

# Hospitality and Venues

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## KEY PRINCIPLES

- Companies may provide hospitality to healthcare professionals in connection with activities or events that support the quality use of medicines.
- Any hospitality provided needs to be moderate, reasonable and commensurate with the level of education being provided.
- Additionally, companies must adhere to a capped maximum spend per person, which is currently AUD\$140 pp per meal (exc. gratuities + GST) and this cap is generally reserved for events with significant education and duration.
- Hospitality is secondary to the intent of the meeting
- Hospitality is intended for the healthcare professional only, and not their guests
- Hospitality can be provided for virtual meetings and online conferences, but it cannot be provided or delivered to a healthcare professional in their own home.
- Venues selected must be conducive to education and not associated with sport, luxury and entertainment; with the meeting held out of eyesight and ear-shot of the public.
- The company is ultimately responsible for what is ordered at the meal, and therefore, companies should implement some controls to what can be ordered and how.



"All events, initiated or sponsored by Companies, are reasonable and appropriate with respect to hospitality, travel and accommodation, therefore upholding the integrity and reputation of the industry"

CODE OF CONDUCT EDITION 20, OVERARCHING PRINCIPLE 9

Being the innovators of our medicines, it is reasonable for the pharmaceutical industry to provide quality education to healthcare professionals about the medicines they have developed. As such, the Code affirms it is appropriate for pharmaceutical companies to interact with healthcare professionals in legitimate ways, with the view that it enhances their knowledge, contributes towards quality use of medicines, and improves patient care.

The way in which companies provide hospitality in events or meetings is articulated in Section 4.5 of the Code. These principles avoid or minimise any potential conflicts of interest for healthcare professionals if they receive hospitality, while enabling them to receive educational information relevant to prescription medicines and encouraging rational and ethical professional healthcare practices.

## What does the Code say?

"Companies may provide hospitality, travel and/or accommodation to healthcare professionals in connection with activities or events. In doing so, Companies will ensure that they act in a manner which upholds the integrity and reputation of the industry and does not compromise the independence of healthcare professionals. Companies will also ensure activities and interactions with healthcare professionals can withstand public scrutiny."

The principles of the Code apply to all formats; whether Company-initiated or sponsored, held virtually or face-to-face, educational or promotional, activities should be consistent with the Code.

### Hospitality at company-initiated events

Generally speaking, where a company initiates and manages the agenda, duration of educational content, and speaker selection, it can be understood as a company-initiated event. Because the company has full control over any such event, they are expected to ensure all event elements are fully compliant with the Code.

These are:

- Companies may provide hospitality if it is secondary to the purpose of an activity.
- Any hospitality provided must be moderate, reasonable and commensurate with the level of education being provided as judged by local standards.

Colloquially termed 'the hospitality cap', this is the capped maximum spend per person. It is \$140 per person per meal (excluding gratuities and GST) as applicable from 3 November 2022.

Medicines Australia will review this figure annually, and if adjustments need to be made to ensure the cap remains inline with realistic pricing and CPI indexing, this document will be updated.

However, reaching the hospitality cap should be the exception, not the rule.

For example, educational content delivered by company personnel to a small number of healthcare professionals would be expected to spend significantly lower than the cap. Neither would it be expected that breakfast or lunch reach this limit. The maximum amount should only be reached where there has been high quality, substantial education, such as a learned society conference in a capital city hotel.

Companies may provide alcohol at meetings held outside a medical institution or clinic provided the alcohol is limited to modest beer, wine or equivalents. Hard liquor, cocktails, etc would not be in the spirit of the Code as it detracts from the education.

***"As a general rule, the hospitality provided must not exceed what participants would normally be prepared to pay for themselves" – IFPMA Code of Practice***


## Hospitality at third-party educational events

Third-party educational events are independently organised, where the educational content, speaker selection and attendees are made by the third party and not by the company. Whilst they need to be consistent with the Code principles, a company's responsibility for the content of any sponsored third-party content is dependent on their involvement.

This means, pharmaceutical companies will need to undertake their own due diligence and research as to whether the venue and hospitality choices being offered as part of the independent event they are sponsoring are:

- reasonable and appropriate,
- whether their involvement upholds their integrity and reputation, and
- whether there is objective evidence of the educational value of the event, including the event location and program.

Ultimately, pharmaceutical companies must be aware of the activities that they sponsor and must be satisfied that they are in line with the Code Principles.



It is also acceptable for a company to organise and provide appropriate hospitality to HCPs in connection to a third-party educational meeting, held locally or overseas, such as a college or society annual congress.

The Code does not limit this hospitality being provided during the event, or in the same venue as the event. It may be appropriate to offer moderate and reasonable hospitality to healthcare professionals at a nearby restaurant, rather than remaining in the meeting venue (for example) – as long as the activity is delivered inline with the Code's principles, including ensuring only HCPs attending the educational event receive that hospitality.

