

Zimmer Notice of Policies and Requirements for All Contractual Arrangements Subject To the Federal Anti-Kickback Statute

As a medical device company, Zimmer manufactures products that are reimbursed by Federal health care programs such as Medicare and Medicaid. Accordingly, Zimmer requires that all its employees as well as its agents and contractors and certain other entities with whom Zimmer does business comply, at all times, with the federal Anti-kickback Statute (“AKS”) as well as any relevant state counterpart requirements.

Zimmer interacts on a daily basis with individuals and entities (e.g., surgeons, hospitals, group purchasing organizations) that are in a position to purchase or recommend use of our products for which payment will be made by a Federal health care program. It is vital that interactions with these individuals and entities take place in a manner that is designed to ensure compliance with the AKS.

Under Zimmer’s policies that involve Anti-Kickback compliance, Zimmer gives specific guidelines relating to interactions with contracting parties including health care professionals. Specifically, anything of value (e.g. meals and entertainment, consulting and product development agreements, gifts and travel reimbursement) cannot be based on, or related to, the past, present or future volume or value of business generated for Zimmer. Discounts and other pricing incentives must clearly fall under the “Safe Harbor” provisions of the AKS. In the event that any contractor, vendor, supplier or customer becomes aware or concerned about a compliance issue associated with these policies, they should contact Zimmer via one of the following available mechanisms:

- Zimmer’s toll-free anonymous hotline (1-877-593-4582);
- Zimmer’s web based hotline submission site at <https://www.compliance-helpline.com/Zimmer.jsp>; or
- Through email at zimmer-compliance-hotline@zimmer.com.

Prohibitions under the AKS include:

- Paying a health care professional, contractor or vendor in excess of the fair market value of the service or accepting such a payment;
- Providing or receiving free goods or services to induce contract awards or favorable contract terms;
- Providing or receiving price reductions or incentives that do not comply with anti-kickback disclosure or reporting requirements and have a negative fiscal impact on Federal health care programs; and
- Paying or receiving remuneration that is intended to induce the recommendation of or the purchasing, leasing or ordering of any such item or services. Some courts have held that the AKS is violated even if one purpose of a business arrangement is to induce referrals of Federal health care program business.

A violation of the Anti-Kickback Statute can lead to: civil monetary penalties; exclusion from participating in the Medicare/Medicaid Programs; criminal prosecution and penalties, and/or imprisonment.

Safe Harbors

The AKS contains a number of "safe harbors" for legitimate arrangements. If a transaction, relationship, or payment is structured in a manner that meets the requirements of a safe harbor, it can be protected from civil or criminal penalty under the Anti-kickback statute. While an arrangement that is not technically in a safe harbor is not presumed unlawful, Zimmer will seek to structure its relationships in a manner to meet the requirements of available safe harbors to the fullest extent possible and will not enter into arrangements for the purpose of unlawfully inducing business. Some of the safe harbors applicable to Zimmer's business operations and contractual arrangements include: the discount safe harbor discount which protects payments between parties that take the form of appropriately disclosed rebates or discounts; the GPO safe harbor provides protection for administrative fees paid by Zimmer to a group purchasing organization; the personal services safe harbor which offers protection for fair market value payments made for legitimate, commercially reasonable and necessary services, subject to the satisfaction of certain additional safe harbor requirements. Other safe harbors may also be available for a particular business arrangement.