advancing patient care through MedTech

Medical Device Code Forum

22 November 2023, 09:00 - 11:00

Recording

The meeting is being recorded for record purposes, by participating you consent to the recording thereof.

Competition law reminder and conflict of interest

The meeting is held with no intent to collude or engage in any matter that might contravene competition law. Conflicts of interest must be declared and if required, members recuse themselves, either before or during the meeting, as and when they become apparent.

Disclaimer

The content i.e. presentations, views, opinions, advice expressed within the context of this event by invited speakers are theirs and not those of SAMED and as such does not imply an endorsement by SAMED of either the content or the speaker. The content is not a substitute for appropriate legal advice and is not binding on SAMED. SAMED, its board members, committees, employees and members, will not be responsible for any inaccuracies or omissions, or, liable for any damages or loss of whatsoever nature suffered by any person as a result of relying on or using the content provided.



SAMED Competition Law Guidelines: Do's and Don'ts

Don't

Don't reach understandings or agreements or even hold discussions with a competitor (or even a potential competitor) on commercially sensitive topics such as selling or purchase prices, trading or credit terms (including delivery charges, minimum purchase quantities or interest rates) or billing practices, production, inventory, supply volumes, sales, costs, future business plans, budgets, upcoming tender or bids, or individual suppliers or customers.

Don't attend meetings with competitors or any industry body without written agenda or clear indication of the purpose.

Don't attend unscheduled gatherings with competitors or any industry body unless you know that they are for a bona fide purpose or that they are purely social gatherings. **Don't** discuss business related topics at social functions.

Don't accept written non-public information or agree to the exchange of oral non-public information with Members who manufacture, market or sell (or could manufacture, market or sell) competing products.

Don't exchange any current or future information with your competitors (what your company intends to charge or do).

Don't participate in market surveys, or benchmarking exercises that allow access to any competitive information of any individual company. Any data published pursuant to a market survey must be aggregated and contain only aggregated/average data for at least 5 competitors.

Don't engage in joint negotiations, joint sales or joint buying without legal advice. **Don't** agree to exclude competitors or engage in collective boycotts of suppliers or customers.

Do

Do read the SAMED Competition Law Compliance Guidelines as contained in the <u>SAMED</u> <u>Committee SOPs</u> (https://samed.org.za/about-samed/our-committees/)

Do discuss public policy, education, scientific developments, regulatory matters of general interest, general industry trends, appropriately aggregated and non-individualized (statistical) market surveys or benchmarking projects, publicly available information and historical information, but be prepared to terminate the discussion and record your disagreement if anyone mentions any of the subjects listed in the "Don't" list above.

Do insist that your company's individual, commercial information is kept confidential by anyone conducting a survey.

Do inform SAMED if you disagree with any of its decisions and keep a copy for your files of any such correspondence.

Do return commercially sensitive information you receive from any competitor, without keeping copies, and explain in writing that you do not wish to obtain such information.

Do inform your company counsel of any approaches seeking to exchange non-public information or coordinate conduct on the market.

Do ask SAMED to have counsel attend SAMED meetings if you or your company has any doubts.





MEMBER FORUM FORUM 4 OF 4 ON THE CODE UPDATES

Medical Device Code Forum: Donations, intermediaries and enforcement

22 November 2023, 09:00 - 11:00, Virtual

In this forum we take a look a charitable donations, third part intermediaries and the enforcement process as we conclude the series covering the updated Medical Device Code of Ethical Market and Business Practice.

Please make use of the chat function to send us your questions or raise your hand and the moderator will call on you to speak.



Chapter 8: Charitable donations

PRIVILEGED & CONFIDENTIAL

A few important definitions

"Charitable Donations"	means provision of cash, equipment, Member Company product or relevant third-party product, for exclusive use for charitable or philanthropic purposes and/or to benefit a charitable or philanthropic cause. Charitable Donations may only be made to bona fide charities or other non-profit entities or bodies whose main objects are genuine charitable or philanthropic purposes.
"In Kind"	means the provision of Grants, Charitable Donations and other types of support in the form of goods or services other than money, including the provision of labour, lent or donated goods, or lent or donated services (e.g. catering services for events, provision of venue space, company products and other services).
"Financial Hardship"	means in relation to a Healthcare Organisation extreme and unavoidable financial distress resulting from matters outside the Healthcare Organisation's control where the Healthcare Organisation is unable to operate and where patient care is consequently jeopardised. Financial distress resulting in whole or in part from mismanagement of the Healthcare Organisation's funds or other matters within its control is not considered to be Financial Hardship. Financial Hardship must be documented and objectively substantiated.

