

Good Practice Guide - Quality Inclusions for Hospitality Policies

Medicines Australia's members are committed to ensuring that 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. As such, member companies have appropriate policies and procedures to demonstrate compliance with Section 4.5 of the Code of Conduct, in relation to events and the provision of any hospitality, travel and accommodation in line with those events.

The Code articulates general principles as well as specific requirements that ensure that hospitality provided to healthcare professionals is moderate and reasonable when judged by local standards. In Australia the hospitality spend is capped at a maximum spend per person of \$140 per person per meal (excluding gratuities and GST). This amount became effective as of 2022 and is reviewed periodically.

Purpose of this Guide



This Guide assists companies to develop and improve their internal company policies and procedures which govern decisions on hospitality-spend at events, to ensure companies are delivering events inline with the expectations of the Medicines Australia Code of Conduct.

It provides an opportunity for companies to strengthen their policy and procedures regarding hospitality provision, highlighting valuable inclusions that can be incorporated in the development and review of company policies; and support best practice across ethical decision-making.

Guidance in this document has been informed by the Medicines Australia Monitoring Committee, which proactively monitors compliance of member companies. The Committee made some general recommendations as a result of a monitoring activity targeting policies relating to hospitality provision.

All policies need a regular review cycle, which should be stated on the policy... a 1-3 year review interval is adequate, whilst stretching policy reviews to 5 years is less appropriate...



What does the Code say?

The Code of Conduct, in Section 4.5, states that “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...”

The Code then goes on to outline some specific principles relating to hospitality, including the requirement that companies may provide hospitality (food and beverages) if it is secondary to the purpose of an activity. It would be considered a gift or inducement if a company was to provide hospitality to spouses, relatives, guests or companions of healthcare professionals and non-healthcare professional practice staff when they are accompanying a healthcare professional.



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CODE OF CONDUCT EDITION 20, OVERARCHING PRINCIPLE 9

Key inclusions

Be specific, avoid ambiguity and provide examples

- There is value in being specific. For example, using the term ‘moderate consumption’, without any explanation, is subjective and open to varying degrees of interpretation. Providing staff with concrete guidance such as “alcohol value should not exceed the food value” is helpful.
- Avoid replicating Code language verbatim (such as ‘modest and reasonable hospitality’) and instead step out what this looks like for your company approach.
- Don’t rely on the hospitality cap to provide the guardrails for hospitality spend. This is the maximum figure that can be spent; and it will not be appropriate to spend that amount in all contexts. Use the policy/procedures to step out different contexts (such as meal type and educational setting) alongside appropriate examples of hospitality spend. Examples and small case studies can be helpful in staff training.
- Similarly, expanding policies/procedures to address hospitality spend for infield sales meetings is recommended.
- The stepping out of educational hours related to hospitality spend can be clear and helpful for staff and policy users, at least as a guideline for decision-making.
- Examples of possible inclusions are overleaf, provided for the sole purpose of how one can be specific. These are examples only, not mandatory requirements.
- Specificity is helpful, but good policies recognise there are times when a decision is not straightforward and there should be enough guidance and steps provided to allow for confident fit-for-purpose and compliant decision-making.

Update to address hospitality during virtual events

- Address the appropriateness of using meal delivery services to provide hospitality to a healthcare professional in their workplace during their workday. This should only be provided with 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)
- Hospitality should not be provided to a healthcare professional in their own home. This is irrespective of whether they are participating in a webinar or other form of educational activity

Empower your policy with supporting procedures

- Any policy needs to be supported by, and operationalised through, documented procedures that explain how that policy is implemented in practice. Similarly, any policy needs to be socialised amongst relevant personnel and supported by positive workplace culture. It is the effective combination of all these elements that foster an empowering environment for personnel to make compliant and ethical decisions on hospitality according to the context of the event.
- It is preferable to have a combination of manual and automated processes. Systems reliant on automation will benefit from human overview, and systems relying on manual input will benefit from an automated overview. Useful tools are automated compliance reminders.
- Use checklists/flowcharts/decision-making-frameworks to assist staff in managing decisions.

Consider creating hospitality per-head limits for breakfast (\$30?), lunch (\$70?) and dinner (\$110?) components which allow staff to make reasonable hospitality decisions ...

Some companies invest in pre-approving a list of usual venues and hotels which are vetted for their appropriateness and costs; using such a list can assist in compliance.

Maybe address your policy for reimbursing mini-bar expenses?

