

AdvaMed Compliance Groups Benchmarking

December 2020

Meals

BACKGROUND

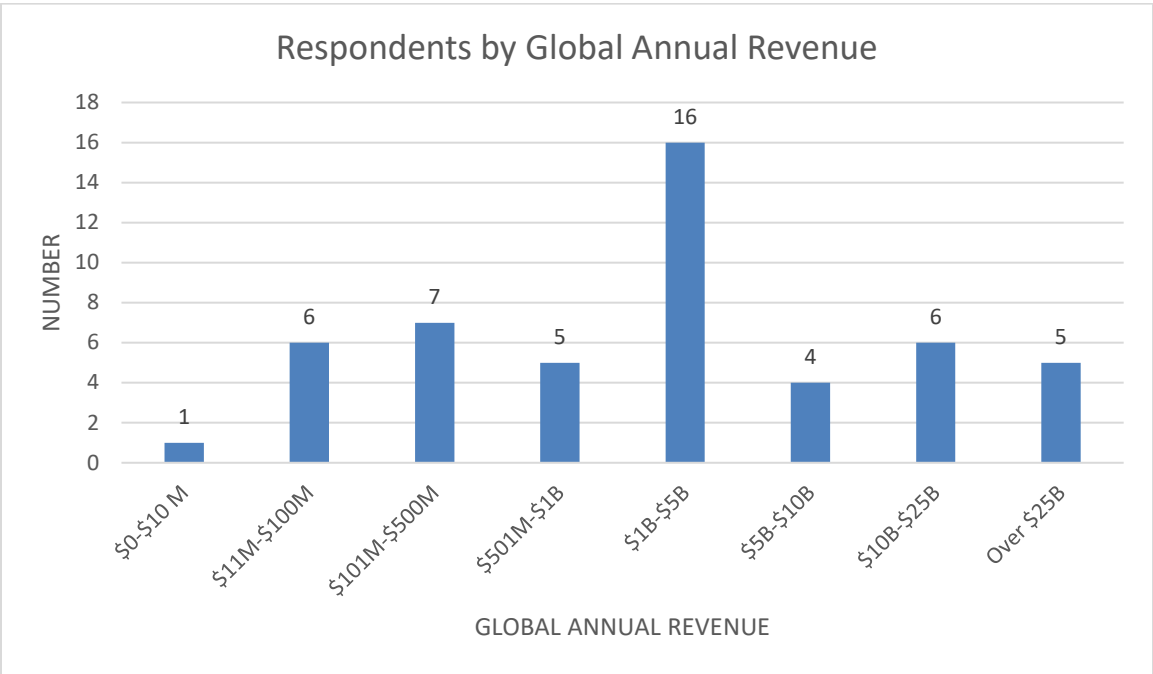
In Q4 2020, AdvaMed surveyed its member regarding their policies on meals with U.S. Health Care Professionals (US HCPs). 50 companies completed the survey. This document summarizes the survey responses, including additional commentary submitted by some (but not all) companies. The responses reflect a broad cross-section of company policies, and is not intended to reflect all medical technology company policies on meals.

AdvaMed strongly encourages companies to adopt polices on meals provided to U.S. HCPs, including addressing many of the aspects summarized in this benchmarking data.

Note: The information contained in this report is intended to provide benchmarking data on companies' existing policies only. It is not intended to endorse or mandate any one particular approach for medical technology companies' policies on providing meals to US HCPs.

