

AdvaMed Device and Diagnostics Compliance Group Benchmarking

February 2023

Travel

BACKGROUND

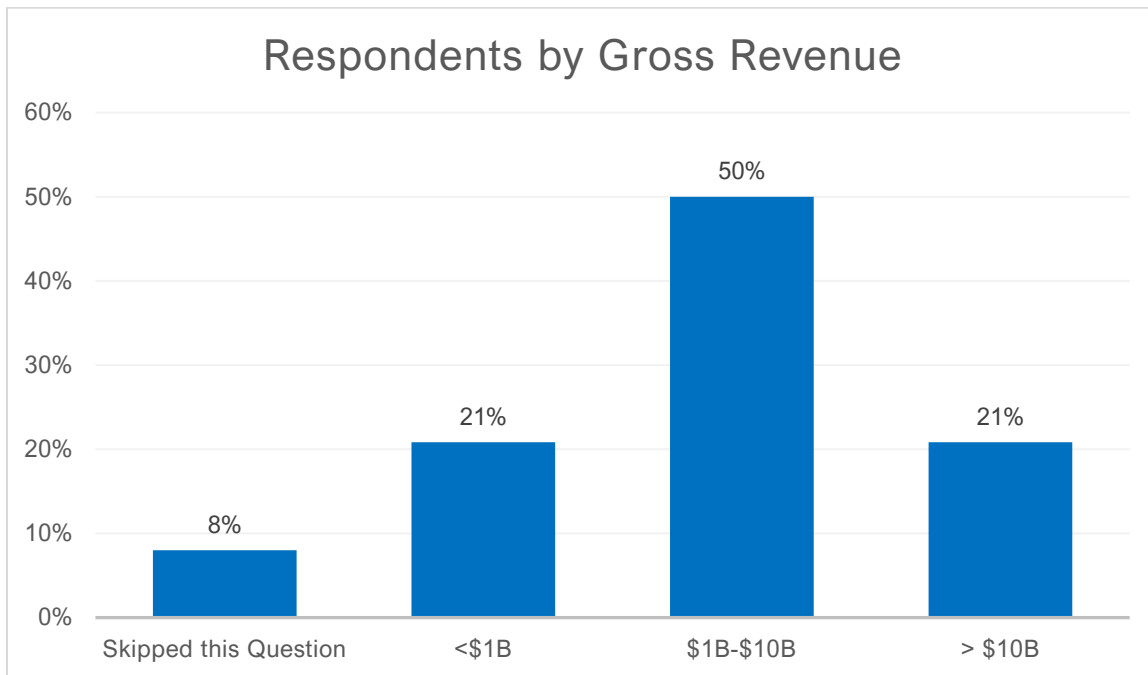
AdvaMed surveyed its members regarding their policies on travel for U.S. Health Care Professionals (US HCPs). 24 companies completed the survey in December 2022 and January 2023. This document summarizes the survey responses, including additional commentary submitted by some (but not all) companies. The responses reflect a broad cross-section of company policies and is not intended to reflect all medical technology company policies on travel.

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

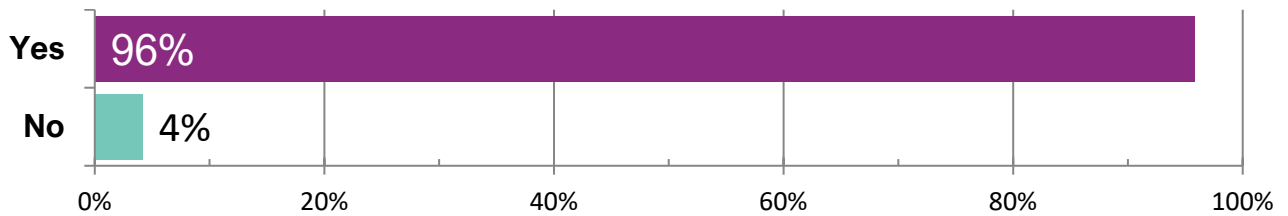
Note: AdvaMed periodically gathers and shares information from Member companies in order to assist companies in understanding industry trends and practices when the information is not competitively sensitive. In all cases, it is understood by AdvaMed and its Members that any company policy or practice that is adopted as a result of this sharing of information is done voluntarily and is a decision by the individual member. 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 travel for U.S. HCPs.

