Philips Employee Political Action Committee













Annual Report | 2022

Table of Contents

Chairman's Message	**3**
Board of Directors	**4**
Government Affairs Team	**5**
2021-2022 Election Cycle By the Numbers	**6**
How Do We Compare	**7**
Philips PAC Contribution Criteria	**8**
Philips PAC Contributions	**9**
Political Affairs Events	**12**
Employee Political Engagement Activities	**14**
Federal Legislative and Regulatory Overview	**15**
State Legislative and Regulatory Overview	**19**
Government Affairs on the Move	**20**
Contact Us	**23**

Chairman's Message



It is with great excitement that I share the Philips Employee Political Action Committee (Philips PAC) 2022 Annual Report.

As your PAC Chair, I am honored to serve in this role, personally support the Philips PAC, and celebrate the success and strength of the political engagement program we all work so hard to advance.

We have a dedicated and diverse group of PAC board members who remain laser-focused on leading Philips PAC into the future. Our political activities must always reflect the pursuit of Philips' principled mission to make the world healthier and more sustainable through innovation.

To effectively educate Members of Congress on issues that impact our company and industry, we need an influential and visible PAC. Philips PAC is a highly valuable and transparent resource that enables Philips to have a voice in the political process and support the campaigns of our Congressional champions.

We also work hard every day to show our commitment to be your go-to, trusted source for information on politics and government affairs in today's rapidly changing environment.

This 2022 Annual Report highlights our amazing success and political engagement activities throughout the year. I am most proud of welcoming more than 30 new PAC members and our robust employee get-out-the-vote initiatives. Please review this report and know that your feedback is valued. You may reach out any time to me or our PAC Manager, Angel Riley at angel.riley@philips.com.

With a successful 2022 in the books, we now move forward into a critically important 2023-2024 election cycle. The stakes have never been higher, and I ask that you please remain alongside us on this important journey.

To all our Philips PAC members, thank you for your support and participation. Together, we are building a stronger future for our team and the communities we serve.

With gratitude,
Chris Landon
Business Leader, IGT Devices
Philips PAC Board Chair

Board of Directors



Chris Landon, Chairman
Business Leader
IGT Devices

Angel Riley, Treasurer
Senior Manager
Political Affairs

David Shoultz, Assistant Treasurer
Head of NAM
Government Affairs

Jeff DiLullo
Chief Market Leader
North America

Bud Fahey
Head of IGT North America

Dave Ferguson
Business Leader
Sleep & Respiratory Care

Evan Hoffman
Director
State and Local Government Affairs

Dana Medema
Business Marketing &
Sales Leader Market
North America

Kim Mingo
Head of Government Sales &
Business Strategy
North America

Ricardo Neufville
Strategic Business Manager
Connected Care

Rob Spadafora
Head of Legal
North America

Monica Volante
Director
Federal Government Affairs

Government Affairs Team

The North America Government Affairs team represents, protects, and promotes Philips' business interests at all levels of government: federal, state, and local. The mission of the team is to serve as a resource in support of our business growth in the public sector and commercial marketplaces, and to serve as the company's central source of contact with policymakers, government officials and community leaders.



David Shoultz
Head of Government Affairs (U.S)



Will Center
Director, IFO



Manny Heer
Senior Manager, State & Local Government Relations



Evan Hoffman
Director, State & Local Government Relations



Rich Merski
Director, Geopolitical Risk and Trade



Angel Riley
Senior Manager, Political Affairs



Matthew Shuman
Director, Strategic Congressional Initiatives



Monica Volante
Director, Federal Government Affairs



Christine Fantacone
Operations and Government Affairs Administrator

2021-2022 Election Cycle By the Numbers

Philips PAC raised $268,114 and contributed $196,800 to Federal, State and Local candidates from both political parties in 33 states.

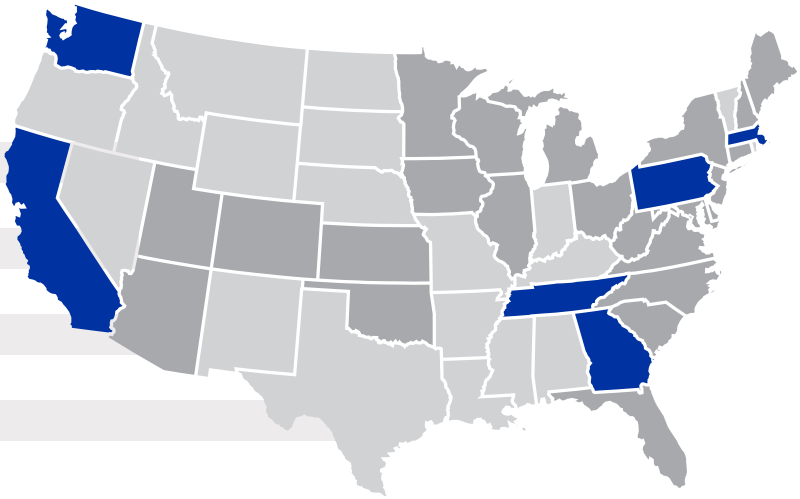
Number of PAC Members by State*

Total Members: 271

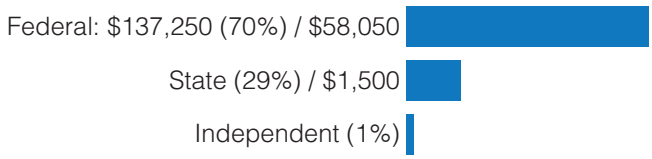
Top Five States

Massachusetts	32
Pennyslvania	26
Georgia	25
California	20
Tennessee	18
Washington	18
All Other States	132