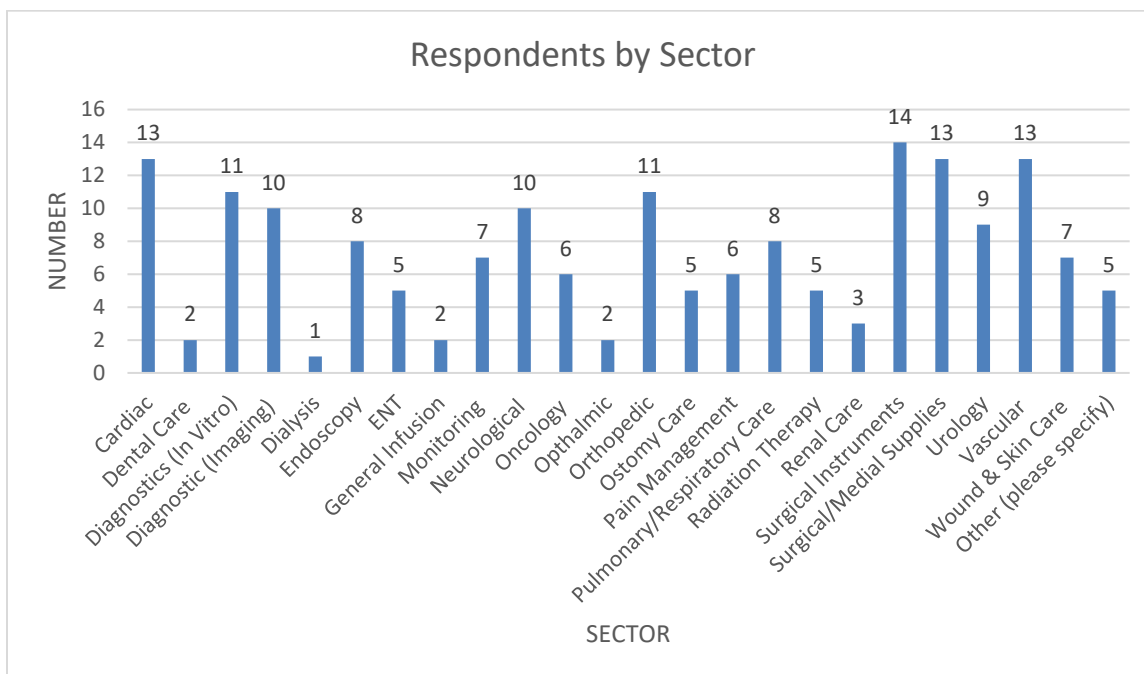
DEMOGRAPHIC INFORMATION

Respondents reflected a broad cross-section of company sizes (by annual global revenue) and sector:



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Respondents also reflected a broad cross-section of sectors within the medical technology industry:



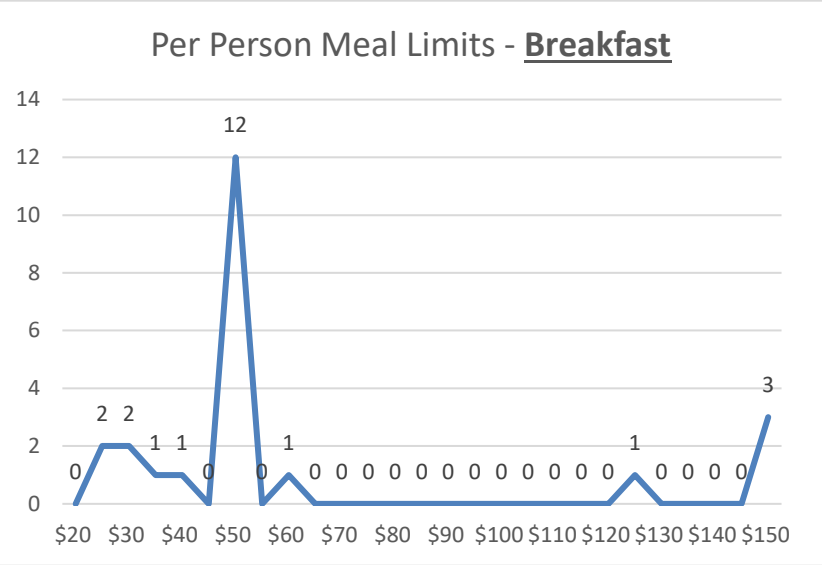
MEAL SPENDING LIMITS

Does your company have a policy on providing meals to U.S. HCPs?	100% of companies responded that they maintain a policy on providing meals to U.S. HCPs.
Has COVID-19 impacted your meal policy?	68% of companies indicated that COVID-19 has not impacted their meal policies while 32% of companies indicated COVID-19 has impacted meal policies. Some of these companies indicating impact on meal policies have adopted the AdvaMed recommendations or have provided guidance for meals on virtual training.
When transitioning back to in-person meetings and programming, is your company considering updating your meal policy to account for increased emphasis on virtual meetings?	40% indicated "yes" with comments including: <ul style="list-style-type: none"> <i>Business to decide whether this will be allowed permanently</i> <i>We anticipate virtual meetings will continue post pandemic. Accordingly,</i>



