

St. David's HEALTHCARE

Process for Honoraria and Reimbursement of Expenses for Planners, Teachers, and/or Authors

PURPOSE:

To ensure that St. David's HealthCare has a mechanism in place for managing honoraria and reimbursement of out-of-pocket expenses for planners, teachers and author who are associated with CME accredited activities. **(C8 SCS 3.7-3.8)**

It is appropriate for faculty of conferences and enduring materials to accept reasonable honoraria and to accept reimbursement for reasonable travel, lodging, and meal expenses.

PROCESS:

St. David's HealthCare (SDH), as a TMA-accredited CME provider, will determine the amount of faculty honoraria for CME activities. In the event that SDH collaborates with a joint provider or designated educational partner, all parties must pay directly any teacher or author honoraria or reimbursement of out-of-pocket expenses in compliance with this policy.

- Honoraria will be paid in compliance with HCA policy MM.004.
- Honoraria and reimbursement of out of pocket expenses will require preapproval by the CMO or facility CEO, Legal department, and/or Division CEO.
- The amount of honoraria will be determined using the following criteria:
 - Expertise of proposed faculty
 - Market value (faculty requested)
 - Status of proposed faculty
 - Amount of confirmed grant money
 - Amount of registration fee that could be charged
 - Number of expected participants
- Representatives of industry or other financial contributors shall not influence the amount of the honorarium for the activity.
- No other payment shall be given to the director of the activity, planning committee members, teachers or authors, joint provider, or any others involved with the supported activity.
- If teachers or authors are listed on the agenda as facilitating or conducting a presentation or session, but participate in the remainder of an educational event as a learner, their expenses can be reimbursed and honoraria can be paid for their teacher or author role only.
- Commercial support cannot be utilized to pay for travel, lodging, honoraria, or personal expenses for non-teacher or non-author participants of a CME activity. Commercial support may be utilized to pay for travel, lodging, honoraria, or personal expenses for bona fide employees and volunteers of the provider, joint provider or educational partner.
- Travel expenses for speakers shall be reimbursed as outlined in the Physician Speaker Agreement HCA-103.
- Speakers will complete a written agreement and shall submit accurate time records and receipts documenting all time spent and expenses incurred in providing services for the CME activity.

The planning committee for each activity should determine specific guidelines for implementing this policy.

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EFFECTIVE DATE: April 1, 2013	REFERENCE NUMBER: MM.004
APPROVED BY: Ethics and Compliance Policy Committee	

SCOPE: All Company-affiliated facilities including, but not limited to, hospitals, ambulatory surgery centers, home health agencies, physician practices, service centers, and all Corporate Departments, Groups and Divisions that sponsor Continuing Medical Education (“CME”) and other educational activities (“Educational Events”). This policy does not apply to HealthTrust Purchasing Group.

PURPOSE: To provide direction for the receipt of educational grants from Vendors to help underwrite the costs of Educational Events and for payments to physicians or other potential referral sources for their participation in Educational Events sponsored by a facility, or a Division or corporate office.

POLICY:

1. Payments to speakers and others providing services for Educational Events.

All payments to physicians, other potential referral sources, and any other individuals (including members of their immediate family), for speaking or otherwise providing services for any Educational Event, must be made in accordance with a written agreement. The amount of compensation must not exceed fair market value for the services performed. (See the General Statement on Agreements With Referral Sources; Approval Process Policy, LL.001.)

2. Grants from Vendors.

A facility may accept funds from a Vendor only when the:

- Facility is a sponsor of the Educational Event;
- Educational Event content and speakers are determined by the facility and not the Vendor;
- Primary purpose and content are for education and not a marketing vehicle for the Vendor;
- Educational Event funds are not conditioned on any other business transaction;
- Facility and the Vendor enter into a written agreement; and
- Educational Event is otherwise legitimate and bona fide.

DEFINITIONS

Educational Events, as used herein, refers to those events for which the attendees may receive certification towards their professional CME requirements, as well as any other activities that are provided for general educational purposes and are sponsored by a facility. Educational Events shall also include educational activities sponsored, at least in part, by the facility for patients and residents of the community served by the facility (e.g., a diabetes care or hypertension program, a health fair or a healthcare vendor fair).

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Health fair, as used herein, refers to program open to the public where a facility provides certain medical services and information to those in attendance.

Healthcare vendor fair, as used herein, refers to a program open to the public at which Vendors are permitted to operate booths to provide medical services and information to those in attendance.

Vendors, as used herein, refers to pharmaceutical manufacturers, medical device manufacturers, and other suppliers of medical products, equipment and services.

