

Introduction

The Association of British Pharmaceutical Industry (ABPI) Code of Practice 2016 requires all companies to document and publicly disclose certain transfers of value (TOVs) made directly or indirectly to health professionals (HCPs) and healthcare organisations (HCOs) located in Europe (Clause 24.1).

Each company providing TOVs must publish a note summarising the methodologies used by it in preparing the disclosures and identifying each category of TOV (Clause 24.10).

The term ‘transfer of value’ (TOV) means a direct or indirect TOV, whether in cash, in kind or otherwise, made, whether for promotional purposes or otherwise, in connection with the development or sale of medicines. A direct TOV is one made directly by a company for the value of the recipient. An indirect TOV is one made on behalf of a company for the benefit of a recipient or through an intermediate and where the company knows or can identify the recipient that will benefit from the TOV (Clause 1.10).

The term ‘health professional’ (HCP) includes members of the medical, dental, pharmacy and nursing professions and any other persons who in the course of their professional activities may administer, prescribe, purchase, recommend or supply a medicine (Clause 1.4)

The term ‘other relevant decision makers’ (ORDM) particularly includes those with an NHS role who could influence in any way the administration, consumption, prescription, purchase, recommendation, sale, supply or use of any medicine but who are not HCPs (Clause 1.5).

The term ‘healthcare organisation’ (HCO) means either a healthcare, medical or scientific association or organisation such as a hospital, clinic, foundation, university or other teaching institution or learned society whose business address, place of incorporation or primary place of operation is in Europe or an organisation through which one or more HCPs or ORDMs provide services (Clause 1.9).

For more information please go to

<http://www.pmcpa.org.uk/thecode/Documents/Code%20of%20Practice%202016%20.pdf>

Merz discloses all TOVs to HCPs, ORDMs and HCOs in accordance with its commitment to the ABPI Code of Practice which is aligned with the European Federation of Pharmaceutical Industries and Associations (EFPIA) Code on Disclosure on Transfers of Value. For more information please go to <http://transparency.efpia.eu/uploads/Modules/Documents/efpia-disclosure-code-2014.pdf>

All required TOVs made in the UK from January 1st 2016 are disclosed on the ABPI central platform.

This document summarises the approach taken by Merz in calculating the figures provided.

Definitions

Healthcare organisation (HCO)

Merz regards all hospitals, Clinical Commissioning Groups (CCGs), GP practices and other places of work for HCPs treating patients or providing associated advice or management services related to the treatment of patients. In addition, all medical societies (national or local) and all “networks” of associations HCPs are regarded as HCOs.

Payments made to HCOs are disclosed by category type with a separate line entry for each individual activity.

Healthcare professional (HCP) and other relevant decision maker (ORDM)

Merz regards all employees of the NHS or any private HCO as HCPs/ORDMs regardless of their professional status. In addition, Merz regards all registered or qualified HCPs as within the scope of disclosure regardless of their NHS status. Part-time employees of Merz who are also an employee of an HCO fall within the scope of disclosure for all payments made by the company.

Payments made to HCPs are disclosed by category type with one line entry for the annual total amount of TOV.

Note that HCPs/ORDMs have the right to opt out from individual disclosure (see below).

Data Privacy

Data Privacy law requires that Merz obtains permission from individual HCPs/ORDMs prior to disclosing personal data such as individual TOVs. In 2016 consent has not been obtained in line with the new General Data Protection Regulation (GDPR), effective from the 25th of May 2018; as a result all TOV made to HCPs/ORDMs have been disclosed as an aggregate figure (so not against the HCPs'/ORDMs' individual names).

Merz fully supports the principles of transparency and privacy. Information disclosed must remain in the public domain for at least three years from the time of disclosure and Merz will document all disclosures and retain the records for at least five years after the end of the calendar year to which they relate.

Private companies

Where an HCP runs a private company for the purposes of their private income any payments to that organisation is regarded for disclosure purposes as a payment to the HCP directly. However if the HCP has refused permission to disclose on an individual basis then the full amount paid by Merz is disclosed against the HCO as a fee for service.

Similarly, organisations where the majority of employees or contracted suppliers are comprised of HCPs, the full value of payments made to such organisations associated with the services of a named or identifiable individual is regarded as if it was a direct payment to the HCP.

Payments to third party agencies for services provided by individual HCPs

Merz regularly contracts with advertising agencies and logistics agencies, etc., for services related to its business. On occasion, the work commissioned by Merz might be contracted out to an individual HCP/ORDM. Merz requires that all such services must be disclosed to Merz by the contracted service agency. Merz discloses any payments made to the individual HCP/ORDM by the service agency as if the payment had been made directly by Merz to that HCP/ORDM.