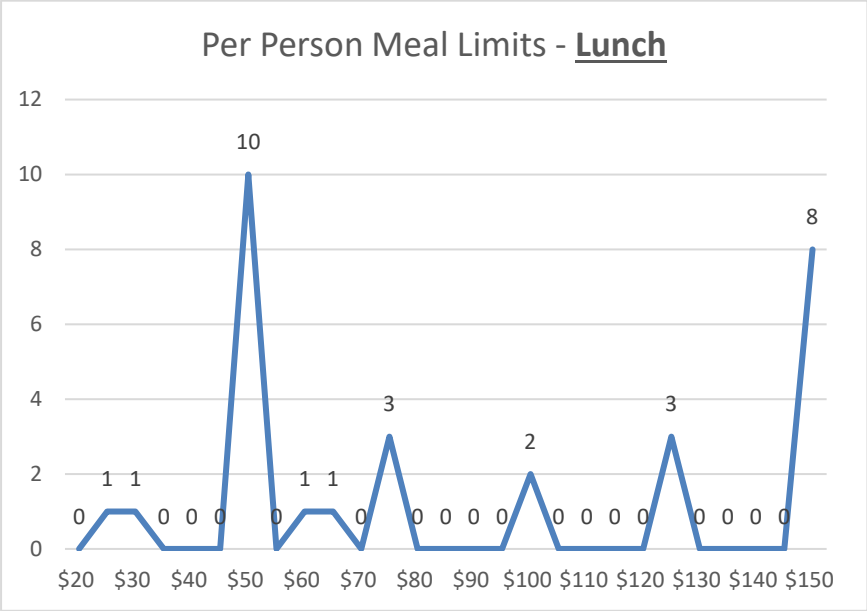
	<p><i>we will ensure our Meals Provided to HCPs policy addresses company requirements related to provision of meals at these meetings.</i></p> <ul style="list-style-type: none"> <i>Virtual meeting scenarios will be integrated into regular policy guidance documents and FAQs.</i> <i>We are discussing this option, but it is not clear yet what meetings will stay virtual or will be offered both in an in-person setting and virtual setting.</i>
<p>In your company's view, what are your greatest challenges or opportunities when transitioning back to in person meetings with U.S. HCPs?</p>	<p>A few comments included:</p> <ul style="list-style-type: none"> <i>Our initial challenge is to strike a balance to between virtual and in-person events. COVID has provided a great opportunity for us to see people are willing to attend virtual training events. We plan on reducing in-person events.</i> <i>We see an opportunity in taking advantage of the new tools that people have become more comfortable using and how it might increase efficiencies / reduce some of the need for travel.</i> <i>Adapting to the DOJ guidance in a meaningful and realistic way.</i> <i>I think that virtual meetings have proven physicians' interest in learning notwithstanding the fact that in most instances there was no 'setting' 'location', 'meals' or related 'alcohol' provided. There is an opportunity to revise our internal rules and have additional discussions with sales and marketing about what is really necessary to offer while providing education or promoting our devices.</i> <i>Managing pent-up demand for in person meetings by the commercial teams.</i> <i>challenge = reduced access to HCPs</i>

	<p>opportunities = improved engagement</p> <ul style="list-style-type: none">• <i>We do not see a great challenges - we just want to refresh our policy in light of COVID learnings and any recommendations coming out of the recent OIG alert.</i>• <i>Re-evaluating the business need</i>
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Range of Per Person Breakfast Spend Limits: \$20-\$150

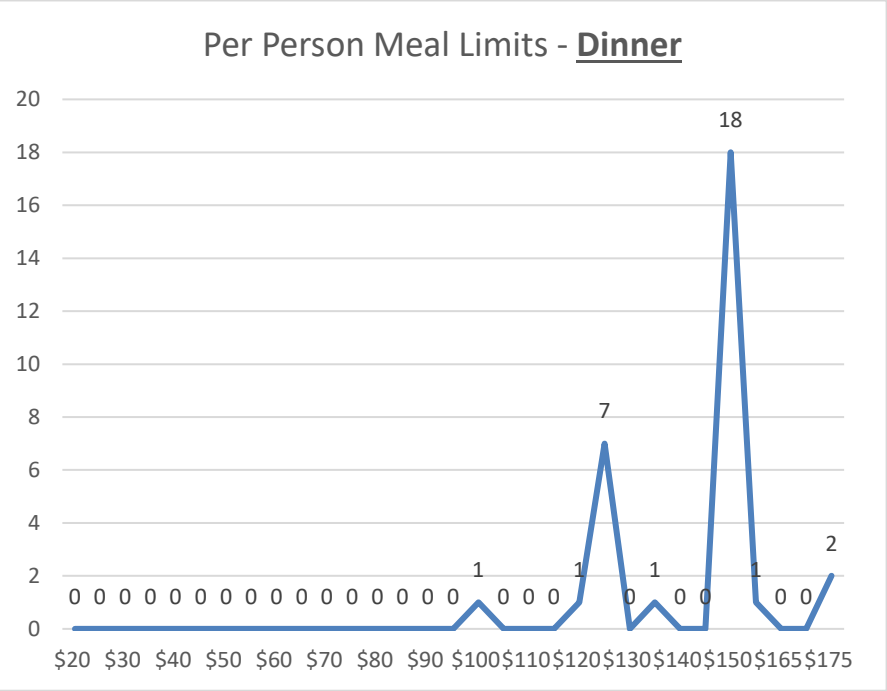
Most Common Per Person Breakfast Spend Limit: \$50



