Sign?On Bonuses to Employees: OIG Warns of Heightened Risk

Health Care Law Brief on **January 28, 2026**

The Office of Inspector General ("OIG") recently issued advisory opinion 25-12 ("the Opinion"), which addresses a home care agency's plan to advertise and pay sign-on bonuses to prospective attendant-employees, many of whom are family members of Medicaid beneficiaries who would also select the agency for their relative's Medicaid-covered services. OIG concluded that the arrangement presented an unacceptable risk under each of the federal Anti-Kickback Statute ("AKS") and the Beneficiary Inducements Civil Monetary Penalties Law ("CMPL"), providing a rare peek behind the employee safe harbor curtain.

The Proposal

The requestors operate a home care agency participating in a state Medicaid program that covers in-home support services through waivers and other initiatives. Eligible individuals can select attendants of their choice to provide personal care, homemaker services, and certain health maintenance activities. The agency employs the attendants and bills Medicaid for services. The agency stated that they expect attendants would primarily be family members who would also select the agency on the eligible-individual's behalf.

Under the proposal, the agency would publicly advertise employment opportunities to prospective attendants and offer a sign-on bonus. As explained by the requestor, the purpose of the sign-on bonus was to entice prospective attendants to choose the agency over competitors. Additionally, all attendants would be *bona fide* employees of the agency once hired.

OIG's Analysis

OIG analyzed the proposal under the AKS and the Beneficiary Inducements CMPL and found it fell short under each law.

AKS Analysis. OIG determined that the proposed sign-on bonus offer and advertising would constitute an offer of “remuneration” implicating the AKS. If undertaken with the requisite intent, OIG concluded that the proposal would be grounds for sanctions under the AKS. Notably, while the AKS includes a statutory exception and safe harbor for *bona fide* employees, OIG determined that the proposal was not low enough risk to find protection under either the exception or the safe harbor.

Beneficiary Inducements CMPL Analysis. OIG also concluded that the offer of a sign-on bonus to a prospective attendant-employee who would likely select an agency for a family member would likely influence that selection and, therefore, would be a prohibited offer of remuneration under the Beneficiary Inducements CMPL. OIG determined that no exception applied, and the proposal was not low enough risk to find protection from a potential Beneficiary Inducements CMPL violation.

Why The Proposal Could Not Find Protection

Although sign-on bonuses are common in employment contracting, OIG emphasized a unique, “inextricable link” warranting heightened scrutiny: the same person being recruited as an employee would also select the agency for Medicaid-reimbursable services for a family member. In OIG’s view, advertising a sign-on bonus to such attendant-employees operates as a solicitation for a referral before employment begins, rather than as compensation “for employment” within the employee exception or safe harbor.

OIG further highlighted steering, competition, and quality risks associated with the proposal. Specifically, prospective attendant-employees could interpret the advertised bonus as upfront cash, increasing the likelihood that they pick an agency based on the most compelling bonus rather than service quality—potentially diverting resources away from client care. OIG also noted a possible “arms race” of escalating bonuses across agencies. These factors elevated the risk of potential fraud and abuse beyond what OIG considered acceptable or low enough to provide a favorable advisory opinion.

Takeaways and Potential Risk Mitigation Considerations

The Opinion should stand as a reminder that the *bona fide* employment exception and safe harbor are not absolutely protective of certain arrangements if the requisite intent is potentially present. In particular, here, OIG determined that the recruitment of a beneficiary's selection agent as an employee was high enough risk because of the potential to generate improper referrals.

The Opinion also offers insight into what OIG views as material for its risk analysis: publicly advertised sign-on bonuses in government-funded programs. In light of this, organizations should consider reassessing their recruitment messaging, bonus structures, and any targeting that may overlap with or be related to beneficiary decisionmakers, including by, for example:

- Implementing controls to separate caregiver recruitment from beneficiary selection processes.
- Marketing based on service quality and clinical supervision (for example, the agency's 24-hour back-up services or training program).
- Ensuring appropriate supporting documentation for compensation paid in exchange for employment services.

Proskauer's Health Care Group is closely monitoring developments in this area. For more insights on health care law and policy, subscribe to Proskauer's Health Care Law Brief below.

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