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Chapter 8: Charitable donations

- For charitable or other philanthropic purposes
- Support programmes for valid reasons
 - advancing HCP medical education and training
 - patient and public awareness campaigns
 - helping underserved or indigent populations (bona fide charitable programs)
 - funding independent scientific or clinical research
- Support charitable programmes can be
 - Monetary
 - in-kind
 - other contributions (equipment, company product or relevant third-party product)
- **Note:** Only charitable organisations or other non-profit entities which have charitable and/or philanthropic purposes as their main purposes, and which are objectively engaged in charitable or philanthropic activities.

SAMED 3 K

Chapter 8: Charitable donations

- Not be contingent on
 - Purchase
 - Lease
 - Recommendation
 - Prescription
 - Use
 - Supply
 - Procurement
- Must not be viewed as a price concession, reward to favoured customers or as an inducement
- Mindful that perception and contractual risks may arise for repeat donations to same charity.
- Non-profit hospitals permissible in case of demonstrated Financial Hardship, provided the Charitable Donation benefits patients, is limited to specific needs identified in advance, or is explicitly permitted by applicable national laws.

SAMED 3 5

Quick Poll: Under the Code, can a member company make a Charitable Donation to support the general running of hospital or other Healthcare Organisation?

• **A:** Yes

• **B:** No





Chapter 8: Charitable donations

Question: Under the Code, can a member company make a Charitable Donation to support the general running of hospital or other Healthcare Organisation?

Answer: No, a member company cannot make available a charitable donation to support the general running of a hospital or other HCO. A charitable donation shall only be given to a legal entity or body which has charitable and/or philanthropic purposes as its main purposes. For the purpose of the Code and irrespective of their legal status, hospitals and HCOs are considered to generally have health functions as their main purposes and accordingly, are not generally considered to have charitable and/or philanthropic functions as their main purposes. It is not therefore appropriate to provide charitable donations to support their general running.

Question: What is an example of an "independent decision-making/review process"?

Answer: Such a process could be led by a Member Company's legal, finance or compliance functions, operating within a robust governance framework and according to clear, consistent and transparent criteria for review and decision-making.



Chapter 8: Charitable donations

- Use of Funds. A Company must require that any donation is used only towards charitable or philanthropic purposes.
- Indigent Care Donations. A Company may make charitable donations of product for indigent patients, provided that these donations serve exclusively to benefit patients and are permitted under applicable laws. Companies should consider making product donations for indigent cases contingent upon a hospital's agreement that no third parties will be billed for the donated product.
- **Charitable Events.** A Company may not pay for or provide tickets to Healthcare Professionals or their spouses or guests to attend charitable events, such as galas and golf outings.

Quick Poll: May a member company make a charitable donation such as the purchase of a table of dinner invitations at a fundraising dinner or entries to participate in, or attend at, a fundraising sports or other event?

- **A:** Yes
- **B:** No





FAQ:

Question: Under the Code, may a member company make a charitable donation such as the purchase of a table of dinner invitations at a fundraising dinner or entries to participate in, or attend at, a fundraising sports or other event?

Answer: Yes, charitable donations made by member companies may take the form of dinner invitations for a fundraising dinner or participating in other recreational events such as a fundraising golf tournament, if arranged by a charitable or other non-profit philanthropic organisation. The member company may use some or all of its ticket allotment for its own employees and return any unused portion to the sponsoring charitable or non-profit philanthropic organisation sees fit. However, the member company should not invite HCPs to attend such an event at the member company's expense. Furthermore, the member company is not permitted to suggest to the sponsoring organisation, the names of HCPs who could be invited to attend the event, irrespective of whether or not the specified HCPs will be seated at the member company's table.

Question: My Company has been asked to sponsor a local hospital's heart walk to raise money for heart disease research. In exchange for a fee, my Company will receive exhibit space at a health care expo the hospital is holding in connection with the walk. My Company will also receive prominent placement in the relevant advertising. Is this OK?

Answer: Yes. A Company may provide a Commercial Sponsorship in support of a fundraising event, separate from a charitable donation. As with Commercial Sponsorship of a Third-Party Arranged event:

- The level of Commercial Sponsorship should reflect a commercially reasonable fee in exchange for the marketing and promotional benefits received by the Company, such as advertising, signage, display/exhibit space, or other promotional opportunities; and
- The Commercial Sponsorship must comply with applicable laws governing the marketing and promotion of its products.