DEMOGRAPHIC INFORMATION

Respondents reflected a broad cross-section of company sizes (by annual gross U.S. revenue from device and diagnostics technologies) and sector:



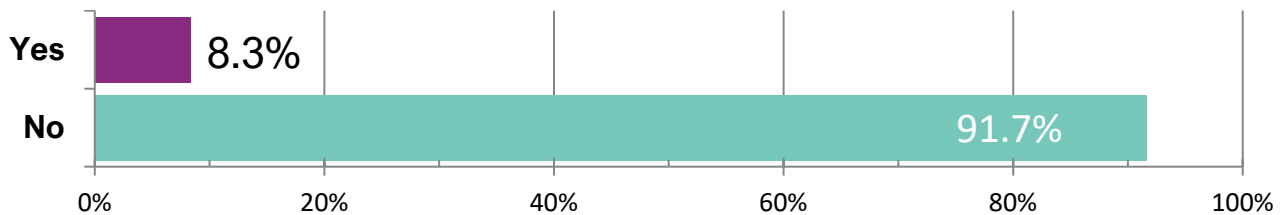
1. Does your Company have an established policy concerning HCP Travel?



Comments:

- We have a policy involving allowable expenses, airline class of service, and time before or after a meeting that HCPs can arrive and leave.
- Travel for HCPs Policy provides guidance regarding restrictions and rules for HCP travel. Additional requirements are outlined in the HCP's contract. Travel guidance for HCPs while traveling to provide services is aligned with employee travel rules and requires that the company books the travel.
- HCP travel is covered in an overarching HCP policy, but there isn't a specific HCP travel policy.

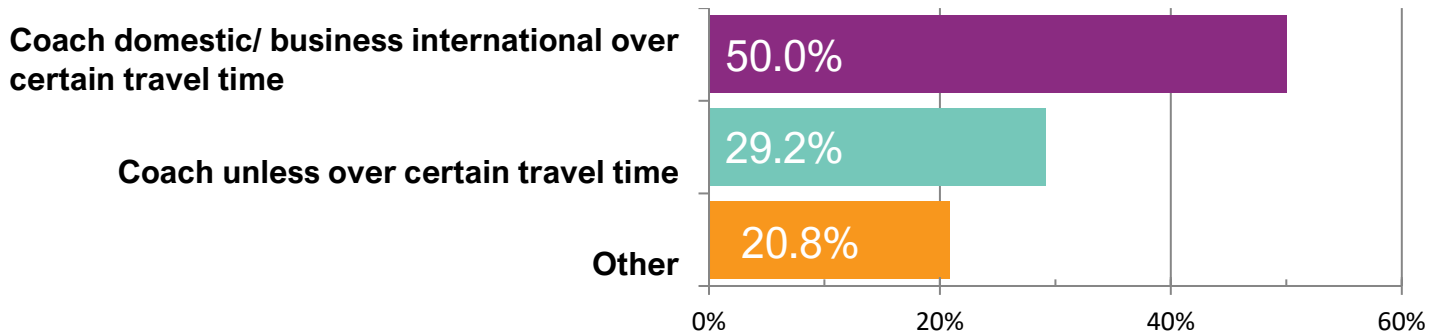
2. If an HCP will be traveling with a spouse or guest (that does not have a business interest in the purpose of the travel), do you allow the company to assist with booking the HCP's companion travel, so long as the company does not pay for the companion's ticket?



Comments:

- There would need to be an exception made, and the HCP would have to provide their credit card information in order for this to occur -- if asked, we would generally say no and let the HCP know that once their travel is booked, they may then make any needed changes directly with the airline (for example).
- Spouse or guest can attend, but we do not book or pay for any of their travel.
- The company does not assist an HCP with booking the HCP's companion travel.
- Not expressly permitted by policy, and we do not pay for or reimburse for such spouse or guest travel, but the vendor system we use does not prohibit it as a practice.

3. What class of travel does your company allow for HCPs?



ANSWER CHOICES	RESPONSES
Coach for domestic travel, Business for International travel over a certain amount of travel time (Please specify the threshold in the Comments field)	50.0%
Coach, unless over a certain amount of travel time (Please specify the threshold in the Comments field)	29.2%
Other (Please describe in the Comments field)	20.8%

