

U02d2 stark 2 legislation review



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RUNNING HEAD: STARK 2 LEGISLATION REVIEW u02d2 Stark 2 Legislation

Review Submitted by: XXXXXX Number: XXXXXX of XXXXXXXX The main aim of this paper is to analyze how Stark 2 legislations can have an impact on the health care, irrespective of the positive or negative impact. The paper will analyze this based on four different views which include, a) the patients, b) the providers, c) the administrators and lastly, d) the third party payers. Brief explanation of the Sarbanes - Oxley act will also be included to gain an insight into the affect of Stark 2 legislations on the health care industry.

The Stark II legislation is one which sets down the rules, where the physicians are not allowed to refer patients to any designated health service where the physician or the immediate family will be benefited with a financial relationship, unless statutory exception exists. The fundamental reason to develop Stark II was to ensure that over utilization of the health care items are not made, and to provide the patients with a choice of health care that they can use, rather than limiting them to a single provider, or health care organization (Janney, 2005). Also, this was developed to help ensure there is fair competition among the health care industry and there is no form of monopoly that is set in the market. The enactment of this law has led to a positive aspect for the industry as it allows the patients to only take the tests that are needed rather than needing to take tests which are not needed but only given as a financial interest of the doctors. Also the patient can receive accurate information when a third party is involved.

The Sarbanes-Oxley Act:

The SOX law was introduced to help ensure there is a protection of the public and the stakeholders to ensure that there are no accounting errors or any form of fraudulent practices. There is a direct relation between the SOX and

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the Stark II, as both of these acts are basically to ensure that there is no form of inaccuracy or frauds in the accounting and is mainly intended to assist the general public to ensure that businesses and organizations do not work in a method where the general public is harmed in any manner (Sarbanes-Oxley Act, 2006). The two acts work in a manner where the doctors are required to maintain the internal accounting controls and also to ensure that the all accounting information is recorded accurately to control the ability of the parties to work in collusion with others (Pozgar, 2006). In conclusion, it is clear that compliance with the rules and regulations will lead to higher costs for the doctors and the hospitals, however these are developed to ensure that the end customers, i. e. the patients do not have to go through unnecessary tests and any form of increased costs due to the financial money making nature of the providers and the doctors.

References

- Janney, C. (2005). *The Stark Law: A Users Guide to Achieving Compliance*. Hcpro Inc.
- Pozgar, G. D. (2006). *Legal Aspects of Health Care Administration*. Jones & Bartlett Publishers.
- Sarbanes-Oxley Act. (2006). *The Sarbanes-Oxley Act*. Retrieved January 28, 2010, from <http://www.soxlaw.com/>