SAMED 3 6

Advisory opinions: Donation of medtech to a patient who cannot afford it

Query: A customer of the company requested the donation of a medical device for a patient who could not afford the device as they did not have private medical cover. The company received several such requests annually.



What do you think? Compliant?

SAMED N K

Advisory opinions: Donation of medtech to a patient who cannot afford it

Taking the Chapter on Charitable Donations into account the Code Committee arrived at the following opinion:

If the patient approaches the company directly to request the donation, with no HCP or hospital involvement, it would be considered a purely CSR/philanthropic action guided by the company's internal policies and procedures. Charitable donations can only be made to a registered charity/NPO and not to customers.

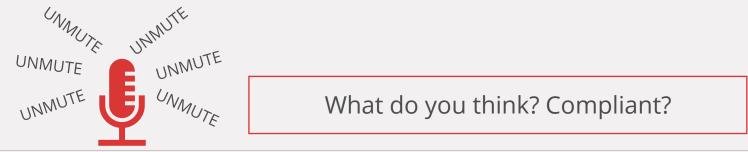
Advisory opinions: Donations to and participation in a charity providing after hour surgeries

Query: A company was introduced to a charity project which raises funds for patients to get female cancer surgery after hours to assists with clearing patient backlogs at government facilities. Similar backlogs existed for male cancer patients.

The company was approached to work with the charity project to expand the charity's scope into offering male cancer surgery after hours as well.

The company was keen to be involved and wanted to pilot the programme, where the company would provide the equipment, a trained company representative to ensure understanding of the use of the equipment and disposable items required for the procedure.

Further to this, the company wanted to provide donations toward the after-hour rates for staff. The donation would be offered twice, after which the programme would need to raise funds to continue support of the programme. The company would, through the charity, provide this at the first two facilities. Various HCPs would offer their time in support of the charitable initiative.



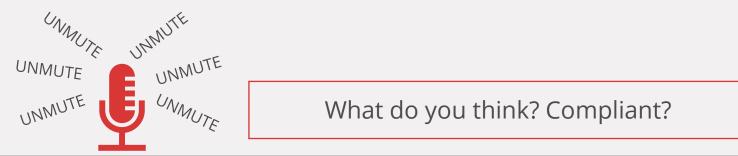
SAMED 3 16

Advisory opinions: Donations toward a hospital awards evening

Taking the Chapter on Charitable Donations (as well as Chapter on Events) into account the Code Committee arrived at the following opinion:

The charity was deemed a bone fide charity, with a genuine charitable or philanthropic purpose and it was deemed appropriate for the company to participate in and make contributions to the project. Advisory opinions: Donations toward a hospital awards evening

Query: A hospital hosting an awards ceremony for their staff at the hospital invited the company to make a financial contribution (donations) towards the event. The company wanted to know if participation was acceptable.



SAMED 3 16

Advisory opinions: Donations to and participation in a charity providing after hour surgeries

Taking the Chapter on Charitable Donations into account the Code Committee arrived at the following opinion:

Such a donation would in all likely hood not be deemed appropriate as an annual award ceremony is not an educational event (which may be deemed to be of a mainly entertainment, social and/or leisure nature).

In addition, the entity asking for the donation does not appear to be a bone fide charitable organisation and such donation may well be used to fund the entertainment / social aspect of the event and not for the purposes of supporting healthcare and research.

Below are a few points to consider:

- If it is a Government Hospital, then the Public Finance Management Acts applies, and it is very easy to violate this Act with a "Charitable Contribution".
- Additionally, a Charitable Contribution request should be approved by the Accounting Officer of that Institution.
- It is only Charitable if a Tax Certificate 18A can be provided.

Advisory opinions: Donation of a television

Query: A company received a request from a public healthcare institution for the donation of a television for the nuclear medicine division. The HCP who sent the request motivated that the television was to provide a diversion to patients who had to wait for several long hours for scans. Majority of the patients were illiterate and as such reading materials were not suitable. The company wanted to know if it would be acceptable to contribute to making patients' experience more pleasant when visiting the public hospital.



What do you think? Compliant?

SAMED 3 16

Advisory opinions: Donation of a television

Taking the Chapter on Charitable Donations (as well as Chapter on promotional items and items of medical utility and gifts) into account the Code Committee arrived at the following opinion:

A television used to provide entertainment to patients whilst they wait to be treated would not be considered an appropriate donation as a television does not align with the definitions in the code of a promotional item or an item of medical utility.