## Hospitality during a sales call:

- It can be appropriate to provide modest and reasonable hospitality to a healthcare professional at their place of work during a sales call. For example, it is reasonable to provide coffee and a morning tea snack for a mid-morning meeting, and if the interaction takes place during lunchtime, a simple lunch may be provided.
- Sales calls which include hospitality and occur outside the practice or healthcare professional's office should only occur when it is able to be justified. Any alternative venue should be chosen for its privacy, proximity and appropriateness.
- Alcohol should not be provided at such sales events.
- In either situation, any hospitality needs to be secondary to the intent of the meeting and compliant with Section 4.5 of the Code.

**"Food and beverages should not be the reason a healthcare professional attends a meeting – the educational purpose and content should be the drawcard"**

Whilst there are some prohibitions on paying for, or providing alcohol at certain types of Speaker events in the USA (re PhRMA Code), the Medicines Australia Code of Conduct has no bans. Rather, alcohol is understood as part of 'hospitality' and therefore the Code Principles apply. This Guidance steps out some parameters to help companies make responsible decisions on the provision of alcohol.

## Hospitality at a virtual event

In the same vein, if the sales meeting or educational event is virtual, it can also be appropriate to use a meal delivery service to provide hospitality to a healthcare professional in their workplace during their workday, in connection with that particular meeting or event. This should be done in the presence of a company staff member (whether physically or virtually), or in conjunction with a formal educational activity (such as a webinar, journal club, or grand rounds). It is not appropriate to provide hospitality to a healthcare professional in the absence of a company staff member (whether physically or virtually), and without educational balance. Essentially, there is an onus on the company to ensure that the HCP is present for the duration of the meeting.

As per Section 4.5 (d) of Edition 20, hospitality should not be provided to a healthcare professional at their home or usual place of residence. This is irrespective of whether they are participating in a webinar or other form of educational activity.

## Hospitality at an international event or whilst travelling

For both domestic and international educational events, support for healthcare professional attendance may include an allowance for meals while travelling and during transfers

It can be difficult to apply the Australian hospitality cap of AUD\$140 outside the local Australian context due to price differences. What is considered reasonable in Australia cannot always be applied in other countries.

Where there is such a limit, it should apply to a meal provided by a company to an Australian healthcare professional.

However, many industry associations, like Medicines Australia, apply a monetary limit for hospitality in their country.

In countries which do not have a monetary hospitality limit set by the industry peak body (e.g. the US), the Australian limit of \$140pp per meal does not apply. However, companies should still follow the principles of moderate and reasonable when determining the value of hospitality provision.



## Hospitality to others associated with the healthcare professional



Hospitality should not be offered to, arranged or paid for spouses, relatives, guests or companions of a healthcare professional. It would be considered a gift or inducement to the healthcare professional, which is inconsistent with the principles of the Code and is interpreted as inappropriate influence.

Similarly, hospitality should not be offered to or catered for Medical Practice staff associated with the healthcare professional, because the primary purpose of the interaction is to provide information regarding prescription medicines to healthcare professionals. However, common sense should also prevail; if practice staff are incidentally provided with hospitality that was intended for the healthcare professional/s, this may be appropriate in limited circumstances. Companies must not enter into any arrangement whereby access to the practice is on the basis of the provision of the hospitality

## Hospitality cap - based on actual or anticipated per head costs?



The amount spent on hospitality should be capped within the \$140/head limit and based on the anticipated numbers of attendees (i.e. those who confirmed their attendance), not necessarily the actual numbers. Last-minute fluctuations in attendance is expected and acknowledged. Should any significant no-shows cause the hospitality spend per person to exceed the cap, common sense should prevail.

A company should be able to demonstrate that the original plan and intent of the event was organised within the cap, based on RSVPs. A suggestion: some companies mitigate this risk by bringing the original cost per head down (say \$120/head), so that if numbers drop the costs don't exceed that \$140/head.

## A last word about venues and entertainment ...



A facility for holding educational meetings and events should be chosen because it is appropriate for delivering the educational content. The type of venue and its location should not be chosen or utilised for its leisure, sporting or recreational facilities, and renowned or extravagant venues should be avoided.

Companies may not provide entertainment to healthcare professionals. For example, it would not be appropriate for a company to fund attendance at a concert, purchase of entertainment tickets or pay for entertainment in any form. Similarly, companies should not arrange for recreation time during a conference or educational meeting, even if the company does not pay for any recreation activities.

**Essentially, companies should be picking venues that allow for private conversations, capacity and audio-visual capability that supports the purpose of the meeting. Venues should not be selected as a draw card for attendance.**