PURPOSE
This policy is to ensure full compliance with the Stark Law.

SCOPE
This policy applies to all CVS Caremark Agents.

POLICY
1. The Stark Law prohibits referrals by a physician to an entity for “designated health services” if the physician or an immediate family member of the physician has a “financial relationship” with the entity receiving the referral. The Stark Law further prohibits the entity receiving a prohibited referral from presenting a claim to Medicare or Medicaid for the designated health service furnished under the prohibited referral.

2. The Stark Law is not an intent based statute. Thus, receipt of a referral from a physician where a financial relationship exists results in a violation of the Stark Law, regardless of intent.

3. Under the Stark Law, CVS Caremark cannot accept referrals for “designated health services” from a physician with whom CVS Caremark has a “financial relationship.” The “designated health services” covered by the Stark Law include outpatient prescription drugs and home health services.

4. A “financial relationship” between CVS Caremark and a physician will be deemed to exist if a physician (or a family member of the physician) holds an ownership or investment interest in CVS Caremark or is a party to a “compensation relationship” with CVS Caremark. A “compensation arrangement” is defined broadly to include any arrangement involving any remuneration, directly or indirectly, overtly or covertly, in cash or in kind between a physician (or family member) and an entity. Thus, a “financial relationship” could be created by a consulting agreement with a physician, the sale of product to a physician, or the provision of free goods to a physician.

5. Certain exceptions have been created where relationships with a physician will not be deemed to create a “financial relationship” under the Stark Law. Exceptions include, but are not limited to:
   a. The “personal services exception” to the Stark Law protects fair market value payments to a physician for legitimate, commercially reasonable and necessary services that are provided pursuant to a services agreement, subject to the satisfaction of certain additional requirements. This exception is relevant to the situation where CVS Caremark desires to
engage a physician to provide consulting services.

b. The Stark Law also has an exception for payments made by a physician for items or services if the items or services are furnished at a price that is consistent with fair market value. This exception is relevant to situations where a physician is a purchaser of products from CVS Caremark.

c. Other exceptions to the definition of “financial relationship” may be available for a particular business arrangement. The CVS Caremark Legal Department will provide guidance on the appropriate structure of relationships between CVS Caremark and physicians.

6. **Responsibility for compliance with the Stark Law policy:**
   a. This policy supplements the CVS Caremark Code of Conduct. All Agents will comply, at all times, with all Stark Law requirements while performing their job duties and responsibilities for CVS Caremark.
   b. CVS Caremark has developed controls for protection against legal risk to the company through this policy, and this policy will be strictly enforced.
      i. All Agents are expected to report to the Compliance Officer or other appropriate individual any suspected violations of any Stark Law requirements or CVS Caremark Policies and Procedures. All Agents have the right to use the Ethics Line (1-877-CVS-2040).
      ii. Failure by any Agent to comply with this policy could lead to disciplinary action, up to and including termination of employment or assignment and legal action. In addition, a violation of the Stark Law can result in civil monetary penalties of up to $100,000 for each violation.
      iii. In addition, a violation of the Stark Law may result in exclusion from participation in the Medicare and Medicaid programs.

**DEFINITIONS** (All defined words in this document are capitalized).

1. **Agent**: Any Employee or Contractor.
2. **Contractor**: Any person who is not an Employee and who provides services to CVS Caremark pursuant to (a) an independent contractor or consulting agreement between the person and CVS Caremark, or (b) the person’s employment by a third party, where the third party has an agreement with CVS Caremark to provide such services to CVS Caremark.
3. **CVS Caremark**: CVS Caremark Corporation and each of its subsidiaries and affiliates.
4. **CVS Caremark Code of Conduct**: A document that sets forth appropriate legal and ethical behavior which Agents must follow. In addition members of the Board of Directors, when acting in that capacity, must follow this document.
5. **Employee**: Any full-time, part-time, temporary, or casual employee of CVS Caremark, including interns and externs employed by CVS Caremark.

**PROCEDURES**
NA

**WORK INSTRUCTIONS**
NA
## REVIEW AND REVISION HISTORY

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<th>Date</th>
<th>Revision No.</th>
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<tr>
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