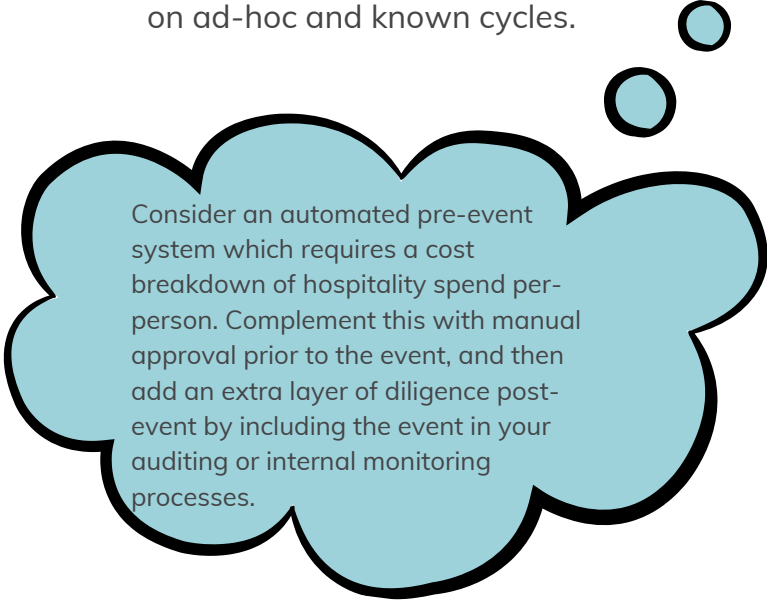
Creating hospitality limits that sit inside the Code cap of \$140 pp also allow for a buffer should numbers drop unexpectedly.

Consider stating that hospitality must not occur "more than occasionally" with the same HCP ?

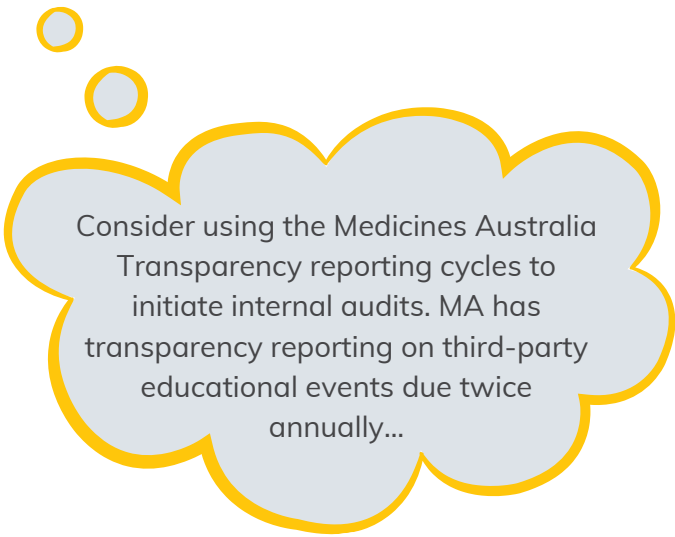


Audit processes

- An internal audit mechanism, or monitoring function, should be included in your event/hospitality policy/procedures. The purpose of an internal audit is to self-assess compliance of practice with policy. It is only through a regular audit mechanism that a company can be assured that their policy /procedures are being implemented effectively.
- Whilst each company will have their own ways of conducting these, an internal audit should exist outside the usual business cycle and at pre-determined intervals and it is advisable that the person monitoring for compliance should not be the same person responsible for making decisions on hospitality-spend.
- Auditing systems can work in pre-event and post-event cycles, as well as working on ad-hoc and known cycles.



Consider an automated pre-event system which requires a cost breakdown of hospitality spend per-person. Complement this with manual approval prior to the event, and then add an extra layer of diligence post-event by including the event in your auditing or internal monitoring processes.



Consider using the Medicines Australia Transparency reporting cycles to initiate internal audits. MA has transparency reporting on third-party educational events due twice annually...

Risk Management

- Identify the risk of not meeting hospitality requirements and reflect this risk in company risk matrixes or frameworks. For example, if the hospitality spend per person exceeded the cap; what action should the company take? There could be an unexpected lack of attendance on-the-day, pushing up the hospitality per-person spend beyond an acceptable figure.
- Develop and articulate strategies to mitigate such risks. Reference that risk in your policy/procedure, as it forms part of a holistic company approach.

Companies should plan that any meal (food and beverages) provided in another country complies with the monetary limit set by the industry association in that country (where applicable) or, if there is no monetary limit in that country, companies are not required to adhere to the Australian maximum hospitality spend, however should follow the principles of moderate and reasonable hospitality provision.