



Physician Payment Sunshine Act

The Physician Payment Sunshine Act provisions of the U.S. Patient Protection and Affordable Care Act (PPACA) require pharmaceutical manufacturers, like Upsher-Smith, to track and annually disclose payments and other transfers of value to physicians and teaching hospitals.

Introduction

At Upsher-Smith, our goal is to assist both physicians and patients in making the best use of medicines. This not only means producing quality pharmaceutical products but providing access to our products, as well. As a company, we strive to provide reliable, affordable, quality products that improve patient's lives on a daily basis.

In order to achieve this goal, it is imperative that we continue to work with physicians and healthcare organizations. These interactions between Upsher-Smith and physicians or healthcare organizations are critical to the care of patients and the discovery of new and improved medicines and treatments.

Key Requirements of the Act

- Manufacturers of drugs, devices, biologicals, or medical supplies participating in federal health care programs are required to report to the Centers for Medicare & Medicaid Services (CMS) any direct or indirect payments or transfers of value to physicians and/or teaching hospitals of \$10¹ or more. These reportable payments include cash or in-kind transfers for entertainment, food, gifts and travel. Excluded from reporting are several other types of payments. Examples of excluded payments include, but are not limited to, product samples, educational materials that directly benefit patients, anything of value which is less than \$10, unless the aggregate to a recipient during the calendar year exceeds \$100, and discounts (including rebates).
- Also required to be reported are any transfers that are not made directly to physicians. These are categorized as third party transfers and indirect transfers. Third party transfers are those where the physician does not receive the payment or transfer (*i.e.*, a physician may specify that a transfer of value be given to another person or entity, such as a charity). Other types of indirect transfers would be when an entity transfers value to a physician indirectly by way of a third party intermediary.

¹ The minimum reportable value to be updated by CMS in accordance with Section 6002 of the PPACA.

- Manufacturers and group purchasing organizations (GPO) participating in federal health care programs are also required to report to CMS certain ownership interests in the manufacturer or GPO held by physicians or their immediate family members.
- The majority of the information which will be reported will be done through what are known as “transparency reports.” Certain information from these reports will ultimately be made available to the public. Physicians will have 45 days to review the transparency reports for accuracy prior to the report being made public.

Impact to Physicians

- Upsher-Smith will collect and report to CMS all applicable transfers of value to physicians and teaching hospitals consistent with the law.
- Physicians can help ensure the accuracy of the reported data by participating in the prepublication review-and-dispute process to validate reported data and identify any potential inaccuracies.
- Upsher-Smith will work directly with physicians to ensure the accuracy of the reported data and to resolve any disputes. Disputed data that is unresolved at the end of the review and correction period will be made public but will be marked as disputed.

Importance of Compliance

There are many interactions between physicians and manufacturers of drugs, medical devices, and medical supplies that benefit patients and advance the practice of medicine. It is critical that these interactions are handled in a compliant manner and in a manner that is transparent to the public. The Physician Payment Sunshine Act provides patients and the public with information on the interactions between the healthcare industry and physicians. Upsher-Smith is committed to conducting business in compliance with all of the laws and regulations governing our business including the Sunshine Act provisions of the PPACA.

At Upsher-Smith, compliance is everyone’s responsibility and we are committed to maintaining our culture of honesty, integrity and ethical behavior. We are also committed to working with the healthcare community to advance the practice of medicine and improve patient outcomes.