The Code committee understood the aim is to give patients a more pleasant waiting room experience, however, determined the hospital should incur this expense as an overhead/running cost of providing a service to their patients. It would be impossible to monitor whether staff share the use of the television during their breaks and so indirectly this would provide entertainment, which companies are prohibited from providing to HCPs. Chapter 9: Arrangements with Consultants

A few important definitions

"Consulting Arrangement"	means any provision of service by a Healthcare Organisations (HCO) or Healthcare Professionals (HCP) for or on behalf of a Member Company. Consulting arrangements include, but are not limited to marketing and Clinical Research activities, providing technical expertise for the development, testing, etc. of Medical Technology, providing feedback in post- market evaluations and market research, providing speaking services at events, teaching other Healthcare Professionals, providing training on how to use the Member Company's Medical Technology, participating in research-related meetings, etc.
"Fair Market Value (FMV)"	means the value of the specified services (or products, if applicable) which would be paid by the member company to the other party (for example a HCP or a HCO), each dealing at an arm's length in an open and unrestricted market, and when neither party is under any compulsion to buy or sell, and both parties have reasonable knowledge of the relevant facts.
"Unacceptable Fees"	refer to the payment of data, marketing, formulary, managed care or similar types of fees which are used to encourage or increase the purchase, loan or use of a medical device and which data, marketing or managed care is of no or limited value to the buyer or which services or information is not legitimately and actually provided by the seller, or which is not in existence; and which is bought solely, or mostly in order to reward or secure a particular purchase or utilisation behaviour, whether under implicit or explicit conditions relating to such behavioural change or sustained behaviour.

SAMED 3 K

Chapter 9: Arrangements with Consultants General Principles

Member	Companies
May:	May Not:
 Engage HCPs as consultants and advisors to provide <i>bona fide</i> consulting and other services. Pay HCPs remuneration of fair market value for performing these services. 	• Make consulting arrangements <u>contingent on the prospective</u> consultant's past, present or potential future purchase, lease, recommendation, prescription, use, supply or procurement of the member company's products or services.

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Chapter 9: Arrangements with Consultants Criteria for genuine consulting arrangements

Genuine: legitimate business need(s) for the services is/are identified Number of consultants: not greater than reasonably necessary Selection criteria: directly related to identified business need(s) & relevance of the consultant's qualifications, expertise/experience

Consulting arrangements documented in a **written agreement**, signed by the parties **in advance** of the commencement of the services

Not an inducement to purchase, lease, recommend, prescribe, use, supply or procure products or services

Remuneration must be reasonable and reflect **the fair market value** of the services provided

Maintain records of the services, and associated work products provided by the consultant HCPs The venue and other arrangements for member company meetings with consultants shall follow the rules for such arrangements as set out in Chapter 1

SAMED 3 16

Chapter 9: Arrangements with Consultants

Remuneration and fair market value

Dealing at arm's length In an open and unrestricted market Neither party is under any compulsion to buy or sell Both parties have reasonable knowledge of the relevant facts

FMV: value of consultancy services

Agreement should make commercial sense if entered into by reasonable parties Even if no potential for additional business Example, a company may be paying a HCP fair market value for a study, but is that study really necessary?

Commercial reasonableness

Business needs: Assess need relative to resource. Example, the need for more than four HCPs on an Advisory Board.

Terms of agreement: Assess what services will be provided and the manner in which parties will be compensated. Valuation elements



Chapter 9: Arrangements with Consultants

Remuneration and fair market value

The Valuation Risk Assessment

A higher risk of potential non-compliance exists where:

- No formal valuation processes are established
- Payment rates based on anecdotal information
- Demands placed on a company by the HCP to over-compensate
- Lack of documentation

Risk of non-compliance can be reduced where:

- Independent accredited appraisers are used
- Accepted valuation approaches are used
- Logic and consistency are applied



Chapter 9: Arrangements with Consultants

Remuneration and fair market value

Assessing FMV for HCPs and Key Opinion Leaders (KOL's)

Compensation earned in practice may not be **directly comparable** to the compensation for services to a member company.

Compensation should be based on an

objective and consistent methodology including:

- Specific requirements of the company, product group or department engaging with the HCP
- Specific services required
- HCP's experience and expertise
- Time requirements for the engagement
- HCP's clinical specialty
- HCPs versus KOLs



Chapter 9: Arrangements with Consultants Remuneration and fair market value

Requires a level of experience, expertise and/or credentials that are:



- (i) greater than a typical international level HCP
- (ii) skills set that is rare or unique.
 - (i) the KOL's specialty;
 - (ii) the unique expertise / experience / credentials of the individual KOL;
 - (iii) the specific responsibilities of the position the KOL will be engaged to perform
 - (iv) the number of hours per year the KOL will be engaged

Valuation is specific to the individual Consultant

SAMED 3 K

Quick Poll: How should member companies determine FMV for a service?

