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Administrator
Washington, DC 20201

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MICHAEL D. MAVES, M.D., MBA
EXECUTIVE VICE PRESIDENT

Michael D. Maves, M.D., M.B.A.
Executive Vice President, CEO
The American Medical Association
515 North State Street
Chicago, IL 60610

Dear Dr. Maves:

Thank you for your letter in which you asked us to create an exception under the physician self-referral ("Stark") law to permit physician compensation in the form of continuing medical education (CME) offered by a hospital for the purpose of ensuring quality patient care. You stated that CME is a benefit for the community, the patients, and the hospital, rather than a perk for physicians to induce referrals.

After careful review, we do not think that a broad exception is consistent with our statutory mandate to create by regulation only those exceptions that pose no risk of program or patient abuse. In our view, CME provided at no or reduced cost—particularly CME off-site from the hospital—may pose a risk of program abuse.

We agree, however, that traditional, on-site hospital grand rounds and other similar in-house education programs provided by hospitals are important and convenient ways for physicians to earn CME credit and for hospitals to ensure high quality patient care. We do not believe that such programs, which historically have been provided on-site at no charge, necessarily constitute remuneration to the physicians who attend them. We are currently preparing a final rule in response to the interim final rule we published in 2004 (69 *Federal Register* 16054 (March 26, 2004)). We expect to address public comments on this issue in the upcoming final rule.

We appreciate your thoughts on this issue. Thank you for your continued interest in the Medicare Program. I hope you find this information helpful.

Sincerely,

Mark B. McClellan, M.D., Ph.D.