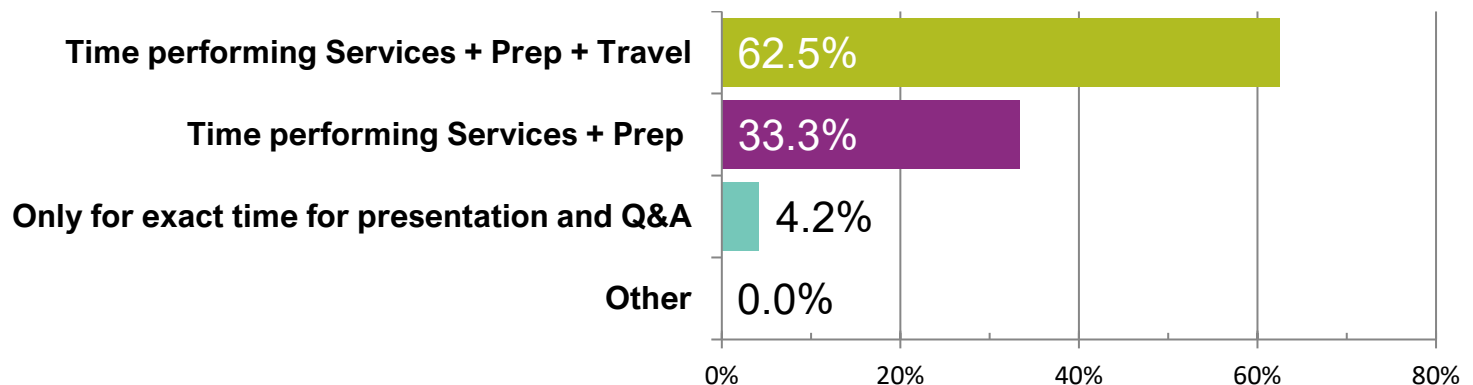
Comments

- Business class for flights over 4 hours.
- Business travel over 5 hours of flight time.
- 5 hours of flight time is the threshold.
- Business for international travel that is 5+ hours.
- Business class if a single flight segment is equal to or greater than 5 hours.
- Premium coach is permitted for domestic flights that are 5 hours or more and Business class is permitted for international travel.
- Travelers are booked economy class for flights less than five (5) hours. If any flight is longer than 5 hours, the next-higher class is permitted—however International First Class is not permitted.
- Coach for flights within North America; Business allowed for travel outside of North America or in which flight duration one way exceeds 5 hours. This does not include layovers but flight time only.
- Business for flights longer than 6 hours.
- Business class CAN be provided if flight is over 6 hours.
- We permit business class (first, if only a 2-cabin plane) if flight time (not counting layovers) is 6 hours or greater for at least one leg of a roundtrip.
- Where flight time is less than 6 hours – Economy; Where flight time is 6-9 hours – Economy, Premium Economy/Economy +; Where flight time is 9 hours or more – Economy or Business Class.
- Economy unless (1) consultant under active service agreement where longest leg of flight is 7 hours or more or (2) attendee (non-consultant) where longest leg of flight is 10 hours or more - in which case the HCP is eligible for business class travel.
- 10 hours for international travel.
- Company permits economy travel, including “economy plus” or similar priority seating areas in the

economy class. HCPs are permitted to travel in business class on intercontinental trips (i.e., travel from one continent to another, such as North America to Europe) or flights that are at least eight hours long. However, if business class is not offered on any specific Intercontinental trip or trip with at least eight hours of continuous flight time, HCPs are then permitted to travel in first class.

- HCPs attending a course fly coach. Some HCP consultants fly business class, per their contract.
- Only coach.
- Coach, with any exceptions requiring a high level of approval.
- 1. Only an HCP Consultant under a Consulting Services Agreement or Product Development Agreement may fly Business/First Class. 2. All other HCP Consultants may fly Premium Economy Class. 3. All Non-Consultants must fly Economy/Coach Class, unless actual flight times exceed five (5) hours, in which case, they may fly “Premium Economy” Class. “Premium Economy” refers to the “upgraded” section of the Economy/Coach Class cabin, however each individual airline may designate such section. It also includes “Early Bird Boarding” on Southwest Airlines.

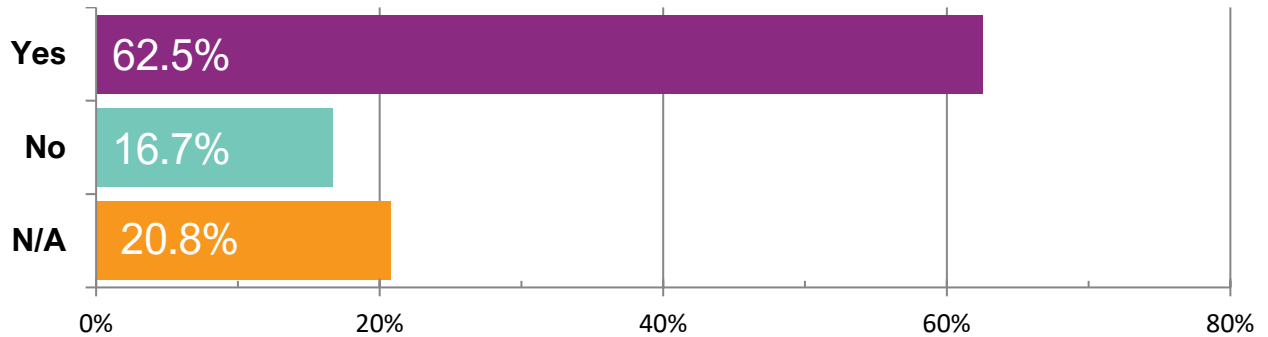
4. For physicians speaking or training at a company event (e.g. National Sales Meeting), how do you calculate the service time?



