PHYSICIAN SELF-REFERRAL (STARK) LAW

2026 ISSUE BRIEF

MGMA supports modernizing the Physician Self-referral (Stark) Law to better align with value-based payment reform. Overall, we encourage Congress to comprehensively reform the Stark Law to significantly simplify it and enable medical group practices to provide patient services at the point of care and within the group practice setting.

IMPACT ON MEDICAL GROUP PRACTICES

The Stark Law prohibits physicians from referring Medicare patients to receive designated health services from entities the physician has a financial relationship with, unless the relationship falls under an exception.

THE STARK LAW:

1. defined the term "group practice" for the first time in Medicare policy
2. prohibits group practices from providing certain ancillary services to their patients and regulates the "in-office" provision of many others
3. regulates how group practices may compensate their physician owners and employees
4. prohibits or heavily regulates the financial relationships that physicians in group practices have with outside entities they may refer patients to

ADVOCACY PRIORITIES

- **Significantly reform the compensation arrangement provision** (42 USC 1395nn(a)(2)(B)), as it is not needed under a value-based payment system where overutilization is no longer a problem
- **Enhance the group practice model** by significantly simplifying the statutory definition of a group practice
- **Revise penalty provisions** to limit fines to situations where the prohibited referrals result in some demonstrable harm to the government or the patients served

NEED FOR CONGRESSIONAL REFORM

Since its passage over 30 years ago, the Stark Law has become one of the most significant sources of regulatory burden for group practices. The law's restrictions make it difficult for independent physician practices to coordinate care for their patients, even within their own practice.

The Centers for Medicare & Medicaid Services (CMS) finalized updates to the Stark Law, generally effective Jan. 1, 2021, in an effort to reduce barriers to participation in value-based care delivery models and simplify fundamental terms. MGMA appreciates these efforts and supports the new value-based arrangement exception. However, for group practices that cannot avail themselves of the new value-based exceptions, CMS' final rule did not result in significant simplification or clarification, and in fact created new areas of confusion.

Despite countless rulemakings, the complexity of the Stark Law has grown to the point where it is incomprehensible to the average group practice administrator or physician. Further, the complexity and breadth of the law is undercut by the lack of intent requirement and severe penalty provisions.

MGMA believes truly meaningful reform must come from Congress.

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