Range of Per Person Lunch Spend Limits: \$20-\$150

Most Common Per Person Lunch Spend Limit: \$50





Range of Per Person Dinner Spend Limits:
\$20-\$175

Most Common Per Person Dinner Spend Limit: \$150

<p>What formula or methodology do you use to set your per person spending limits? (Select all that apply)</p>	<ul style="list-style-type: none">• Approximately 72% responded that they use benchmarking data about peer companies' meal limits to set their own limits• Approximately 20% responded that they do not have a separate methodology for establishing their meal limits• Approximately 12% responded that they use a vendor or consultant to help set limits• Approximately 10% responded that they use the same meal limits as their employee only limits• Approximately 10% responded that it uses IRS or government guidance to set meal limits.
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	<ul style="list-style-type: none"> • Respondents indicating “other” indicated they look at enforcement actions and research with other companies’ policies.
Which of the following meals do you exempt from your US HCP meal spending limits? (Select all that apply)	<ul style="list-style-type: none"> • Approximately 83% indicated that they have no exceptions to their meal spending limits • Approximately 4% responded that they except meals held in connection with third-party educational conferences from their meal spending limits • Approximately 4% responded that they except “large group meals” from their meal spending limits

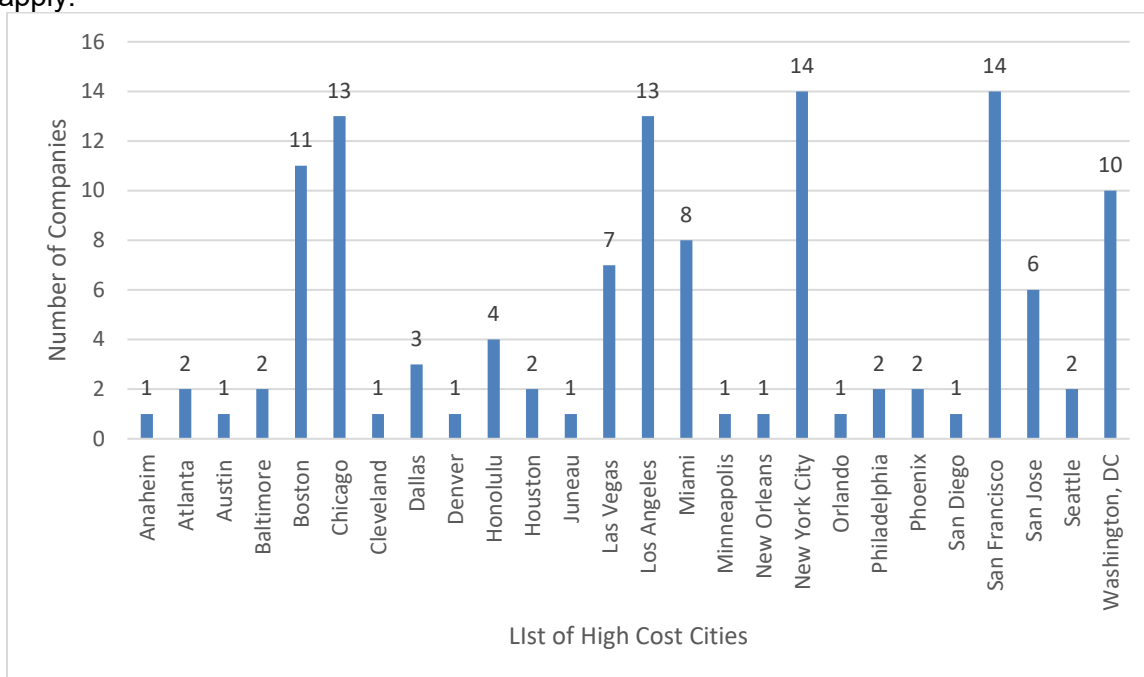
HIGH COST CITIES

Do your meal spending limits vary based on geography within the United States (for example, meals in NYC are subject to a higher limit)?	<ul style="list-style-type: none"> • Approximately 68% of companies responded that their meal policy spending limits do not vary based on geography within the United States. • Approximately 32% of companies responded that their meal policy spending limits vary based on geography within the United States. • Only some companies listed their high-cost city spending limits, which ranged from \$150 per person to \$190 per person
What methodology do you use to calculate your higher meal spending limits? (Select all that apply)	<p>Of the companies who maintain higher spend limits for high cost cities:</p> <ul style="list-style-type: none"> • 8 indicated that they increase standard US HCP meal limits by a specific dollar value (ex: high cost city limits are \$25 per person more than our standard meal limits) • 11 companies indicated that they use benchmarking data about peer companies’ meal limits in high cost