Comments:

- Travel time is paid at 1/2 rate.
- Travel time is paid at 50%.
- Travel time is compensated at 50% of the full rate (i.e. FMV rate).
- Time performing services and prep time are approved in advance of the speaking engagement. Travel time is based on pre-determined caps and compensation is at 50% of hourly consulting rate.
- Paying for travel time is allowed, but not always done and only at 50% of their hourly rate.
- Travel time to provide services is paid at the 1/2 rate and is capped at a maximum of 8 hours for each leg of the trip.
- Travel time and prep time are pre-approved.
- Not all activities require prep and/or travel time.
- Note: for travel time we have standard/preset distance payments.
- We currently do not pay for travel time, but we are reassessing and may allow, but we would not pay full rate, and only if travel exceeds x hours.

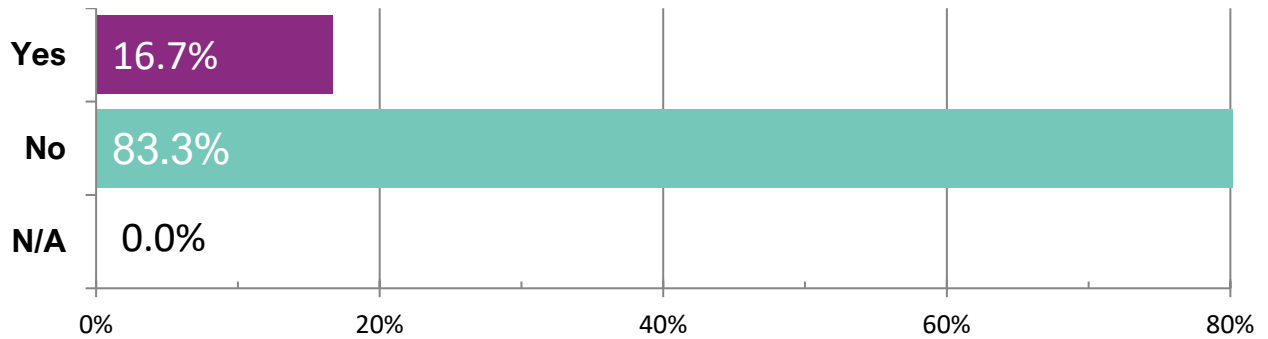
5. Does your company limit the number of hours of travel a healthcare professional consultant may be compensated for per day (e.g., time cap or fraction of hourly rate)?



Comments:

- Note: for travel time we have standard/preset distance payments.
- Not a total cap - but each travel time is pre-approved based on distance traveled.
- Travel time is compensated for up to 6 hours per day prorated to the nearest quarter hour.
- Travel time to provide services is paid at the 1/2 rate and is capped at a maximum of 8 hours for each leg of the trip.
- Travel time is paid at 1/3 or 1/2 regular rate, and we do not pay for more than 8 hours of travel in a day.
- In the U.S. & Canada, domestic travel is limited to eight 8 hours each way of travel (16-hour round-trip cap). For international travel, the HCP is limited to 24 hours each way of travel (48-hour round-trip cap).
- Travel is based on pre-determined caps and compensation is at 50% of hourly consulting rate.
- We only pay 50% of hourly rate for travel time, and the total time per day we pay for is 6 hours at regular hourly rate.
- We have a table that sets out maximum travel time that we will pay based on distance of travel. We pay supplemental travel compensation at 50% of an HCP's FMV hourly rate.
- Maximum to be paid in one day is 10 hours of work + travel.
- The maximum compensation for travel and consulting services is 10 hours per day. A round trip is defined as the time taken for the HCP to travel from door-to-door.
- As it relates specifically to consulting payments for travel time, we cap at 12 hours which would only be offered if the one-way distance of travel is more than 7000 miles. We pay travel time based on distance traveled as opposed to per day.
- Maximum of 12 hours (one way) in one day.
- We don't compensate for travel time.