- A: Use the SAMED set values for FMV
- B: Ask the HCP to determine FMV
- C: Use internal methodology to determine FMV
- D: Apply international equivalents to determine FMV
- E: A combination of the above

Take the

Poll in the

Chat



Question: How should member companies determine FMV for a service?

Answer: A member company must be able to demonstrate internal methodology to determine fair market value. Amongst other matters this shall take account of the consultant's qualifications, expertise and experience as well as the actual services to be provided to the member company.

Question: What is meant by fair market value (FMV) in the context of consulting arrangements?

Answer: Fair market value is the value of the specified consultancy services which would be paid by the member company to the consultant, each dealing at arm's length in an open and unrestricted market, and when neither party is under any compulsion to buy or sell, and both parties have reasonable knowledge of the relevant facts.

Chapter 9: Arrangements with Consultants Payments

Payments made for services must comply with all applicable tax and other legal requirements.

The consulting agreement must detail which expenses can be claimed by the consultant.

Disclosure & transparency

Member companies:

- shall comply with all applicable national laws, regulations and professional codes of conduct requiring any publication, disclosure or approval in connection with their use of HCPs as consultants.
- shall include appropriate obligations on the consultant.

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PART 2: Dealing with transgressions of the Code

Quick Poll: Who can lodge / report a Code complaint?

SAMED

- 1: Any SAMED member
 3: Member of the Public
 5: Healthcare Organisation
- **A:** 1, 2, 3 & 4
- **B:** 1, 2, 4 & 5
- **C:** 3, 4, 5 & 6
- **D:** 1-6

2: Signatory to the Code4: Healthcare Professional6: Regulatory Body



Who can complain?



- Encouraged to first attempt a genuine direct conciliation, or mutual settlement between members.
- If such is unsuccessful then lodge a complaint either via the formal written process or via the whistleblowing mechanism.
- Members must inform SAMED of the outcome of complaints resolved directly between members.



Medical Device Code Hotline





The caller doesn't disclose any personal information to the call centre agent. The caller can use the unique reference number to follow up on the case or to provide additional information.

Partially anonymous

The caller discloses his/her details to Deloitte only.

Full disclosure

The caller discloses his/her details to be included in the report.

What can be reported?

- Contraventions of the Medical Device Code of Ethical Marketing and Business Practice.
- Other matters may be referred to relevant agencies or authorities

Complaint form

Addendum 4: Code Transgression Report Form

Medical Technology Code of Ethical Marketing and Business Practice

Transgression Report Form

Any person, including but not limited to, a SAMED member, signatory to the Code, member of the public, healthcare professional, healthcare organisation, or regulatory body may report a transgression.

Reports by a SAMED Member and/or signatory to the Code, should where possible be initiated and administrated by the Compliance Officer and / or CEO of the Company.

For hotline reports, send the form to: samed@tip-offs.com Alternatively, a report may also be submitted directly to SAMED: info@samed.org.za

Date:

1. Complainant (do not complete if you wish to remain anonymous):

a. Name and surname:

b. Job title:

c. E-mail address:

d. Mobile Number: Work Number:

e. Name of Company / organisation:

f. Name of Company CEO:

g. Field of business of the complainant (manufacturer, distributor, doctor, private hospital, member of the public etc)

 Details of the individual / Company who is the subject of the alleged transgression, i.e. 'the respondent'

Work Number:

a. Name and surname:

b. Job title:

 Name of Company / organisation:

d. Contact details of this person (if you have them):

E-mail address:

Mobile Number:

 Field in which transgression has occurred (e.g., insulin pumps, orthopaedic implants, wound care, etc)

4. Clause(s) within the Medical Technology Code, detail and circumstances relating to the alleged transgression. Succinctly describe the essence of the transgression in the table below. Use one line for each transgression. Where available list and attach any proof/evidence substantiating the reported transgression.