PROCEDURE:

A. Vendor Funding for Educational Events

1. The Educational Event must be created for the primary purpose of promoting objective scientific or educational activities, and not as a marketing vehicle for Vendors. In no event is any request for, or acceptance of, a Vendor contribution for an Educational Event or Educational Event function to be conditioned on, in any manner, implied or express, with the conduct of business with the Vendor or the amount of business conducted with the Vendor.
2. If the Educational Event is intended to provide CME credit to anyone in attendance, in addition to compliance with the requirements set forth in this Policy, the Educational Event must be offered and presented in accordance with appropriate accrediting body standards. Accrediting body standards can be found for the Accreditation Council for Continuing Medical Education (AACME) at <http://www.accme.org/>, for the American Nurses Credentialing Center (ANCC) at <http://www.nursecredentialing.org/>, and for the American Council on Pharmaceutical Education (ACPE) at http://www.acpe-accredit.org/frameset_AppProv.htm. Other accrediting bodies may have similar guidelines that must be followed if accreditation is sought from such organizations. For Educational Events at which attendees will be healthcare professionals, even when no CME credits are provided, compliance with the appropriate accrediting body standards is recommended.
3. The facility must be the principal sponsor of Educational Events. As the principal sponsor, the facility is responsible for:
 - Identification of CME needs;
 - Determination of educational objectives and content;
 - Selection of speakers, faculty and others required for providing the Educational Event;
 - Selection of educational methods and materials;
 - Determination of event schedules and location and related activities; and
 - Selecting the invitees.

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All of the above must be substantially completed before financial contributions from Vendors are requested, provided, or accepted. The substantive component of the event must predominate over any entertainment, meals or recreational activities.

4. Vendor funding may be received to underwrite part, but not all, of the cost of an Educational Event. A written agreement must indicate the amount of Vendor funding and its purpose, and any other relevant terms and conditions.
5. Vendor funds must be used to pay legitimate expenses related to the Educational Event, including speaker and faculty fees and expenses, administrative costs, reasonable and modest meals and refreshments, room and equipment rental, supplies, and educational materials. Payment should be by the Vendor directly to the sponsoring facility and not to the speaker or other provider for the activity. Accounting for Vendor funding of Educational Events must comply with the requirements of Section B below.
6. Vendors may sponsor a function at the Educational Event, such as a reception or meal, and underwrite the entire cost of the activity without processing payment through the sponsoring facility provided the Vendor is responsible for arranging the event (*e.g.*, location, invitations, menu and publicity). The event must be a separate function clearly hosted by the Vendor. Meals, receptions, and hospitality should be modest in value and subordinate in time and focus to the purpose of the Educational Event, and the per person expense shall not exceed the amount for one entertainment event pursuant to the Entertainment Policy (EC.006).
7. A Vendor must be given promotional credit for funding the Educational Event or for sponsoring a function at an Educational Event.
8. Vendor funding of an Educational Event or function at such an event must not be conditioned on the purchase of product by the Company or affiliated facilities, or related to the volume of business conducted with a Vendor.
9. Payments to physicians and other potential referral sources serving as speakers must be made using the [Physician Speaker Agreement \(HCA-103\)](#). The facility CEO must certify that the payment represents fair market value and the services were rendered before payment was made. (See the General Statement on Agreements With Referral Sources; Approval Process Policy, LL.001 and Fair Market Valuation LL.025.) Payments to non-referral sources must be made pursuant to a written agreement comparable to that used for potential referral sources.

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10. Locations for Educational Events should be clinical, educational, conference, or other settings conducive to an educational program. Programs requiring “hands on” training in medical procedures should be held at training facilities, medical institutions, laboratories, or similar appropriate locations.
11. Vendors may purchase advertisement and booth space at facility-sponsored Educational Events, provided such opportunities are made available in accordance with the Vendor Relations Policy (MM.002).
12. Except as permitted in the Providing Free and/or Discounted Training and Equipment to Referral Sources Policy (LL.011) or the Business Courtesies to Potential Referral Sources Policy (EC.005), facilities must charge attendees who are referral sources fair market value fees for attending an Educational Event and must not provide any compensation to referral source attendees for the time spent attending the Educational Event.
13. Neither Facilities nor Vendors may pay for Educational Event-related activities attended by spouses or other guests of faculty or attendees.