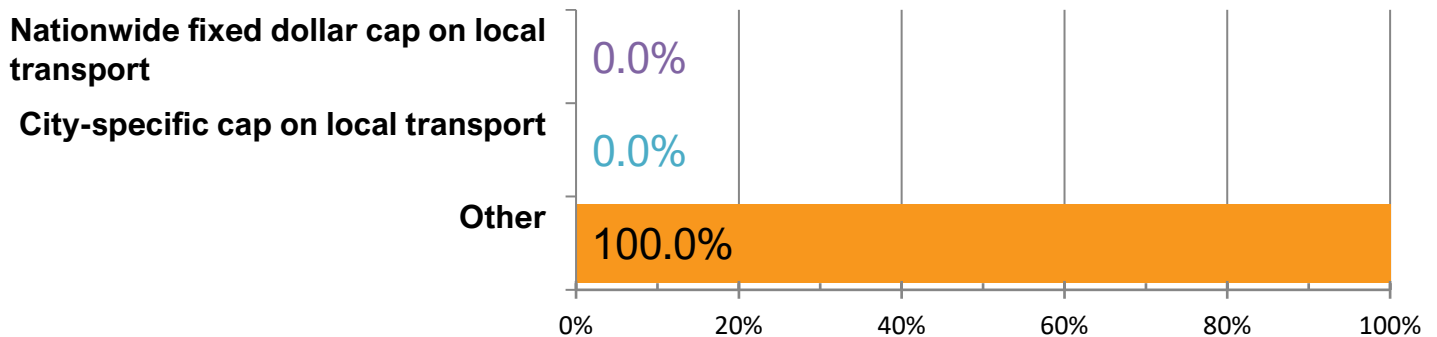
6. Does your company have an annual spend limit per HCP (for travel, meals and accommodations)?



Comments:

- No limit for U.S. HCPs.
- No limit for HCP Consultants under contract but we monitor to Stark limits for non-consultants.
- We have max hours in our contracts.
- We have fee caps in our contracts, but not expense reimbursement caps.
- Limit for meals only: \$1000 annual limit with the exception of states with more restrictive local laws and the following exception: 1. Physicians referring business to one of the company's labs have a \$350 limit for all business courtesies (meals, education items, travel and lodging expenses, etc.).
- We have a cap on total compensation that can be provided to HCPs, which includes travel, meals, and accommodations.
- \$75,000 for a calendar year unless an exception is approved by compliance.

7. If your company covers local transportation, does your company utilize one of the following limitations?

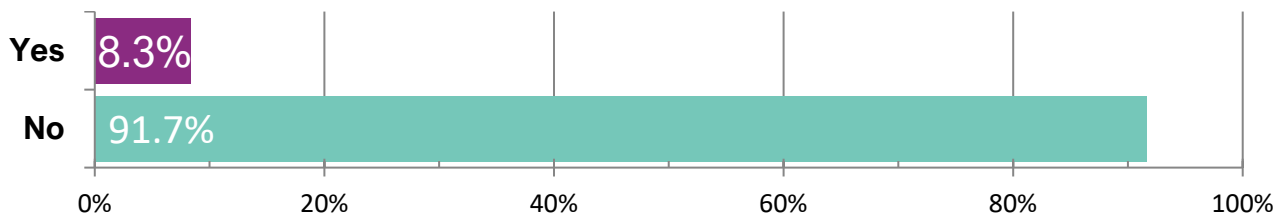


Comments:

- Seven comments provided that there are no limitations/fixed caps on local transportation.
- Transportation must be reasonable.
- No specific cap, however, it must be reasonable. For example, we would not reimburse for the rental of a luxury car or limo.
- Prohibit stretch limos and similar luxury/specialty transportation services.

- We reimburse for reasonable (no limos or luxury rideshares) transportation expenses based on the submitted receipt.
- Will pay/reimburse only the reasonable cost of other forms of ground transportation, including trains, buses, shuttles, taxis, and rideshare services, with appropriate receipts. Will not pay/reimburse costs for limousine/private car transportation. Will reimburse HCP Consultants for reasonable ground transportation-related costs, including parking and tolls. Will not reimburse HCP Consultants for the cost of any traffic tickets, parking tickets, toll violations, or similar expenses that are not necessitated by company-related travel itself.
- No fixed dollar cap and no city-specific cap for local transportation. The transportation just needs to be supported by a valid receipt. Rental cars are not covered without legal approval.
- We reimburse Uber, Lyft, Taxi; we do not allow use of personal car for local transportation.
- We have a per day guidance that is applied on an individual trip basis.
- Company will arrange for local travel if needed, utilizing a company approved vendor.
- If the HCP is not traveling, we do not cover local transportation to an event.