Indicate Code Clause (s)	Describe each alleged transgression i.e., what, how, where	Indicate proof/evidence substantiating the reported transgression
	What	
	How	
	Where	
	What	
	How	
	Where	
	What	
	How	
	Where	

5. Statement of the relief sought.





Anonymous whistleblowing hotline

Whistleblowing is recognised as the most effective measure to guard against fraudulent or unethical activity within organisations. **The Medical Device Code** whistleblowing hotline is an anonymous tip-off mechanism available to any member of the public wishing to report contraventions of the Code. The hotline is independently managed and available 24/7.

Contact the medical device code hotline:

- Free call: 0800 00 04 68
- E-mail: samed@tip-offs.com accompanied by completed complaint form

Download complaint form

Quick Poll: If you lodge a totally anonymous complaint, the next step is to...

- A: There is no next step, your whistleblowing responsibilities are met
- B: Call back daily for an update on your case
- **C:** Call back within 10 Days to hear if any additional information is required
- **D:** Send an email to SAMED to confirm that the report has been received

Take the Poll in the Chat

Anonymous reporting

Whistleblower calls into contact centre

Report analyst **sanitises report** to remove any details that might identify the whistleblower Report is sent to the **independent chair** appointed by SAMED

Independent chair uploads report (findings, request for additional information from whistleblower)

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Trained contact centre agent provides options of anonymity, prompts questions – follows a **customised** script and provides reference number Contact centre Manager listens to the call recording and compares it to the report Complaint resolution/Investigation/ Hearing conducted

DON'T SUPPORT IT. REPORT IT.



Whistleblower calls back

for updates on the case

Independent Chairperson

The Independent chairperson will be responsible to ensure that all complaints and hearings are dealt with speedily and fairly and will be the custodian of the process, ensuring that both the principles of administrative justice, as well as the substance of this Code, are preserved and promoted.



Michael Judin



His powers for resolving complaints are:

- To direct written responses from respondents and complainants
- To direct that the matter be submitted to conciliation or mediation
- To direct the parties to attempt to settle the matter within a specified time-period
- To direct (when and how) hearings held to hear and determine the complaint
- To appoint and direct (when and how) Compliance panel constituted by him
- To decide on sanctions

Examples of sanctions

A written reprimand

Internal corrective action

Fines

Recover non-compliant promotional materials

Suspension

Offender publishes / disseminates corrective or clarificatory statements

Expulsion



Audit of offender's compliance systems



Prohibition to stand for SAMED elected office

SAMED **

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Publication of decisions or sanctions imposed



Costs

- Each party will pay its own costs may be claimed as directed by Independent Chairperson/a compliance panel
- Member companies to cover costs (time off, travel, etc.) of employees required to participate in complaint proceedings (witness, compliance panel, etc.)
- The Independent Chairperson and compliance panel (provided they are not SAMED member company employees) will be paid a fee by SAMED
- Independent investigator will be paid a fee by SAMED
- Offender may be liable for all legal costs and disbursements
- Payment shall be made within 30 days of demand.

Complaints in relation to which SAMED does not have jurisdiction

 If SAMED receives a complaint, over which it does not have jurisdiction, it may still appoint an independent investigator or report to another authority

Criminal conduct

 If the complaint raises conduct that may constitute, involve, or give rise to a crime, then will also refer the matter to SAPS and/or the NPA



Appeal

- Should either party wish to lodge an appeal they would need to lodge an appeal fee
 - Fee to lodge an appeal R40 000.00 of which R10 000.00 is a non-refundable

Powers of SAMED

- SAMED may cancel or refuse membership to any company that:
 - Is unwilling to commit to the standards and values reflected in the Code.
 - Fails to conduct its affairs in a manner consistent with the Code

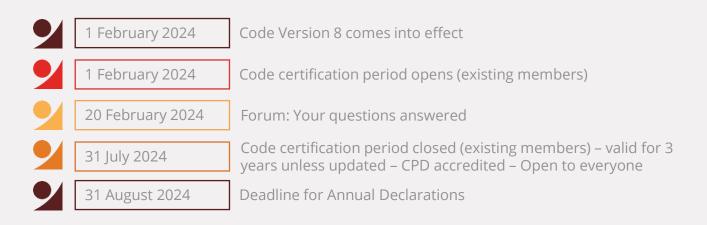
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Some resources

- <u>https://samed.org.za/library-accessed/library-</u> <u>compliance/non-binding-medical-device-code-advisory-</u> <u>opinions/</u>
- <u>https://samed.org.za/library-accessed/library-</u> <u>compliance/samed-medical-device-code-hotline-complaints/</u>



Reminder of important dates



Questions?





Thank you for joining us.

Email additional questions to: communication@samed.org.za