B. Accounting Requirements for Vendor Funding of Educational Events

1. The Medicare rules do not provide adequate guidance regarding the specific treatment of funds provided by a Vendor to a facility for educational programs for national contracts. Accordingly, the Company has adopted the most conservative approach and treats such funds as discounts. For individual facilities receiving Vendor funds for Educational Events, the amount received must be offset against the cost of supplies by the particular facility. This requirement applies whether the payment is received directly from the Vendor or the Vendor directly pays the speaker or provider of other program services/items, except for Vendor payments under Paragraph A.6, above. The preferred method, and the method required by this Policy, is for the Vendor to make the payment to the facility and the facility pays the speaker. This insures that both the cost of the speaker and the funds received from the Vendor are separately recorded on the facility’s accounting records for proper treatment in the Medicare cost report. If the Vendor pays the speaker or others directly, the facility must obtain a copy of the payment documentation from the Vendor and make an entry on the facility’s books to reflect the cost paid by the Vendor and record a rebate for the same amount. These amounts must not be netted against other costs of the Educational Event. This is important because the cost of the meeting may be non-allowable but the rebate will be used to reduce the cost of the services or supplies purchased from the Vendor that would otherwise be allowable.

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2. If the Educational Event is sponsored by a Division or the corporate office (or similar corporate subsidiary providing management or support services) and is regional or national in scope, the amount received by the Division or corporate office (or similar corporate subsidiary) will be allocated to the supply costs for all facilities within that Division, or all facilities nationally, respectively.
3. The facility must keep the Vendor funds received for specific educational events segregated in separate general ledger accounts to maintain adequate control of the receipt and use of the funds. All transactions must be supported by adequate documentation. Supporting documentation for withdrawals and expenditures should document the proper approvals and should also clearly document that the funds were used for the purpose intended.
4. Expenses for activities that are not related to patient care, as defined by Medicare, should be segregated in separate accounts to facilitate proper exclusion for Medicare cost reporting purposes. The following are some examples of activities which are not allowable for Medicare reporting purposes: charitable events and fund raising activities, health fairs, community education, educational events for non-employees, alcoholic beverages, gifts and entertainment. The facility should consult the appropriate Reimbursement Department representative regarding specific items. Expenses that are not allowable for Medicare reporting purposes must be excluded from cost reported to Medicare even if funds were received from Vendors under this policy relating to Educational Events. For Medicare reporting purposes, the funds received must be used to reduce the cost of supplies, the same as discounts and rebates.
5. All assets, liabilities, revenues and expenses for Educational Events must be properly reflected in the accounting records of the facility. Revenues received for Educational Events covered by this policy must not be used as a reduction of the Educational Event expense, but reflected in "other revenue – rebates/educational grants."

REFERENCES:

The Fraud and Abuse Laws at 42 U.S.C. § 1320a-7b
The Safe Harbors at 42 C.F.R. § 1001.952(a)-(v);
Company Code of Conduct, March 1, 2012
Business Courtesies to Potential Referral Sources Policy, [EC.005](#)
Entertainment Policy, [EC.006](#)
Vendor Promotional Training Policy, [EC.007](#)

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Records Management Policy, [EC.014](#)

Agreements with Referral Sources Policy, [LL.001](#)

Professional Services Agreements Policy, [LL.002](#)

Non-Employed Physician Education Expenses Policy, [LL.010](#)

Providing Free and/or Discounted Training and Equipment to Referral Sources Policy, [LL.011](#)

Fair Market Valuation, [LL.025](#)

Physician Access to the Internet Policy, [LL.026](#)

Vendor Relations Policy, [MM.002](#)

HealthTrust Purchasing Group Policies:

- Supplier Participation in HealthTrust Educational Events Policy, [HT.004](#)
- HealthTrust Colleague Participation in Educational, Training and Promotional Events of Others Policy, [HT.007](#)

Accreditation Council for Continuing Medical Education (“ACCME”):

Standards for Commercial Support of Continuing Medical Education at http://www.accme.org/pdfs/disclosure_pol.pdf

The ACCME's Essential Areas and their Elements at http://www.accme.org/incoming/17_system98_essential_areas.pdf

Office of the Inspector General: OIG Compliance Program Guidance for Pharmaceutical Manufacturers: 86 Federal Register 23731 (May 5, 2003) at 23735: <http://oig.hhs.gov/authorities/docs/03/050503FRCPGPharmac.pdf>

Pharmaceutical Research and Manufacturers of America (“PhRMA”): PhRMA Code on Interactions with Healthcare Professionals: <http://www.phrma.org/publications/policy//2004-01-19.391.pdf>

Advanced Medical Technology Association (“AdvaMed”): Code of Ethics on Interactions with Healthcare Professionals: www.advamed.org