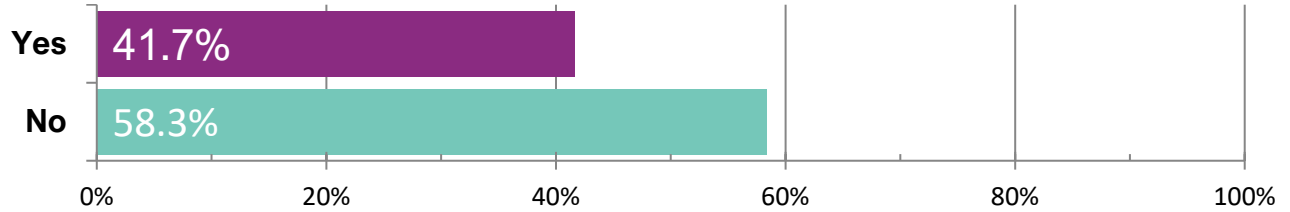
8. Does your company have a minimum time requirement for a physician speaking engagement in order to permit compensation and / or covering travel expenses.



Comments:

- Services must total at least 15 minutes.
- We require a legitimate business need for any paid consultancy -- any de minimis speaking engagement would be questioned as a potential issue.
- Services that total less than 45 minutes (including prep) are not compensable.
- Where practical, company engages those HCP Faculty that are local to such engagements. Furthermore, we strive to ensure that the amount of travel is commensurate with the business or educational purpose (e.g. we would not typically fly an HCP across the globe for a single dinner meeting).
- Compensation for services based on actual time.
- N/A - we don't compensate for travel time.

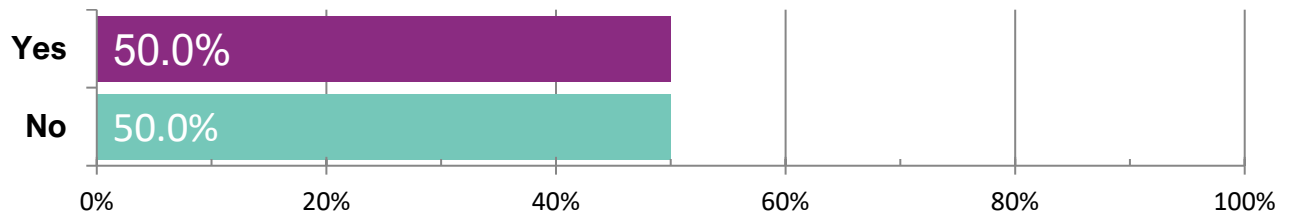
9. Does your company allow HCPs to book travel directly, then expense?



Comments:

- Not preferred but allowable.
- It may happen from time to time, but our agreements require the Company to book travel.
- Our policy is for HCPs to book through our company travel agency.
- In general, we book all HCP travel. However, in rare circumstances HCPs are permitted to book and pay their travel directly and we reimburse the HCP provided the HCP booked the travel within the parameters of our HCP Travel Policy.
- HCPs can book travel directly and then request reimbursement only if approved in advance by compliance and based off a legitimate need.
- Not per policy. But we may allow exceptions.
- All HCP travel must be booked through a travel agency designated by the company.
- All travel must be booked by the company.
- No in the USA, but yes in limited OUS countries.

10. Does your company cover planned layover time for HCPs?

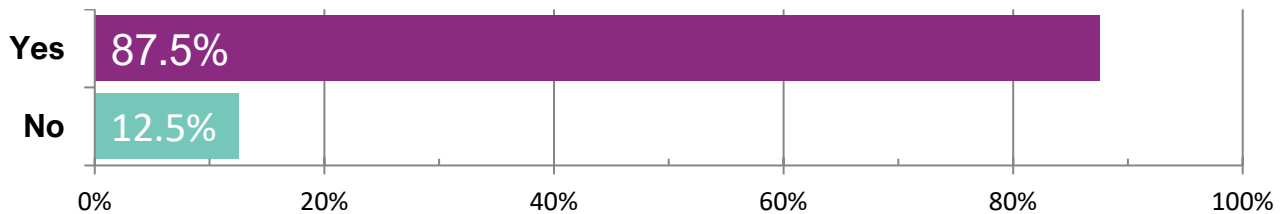


Comments:

- Our travel time compensation is based on distance traveled not necessarily time spent traveling.
- It is average travel time based on distance.
- Company covers planned layover time only if the travel meets the rules of closest in time/closest in location.
- Maximum 8-hour total travel time including layovers at 1/2 rate for each leg of the trip.
- Total travel up to maximum.
- For travel time, there is a cap of 15 hours round trip for domestic travel and 30 hours round trip for international travel. A round trip is defined as the time taken for the HCP to travel from door-to-door.
- Subject to our cap on total allowed travel time.