Tracking and collation of disclosures

All activities and payments related to TOV are pre-approved according to Merz standard operating procedures (SOPs). All direct payments are captured via the Merz accounting software. All indirect payments are captured via contracted agencies and the TOV information provided to Merz post event.

All TOV data is collated on a single TOV spreadsheet based upon the Merz accounting software and invoice information, agency submitted TOV information, other Merz affiliate submitted TOV information, and data privacy consent responses post activity. This TOV spreadsheet is utilised to complete the ABPI template for disclosure. The completed ABPI template is uploaded to the ABPI central platform.

Categories of TOV

Joint Working with HCOs

Merz is not involved with or a partner to any joint working projects with healthcare organisations.

Donations, Grants and Benefits in Kind (BIK) to HCOs

On occasion, Merz is asked by an HCO to provide a financial grant or benefit in kind (BIK). The grant or BIK is declared against the named HCO.

Where it is a BIK (e.g. an item of medical equipment) then the recommended retail price of the item is the amount declared against the named HCO.

Contributions towards the costs of meetings organised by healthcare organisations

Merz discloses all payments made to medical associations, HCOs, etc. in relation to support for third party meetings. This includes direct funding such as sponsorship fees or the right to erect an exhibition stand, and indirect support such as providing a logistics.

Sponsorship for HCPs to attend medical meetings

Merz supports the attendance of HCPs at medical meetings. Merz discloses the associated TOVs against the individual attendee. Where costs are not individually itemised (e.g. the cost of a taxi transferring multiple HCPs from an airport to a conference venue), the total cost is split equally between all those receiving the benefit. Costs declared include registration fees, transport and accommodation. Costs related to subsistence are not declared but the meal costs are regulated by strict industry guidelines.

Fees and related expenses

Merz discloses all payments made to HCPs and ORDMs for services provided by individual HCPs/ORDMs in the form of fees/honorarium and any related expenses, including transport and accommodation but not subsistence.

Payments to healthcare organisations for services provided by individual HCPs

On occasion, an HCO may require that any services provided by its HCP employees cannot be contracted with the individual HCP but must be a service contracted through the HCO. In those instances the full amount paid by Merz is disclosed against the HCO as a fee for service plus any related expenses.

Research and Development

All payments to HCPs and HCOs related to research and development are disclosed as aggregate figures in accordance with the ABPI Code of Practice.

Cross border activities

Payments to UK HCPs or HCOs by other Merz affiliates

Payments made to UK-based HCOs, or HCPs practising in the UK, by Merz's overseas operations are disclosed within the UK regardless of the source of funding.

Currency

Where payments were made in a currency other than UK sterling, the exchange rate will mean the exact equivalent in sterling will vary according to the date on which the conversion calculation was made. For general purposes, the exchange rate should be regarded as the monthly HMRC exchange rate. For more information please go to

<https://www.gov.uk/government/publications/hmrc-exchange-rates-for-2015-monthly>

Readers should understand that the amounts disclosed in sterling could therefore vary slightly from the exact amount paid in the local currency; variations will be greater if there have been significant movements in exchange rate during the reporting period.

Other considerations

Reporting date

There is an inevitable delay between the date on which a payment is approved within Merz and the date on which the payment may be made. Merz discloses the details of the payment on the date the transfer is actually made. This may mean that some projects which took place at the end of 2016 are disclosed as part of the next annual reporting period because the payment may not occur until January when the invoice has been received and settled.

VAT and other tax considerations

Where payments were made and VAT was applicable, the VAT has been excluded for the purposes of disclosure. Therefore all values provided are exclusive of VAT.

There are no other tax considerations.

Multi-year contracts

Where contracts run for several years Merz declares the amount paid relevant to the year in which each part of the payment was made. Thus a project which spans 2 calendar years and includes several individual TOVs during that time will have two associated disclosures; one for each calendar year showing the value of the transfer made in that specific calendar year.

Over-the counter (OTC) products TOV

Merz does not market any OTC products in the UK.

Medical Devices TOV

Merz has included some TOVs relating to medical devices within the disclosure data.

Co-marketing projects

Merz does not jointly market any products with any other pharmaceutical companies.

Disclosures outwith the scope of the ABPI Code of Practice

Some amounts collated in the other Merz affiliate submitted TOV information may include subsistence and therefore result in additional disclosure outside the scope of the ABPI Code of Practice requirements.