASSING LOOKS LIKE

Timestamps align with the arrangement lifecycle, and every edit is captured with a user and a time.

FAILING LOOKS LIKE

Documents created in bulk — all dated the week before an audit — missing timestamps, or edits that leave no trace.

COMMON FAILURE PATTERN

Spreadsheet-based tracking is structurally unable to prove contemporaneousness: the only timestamp is the file's, and it is trivially modifiable. The record cannot vouch for its own timeline.



TEST 6

Has every arrangement counterparty been screened against the OIG LEIE and applicable state lists within the past 30 days?

WHY IT MATTERS

Payments to an excluded individual or entity are non-payable regardless of how compliant the arrangement otherwise is, and the exposure is strict-liability in character. The OIG recommends monthly screening because the LEIE is updated monthly, and the obligation reaches referral sources and contractors, not only employees.

HOW TO RUN THIS TEST

Run the test:

1. Pull screening logs from the past 30 days.
2. Confirm 100% coverage of active arrangement counterparties.
3. Confirm the check ran against the current LEIE and the relevant state exclusion lists.
4. Confirm any hits are documented and resolved.

ARRANGEMENT	<input type="text"/>
DATE OF REVIEW	<input type="text"/>
RESULT	<input type="checkbox"/> PASS <input type="checkbox"/> NEEDS REMEDIATION <input type="checkbox"/> FAIL
NOTES	<input type="text"/>

PASSING LOOKS LIKE

100% coverage within the past 30 days, on an automated cadence.

FAILING LOOKS LIKE

Any counterparty unscreened, or state-list coverage absent.

COMMON FAILURE PATTERN

State exclusion lists are the usual miss — Texas, California, Ohio and others each maintain separate lists a federal-only LEIE check will not cover. One payment to an excluded provider can convert a compliant arrangement into an overpayment and civil-monetary-penalty exposure — up to \$24,947 per item under the 2025 penalty levels, which remain in effect for 2026.



TEST 7

Is your arrangement audit trail tamper-evident — would a forensic auditor detect after-the-fact edits?

WHY IT MATTERS

Documentation integrity is what separates evidence from data. If a record cannot demonstrate it was not altered, its contents prove less than they appear to.

HOW TO RUN THIS TEST

For one arrangement, ask:

1. Can I change the FMV opinion date after the fact without a detectable trace?
2. Can I edit the compensation amount without a record?
3. Can I delete a Stark analysis without evidence of the deletion?
4. Is the audit log itself editable?

ARRANGEMENT	<input type="text"/>
DATE OF REVIEW	<input type="text"/>
RESULT	<input type="checkbox"/> PASS <input type="checkbox"/> NEEDS REMEDIATION <input type="checkbox"/> FAIL
NOTES	<input type="text"/>

PASSING LOOKS LIKE

Every field change is captured with a timestamp, a user identity, and the prior value — and the audit log itself is immutable.

FAILING LOOKS LIKE

Spreadsheet-based tracking (never tamper-evident), or a GRC tool without field-level audit history.

COMMON FAILURE PATTERN

Programs discover the gap when a whistleblower produces internal records that do not match the 'audit trail' shown to regulators — at which point the mismatch, not the underlying arrangement, becomes the problem.

INTERPRETATION

What to do with your results

Passed all seven

The program is operating at the post-April 2026 standard. The remaining risk is consistency at scale — a program passes a self-audit on a sample; it survives an external review on the whole portfolio, which is a different and harder claim.

Failed one or two

Targeted remediation is achievable. Prioritize Test 4 (Anti-Kickback intent) — it is the fastest to close and the highest enforcement priority.

Failed three or more

The program needs infrastructure, not remediation. Spreadsheet-based tracking cannot pass Tests 4, 5, and 7 at any scale — a team can maintain an immaculate spreadsheet and still fail them.

Not sure where you stand

Run Test 4 first. If Anti-Kickback intent analysis is missing across the portfolio, the other tests are usually failing too.

AUDIT PROGRESS — CHECK OFF EACH COMPLETED TEST

1 2 3 4 5 6 7

THE NEXT STEP

The Design Partner Cohort

Five hospital compliance programs building infrastructure where these seven tests pass by design — FMV currency and Stark elements scored, Anti-Kickback intent captured as a first-class field, exclusion screening on cadence, and a tamper-evident audit trail underneath all of it.

Applications open July 15, 2026; the cohort begins August 15. A six-month program with direct founder access and a reference commitment. Conversion at cohort end is at a locked rate — 50% off the standard enterprise price.

Apply for the Cohort » getarrowise.com/design-partners

getarrowise.com/methodology · [/security](https://getarrowise.com/security) · [/blog](https://getarrowise.com/blog)



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REFERENCES

Sources & regulatory references

42 U.S.C. § 1395nn

Physician Self-Referral Law (Stark Law) — strict-liability referral prohibition.

42 C.F.R. § 411.357(d)

Personal services arrangements exception — the six elements audited in Test 2.

42 U.S.C. § 1320a-7b(b)

Federal Anti-Kickback Statute — intent-based; the subject of Test 4.

42 C.F.R. § 1001.952

Anti-Kickback Statute safe harbors.

HHS-OIG FAQ (Apr 23, 2026)

“General Questions Regarding Certain Fraud and Abuse Authorities” — revised FAQ 4 and new FAQ 17.

HHS-OIG LEIE + SAB (May 2013)

List of Excluded Individuals and Entities and the Special Advisory Bulletin recommending monthly screening.

2025 CMP penalty levels

Civil monetary penalty amounts (e.g. up to \$24,947 per item for employing/contracting with an excluded person) remain in effect for 2026.

ENFORCEMENT MATTERS CITED

- » United States ex rel. Drakeford v. Tuomey — \$237M judgment; settled \$72.4M (2015).
- » Community Health Network — \$345M (December 2023); largest Stark-based FCA settlement in DOJ history.
- » Halifax Health / Halifax Hospital Medical Center — \$85M (2014).
- » Memorial Health, Inc. (Savannah) — \$9.89M (2015); physician compensation above FMV inducing referrals.

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