- Subject to daily caps for HCP travel time.
- Although they should be reasonable, and there is a cap on amount of travel time that will be paid in a day.
- The policy specifies flight time.
- We don't compensate for travel time.

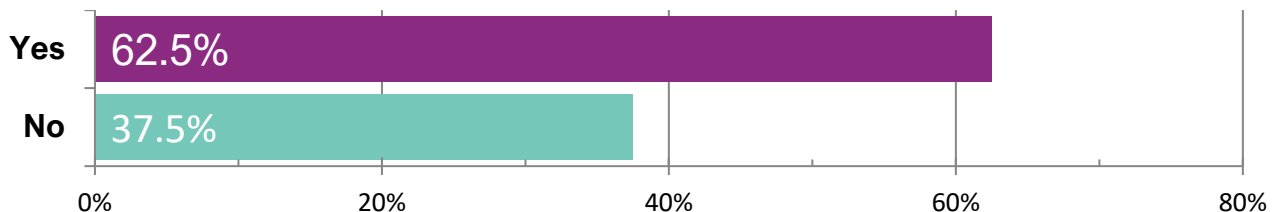
11. Does your company utilize the IRS method for reimbursement (i.e., maintenance, gas, miles) if an HCP is driving their personal vehicle to/from the speaking engagement?



Comments:

- Must be less than flight cost.
- While we do not pay mileage or fuel, we do pay for 50% of their travel time.
- We do not allow personal vehicle usage.

12. Does your company cover unplanned travel delays for HCPs (i.e., delays no fault of the HCP)?

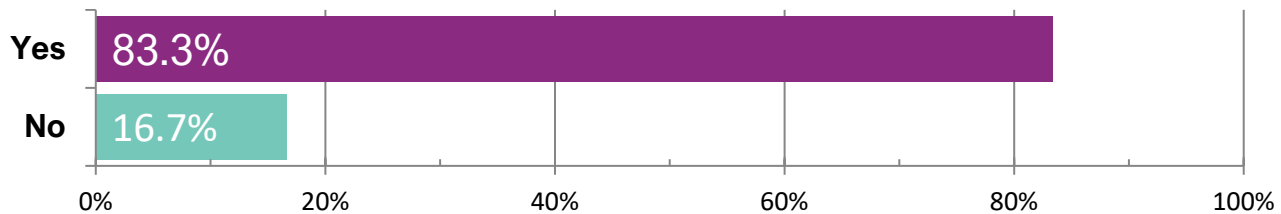


Comments:

- Four comments indicated that unplanned travel delays are covered on a “case-by-case” basis.
- Potentially, but it all depends on the circumstances.
- Not generally - but exception for unusual circumstances are considered.
- We pay travel time based on distance traveled as opposed to time spent traveling. If the delay caused a need to rebook, schedule accommodations or incur other travel-related expenses (meals and other incidentals), we would pay or reimburse for those.
- Unplanned expenses must be approved by an Exceptions Committee.
- There is a cap on amount of travel time that will be paid in a day (regardless of whether any delay is planned or unplanned).
- For travel time, there is a cap of 15 hours round trip for domestic travel and 30 hours for round trip for international travel. A round trip is defined as the time taken for the HCP to travel from door-to-door.

- Based on contract and specific situation, e.g., we may reimburse for meal if the layover is longer than originally scheduled.