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	<p>cities</p> <ul style="list-style-type: none"> • 1 company indicated that it uses IRS or other government guidance to form the basis of our meal limits • 1 company uses the same meal limits for employee-only meals • 1 company uses a vendor or consultant to assist in establishing meal limits in high cost cities • 4 companies increase standard US HCP meal limits by a specific multiplier (ex: high cost cities are 20% higher than our standard meal limits)
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Companies with higher spend limits in high cost cities indicated that the following are the high cost cities to which their policies apply:



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OTHER DETAILS

Do your meal spending include or exclude tax and/or tip from the calculation?	<ul style="list-style-type: none"> 86% indicated that their meal spending limits include tax 93% indicated that their meal spending limits include tip 76% indicated that their meal spending limits include both tax and tip
Do your meal spending limits vary based on the setting of the meal (for example, a restaurant meal vs. a meal subordinate to an in-service program at a doctor's office)?	<ul style="list-style-type: none"> 82% indicated that their meal spending limits do not vary based on setting of the meal.
Does your company have limits on the frequency or number of times that an employee can provide a meal to a specific HCP?	<ul style="list-style-type: none"> 74% indicated they do not have limits on the frequency an employee can provide a meal to a specific HCP.
Does your company have a requirement that there must be a minimum ratio of employees to U.S. HCPs at a meal?	<ul style="list-style-type: none"> 86% indicated there is not a requirement by the company to have a minimum ration of employees to U.S. HCPs at a meal.
Does your company prohibit splitting checks at meals with U.S. HCPs?	Approximately 63% of companies responded that their meal policy prohibits splitting checks with U.S. HCPs.
Does your company maintain an annual aggregate spending cap on meals with U.S. HCPs?	<p>Approximately 80% of companies responded that they do not maintain an annual aggregate spending cap on meals with U.S. HCPs.</p> <p>Approximately 20% of companies responded that they maintain an annual aggregate spending cap on meals with US HCPs:</p> <ul style="list-style-type: none"> 2 companies indicated an aggregate cap for California HCPs 7 companies indicated standard per employee per HCP annual spend cap ranges between \$1000 – 2000 per HCP per year 2 companies indicated that they apply certain Stark Law caps due to the nature of their business



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Do you apply your US meal limits to interactions with US HCPs when they are traveling abroad?	<ul style="list-style-type: none"> Approximately 72% of companies (compared to 75% in 2018) indicated that they apply their US meal limits to interactions with US HCPs when they are traveling abroad.
<u>Government Employees</u> Does your company have separate meal limits for interactions with US HCPs who are local, state, or federal government employees?	<ul style="list-style-type: none"> 80% of companies (an increase of 5% compared to 2018) indicated that they do not have separate meal limits for US HCPs who are also government employees Comments included: "Meals with government employees strongly discouraged," while 3 companies indicated they do not allow employees to provide meals to government employees
<u>Alcohol at Meals</u> What limits does your company place on providing alcohol in connection with US HCP meals? (Select all that apply)	<ul style="list-style-type: none"> Approximately 26% of companies do not place limits on alcohol Approximately 30% of companies prohibit alcohol-only interactions Approximately 20% of companies limit attendees to a certain number of drinks per person Approximately 14% of companies limit certain types of alcohol but not others (for example, shots) Zero companies indicated that all alcohol is prohibited Comments included: "alcohol cannot account for more than 30% of the total bill"; another company indicated a limit of two drinks per person; others indicated "reasonableness"
Are your US HCP meal spending limits the same as your employee-only meal spending limits?	<ul style="list-style-type: none"> Approximately 90% of companies indicated that their US HCP and employee-only meal limits are not the same
Is your company subject to a settlement agreement that requires you to undertake specific compliance measures?	<ul style="list-style-type: none"> Only five companies indicated that they are subject to a settlement agreement that requires specific compliance measures



	<ul style="list-style-type: none">• Of these, none of the specific compliance measures relates to establishing meal spending limits (consistent with 2018 data)
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