*number of PAC members as of December 31, 2022

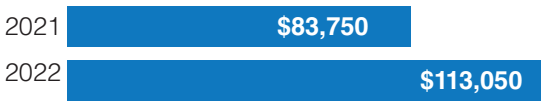


Overall Disbursements

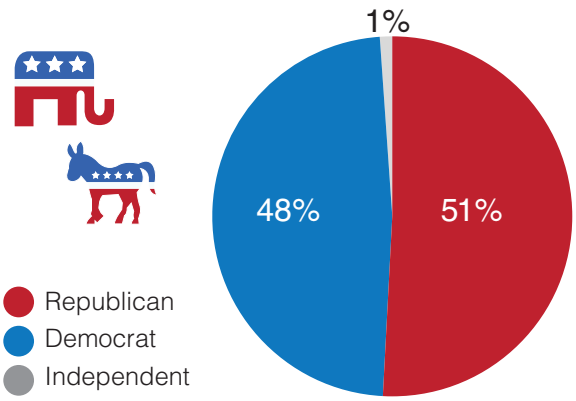


Total Disbursements by year

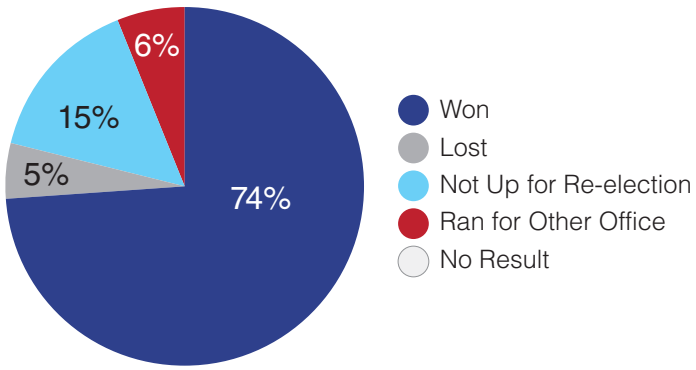
(by calendar year)



