

Subject: Business Ethics	Policy Number: BE-007
Policy: Free and Reduced Price Products	Effective Date: July 1, 2016
	Revision Date(s):

- I. General Policy.** Clinical Innovations provides Customers with free and reduced price products only in compliance with this Policy and applicable laws, regulations, and industry guidelines. This Policy applies to any Discount provided by Clinical Innovations, including rebates and Product Samples.
- II. Specific Policies.**
- A. Establishing Free and Reduced Price Product Offers.** Clinical Innovations may provide a product for free or at a reduced price only if the terms and conditions of the offer are approved in advance by the applicable Clinical Innovations executive in consultation with the Compliance Officer or legal counsel as appropriate. This does not preclude the VP of Sales from providing sales representatives with guidelines for pricing that they may offer to Customers at their discretion.
1. Discount offers where the Customer price is not below the cost of goods sold for a product may be approved by the VP of the Sales Department. All other free and reduced price product offers must be approved by the CFO or the CEO.
 2. The terms and conditions of each offer shall include the amount of the reduction off the then-current list price of the Device and the beginning and end dates of the period during which the offer may be affected.
 3. The sales department maintains the list of the then-current approved offer terms and conditions.
- B. Permissible Discounts.** Each Discount to a Customer, including Discounts extended through an agreement with a party acting on behalf of the Customer (e.g., a group purchasing organization), shall reflect the terms and conditions of a preapproved Discount offer and meet the following requirements.
1. All Discounts shall be supported by an invoice or statement containing the following language or alternative language as approved by the Compliance Officer or legal counsel as appropriate:

“Prices may include discounts and may be subject to rebate. Customer shall properly report and appropriately reflect prices paid net of all discounts and rebates as may be required by law or contract, including on Medicare/Medicaid cost reports, and make information concerning pricing and government discounts available upon reasonable governmental request.”

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2. If the Discount is a rebate, when the specific amount of the Discount becomes known, the Clinical Innovations shall issue a written statement to the Customer noting the amount of the rebate and the products on which the rebate was earned. Rebate statements must be provided at least annually.

C. Product Samples. Clinical Innovations shall provide Customers with Product Samples only if the following conditions are met:

1. Product Samples shall be offered only on single use products (i.e., consumables, disposables, implants).
2. The number of Product Samples provided at no-charge shall not exceed the amount reasonably necessary for the adequate evaluation of the product.
3. Invoices or statements associated with Product Samples shall state that the product was provided at no-charge and may not be sold or billed separately to payors or patients.

D. Included Items. Items that are provided to all customers without charge for use solely with Clinical Innovations' products (e.g., sole-use cables for the Koala Tocodynamometer) are considered part of the product sale and are not considered free or reduced price products.

E. Documentation. Clinical Innovations shall retain records of all transactions involving free or reduced priced products, including where appropriate the written agreement establishing the terms of the transaction and all written notices furnished to Customer in conjunction with the transaction, in accordance with Clinical Innovations' document retention guidelines.

III. Additional Restrictions and Disclosure Requirements. A number of states and foreign countries impose additional restrictions on Clinical Innovations' activities and its interactions with Customers. In addition, the federal government and some states require tracking or disclosure of economic benefits associated with certain activities and interactions. The standards for federal disclosure of economic benefits are set forth in the Disclosure of Certain Payments and Other Transfers of Value Policy (BE-008). Clinical Innovations Personnel are responsible for complying with state-specific requirements, some of which are referenced in BE-008.