13. Does your company have limits in connection with extended stays unrelated to the business purpose for HCP travel?



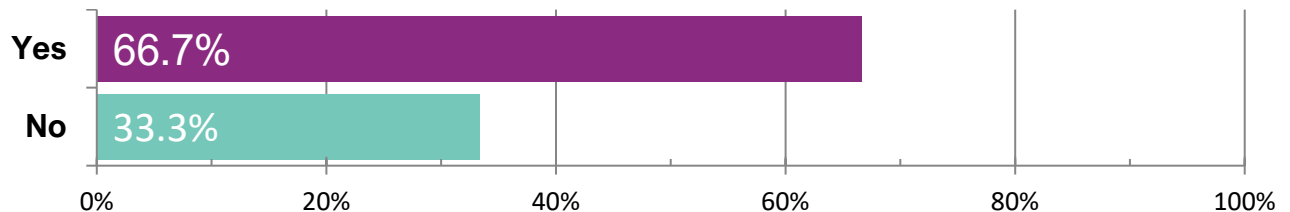
Comments:

- Seven comments noted that expenses related to extended stays/stays not related to a business purpose are not covered/reimbursed.
- In general, we do not allow extended stays for any reason, but we may make the occasional exception based on facts and any exigent circumstances.
- Travel arrangements should not cover a period of stay beyond the duration of the event as defined by the agenda. The HCP attending the event should leave at the end of the event. To allow for the HCP to travel during reasonable hours, it is acceptable for the HCP attendees to arrive and leave within 24 hours of the start and end of the event.
- We require HCPs to depart within 24 hours of the event in order to pay for return travel.
- Company only covers travel-related expenses tied to actual engagement dates. Only exception would be if HCP's combination of origin/destination or schedule requires them to travel in a day early.
- 48 hours total before and after event.
- In general, will not pay for extra nights of accommodation or other incidentals beyond the time necessary to attend the meeting or event. If an HCP chooses to extend trip for personal reasons, we will not cover additional costs related to upgrades, changes or extensions. Extensions should not exceed length of official business trip (if business trip is two days, extension cannot exceed two days).
- Closest in time, Closest in location rule. If change by HCP for personal reasons causes an increase in the cost of the ticket, company travel is permitted to book the HCP's travel or lodging; however, the HCP must pay for any increase in cost or associated fees. Company will only pay for the airfare and lodging costs that company would have incurred had the HCP not changed/his/her travel or lodging arrangements. Company Travel will require HCP's personal credit card to be used for the charges.
- Health Care Professionals who choose to extend travel dates before or after a training course or consulting engagement to allow for personal travel must do so at their own expense.
- We don't book travel for extended stays. If the HCP wants to re-arrange their travel to accommodate personal travel, they are free to do so at their own expense.
- HCP will only be compensated for the time company needs their services, and will not cover lodging, meals, etc. during any extended stay. If the extended stay increases the cost of the flight, the HCP will need to cover that additional cost.
- As a rule, we do not allow for extended stays. Once the company purchases the HCP's ticket, the HCP can make changes at their own expense, to include ticket change fees and other expenses.

Additionally, the company will not assist in any way with accommodations, etc. if an HCP decides to extend their stay.

- As long as it doesn't change the cost or interfere with the primary purpose, we generally do not prohibit it.

14. Does your company have limits in connection with bookend travel (e.g., a return flight to a destination other than the HCP's originating airport)?



Comments:

- Yes, we will allow it as necessary falling within the costs of conducting business.
- Travel expenses are generally limited to those for a direct itinerary to and from the HCP's point of origin and location of meeting or event. Will not pay for unnecessary "stop-over" or "side" trips to other destinations.
- Requires case-by-case review and approval.
- Case-by-case basis - HCP would need to provide rationale for the different destination for the return flight.
- These are looked at on a case-by-case basis to ensure it is reasonable.
- We require HCPs to depart within 24 hours of the event in order for company to pay for return travel.
- Company does not reimburse for bookend travel.
- The cost of travel to or from alternate locations must be equal to or less than travel to home.
- As long as cost is not significantly impacted.
- Generally, we don't allow return flights to a different destination. However, depending on circumstances, we may make an exception that is approved by E&C and business leadership.
- In general, we do not permit this, but we may make the occasional exception based on facts and any exigent circumstances.
- The facts of the actual circumstances need to be considered to determine if the company can pay for the HCP to travel to a city different from their city of origin to ensure the HCP is not receiving any benefit.
- We review individually and handle accordingly (looking at the cost, rationale, etc.). Example: if the different airport requested is due to personal plans, or in relation to a third-party educational conference (i.e. AAOS), and there is an additional cost, the HCP will be responsible to pay the difference. However, if to accommodate other company business, or if there isn't any additional cost for the bookend travel, we may cover.
- Typically, we figure out cost of flight from and to the company event destination. We permit a request to change the incoming or outgoing flight, provided the cost to company is the same or less.
- Not permitted.

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- Currently, no, but new HCP travel policy is under development, which will address this issue.
- Once the company purchases the HCP's ticket, the HCP can make changes at their own expense, to include alternate destinations. Additionally, the company will not assist in any way with accommodations, etc. if an HCP decides to extend their stay.