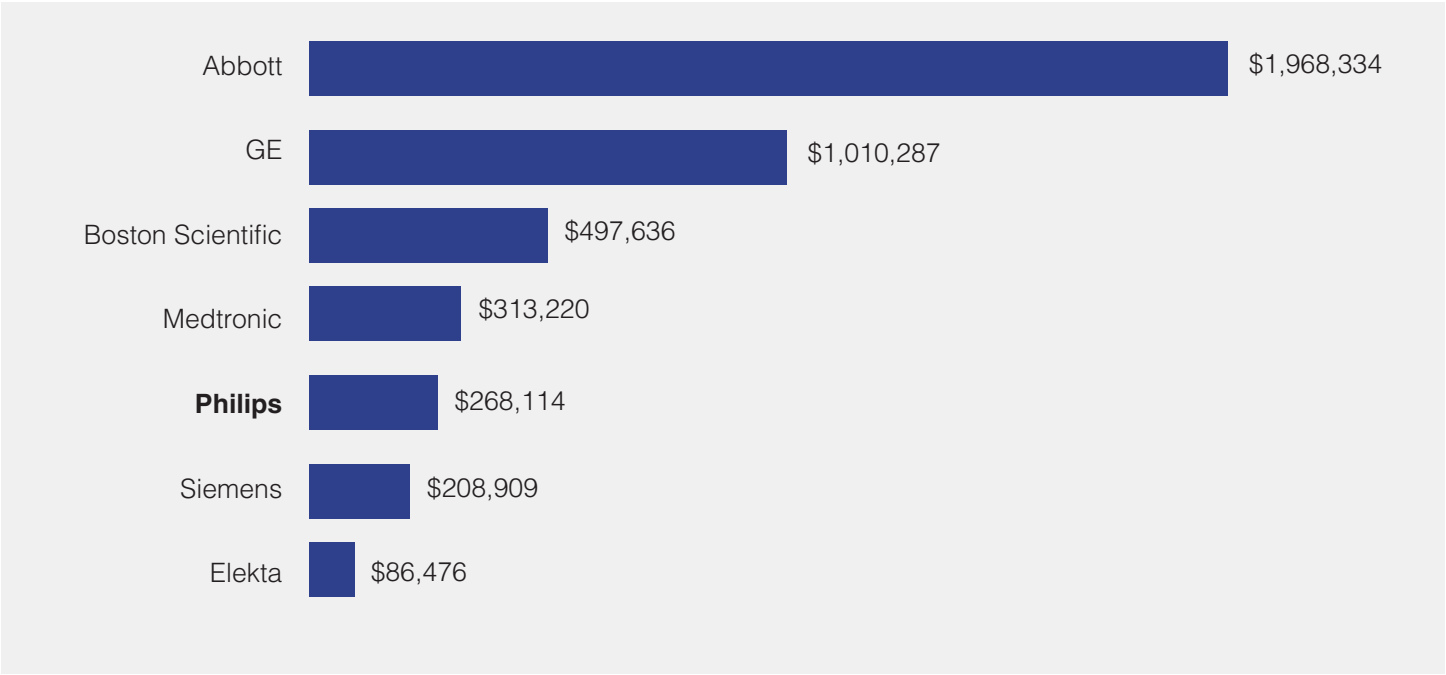
Political Balance



Win/Loss Ratio



How Do We Compare



PAC Financials

Statement of Receipts and Expenditures

For the Year Ending December 31, 2022

Opening Balance, January 1, 2022	**$164,506.40**
Receipts	
Contributions from PAC Members	$130,099.50
Other Federal Receipts (Dividends, Interest,etc)	$ 100.00
Total Disbursements	$ 307.68
Operating Expenditures	
• Contributions to Federal Candidates/Campaigns	$70,000.00
• Refunds of Contributions to Individuals	$ 125.00
• Contributions to Other Candidates/Campaigns (State, Local, etc)	$ 43,360.00
• Closing Balance, December 31, 2022	$180,913.22

Philips PAC Contribution Criteria

The Philips Employee Political Action Committee (Philips PAC) is operated for the purpose of supporting the candidacies of individuals who are seeking nomination or election to the United States Senate, House of Representatives, and state and local offices. The PAC will contribute to the campaign committees of candidates who support public policies that provide our business with the best opportunities for growth.

The following criteria are considered when determining possible contributions:

- ✓ The candidate's voting record and public statements on legislation important to Philips.
- ✓ The candidate's history of accessibility and working with Philips Government Relations representatives on important legislation.
- ✓ Whether a Philips facility is in the candidate's district or state and/or the candidate has a large presence of Philips employees who reside in the district or state.
- ✓ If a Philips facility is in the district or state, the level of interest the candidate has shown in meeting Philips employees and learning the ramifications of public policy as it applies to Philips generally and specifically to the local Philips facility.
- ✓ In the case of an incumbent, whether he/she sits on legislative committees that have jurisdiction over legislation important to Philips.
- ✓ Whether a Philips PAC member has requested a contribution on behalf of a candidate.
- ✓ The candidate's chances to win the election.

Expenditures are decided on a bi-annual basis to most effectively and efficiently use the resources of the PAC to support the candidates who meet the contribution criteria.



Philips PAC Contributions

Below is a list of candidates Philips Employee PAC (Philips PAC) supported in the 2021-2022 election cycle. To learn more about these candidates, visit the "Find Your Candidates" section at www.philipspac.com/voting.

State	Candidate	Party	District	Office	Amount	Win/Loss
Arizona	Gallego, Ruben	D	3	U.S. House	$1,000	Win
California	Bera, Ami	D	6	U.S. House	$2,500	Win
	Eshoo, Anna	D	16	U.S. House	$4,500	Win
	Brownley, Julia	D	26	U.S. House	$2,000	Win
	Takano, Mark	D	39	U.S. House	$4,500	Win
	Calvert, Ken	R	41	U.S. House	$1,000	Win
	Peters, Scott	D	50	U.S. House	$4,500	Win
	Hurtado,Melissa	D	16	State Senate	$1,500	Win
	Rubio, Susan	D	22	State Senate	$1,500	Win
	Wood, Jim	D	2	State House	$1,500	Win
	Cooper, Jim	D	9	State House	$1,500	Ran for Sheriff
	Villapudua, Carlos	D	13	State House	$1,500	Win
	Bauer-Kahan, Rebecca	D	16	State House	$1,500	Win
	Arambula, Joaquin	D	31	State House	$1,500	Win
	Mayes, Chad	I	42	State House	$1,500	Did not run
	Rodriguez, Freddie	D	53	State House	$1,500	Win
	Gipson, Mike	D	65	State House	$1,500	Win
	Waldron, Marie	R	75	State House	$1,500	Win
	Maienschein, Brian	D	76	State House	$1,500	Win
	Boerner Horvath, Tasha	D	77	State House	$1,500	Win
	Weber, Akilah	D	79	State House	$1,500	Win
Colorado	Lamborn, Doug	R	5	U.S. House	$3,500	Win
	Lundeen, Paul	R	9	State Senate	$200	Win
	Woodward, Rob	R	15	State Senate	$200	Loss
	Fields, Rhonda	D	29	State Senate	$200	Up in 2024
Connecticut	Himes, Jim	D	4	U.S. House	$1,000	Win
District of Columbia		D		Aspire PAC	$1,000	Up in 2026
		D		CHC Bold PAC	$5,000	Win
Florida	Rubio, Marco	R		U.S. Senate	$8,500	Win
	Dunn, Neal	R	2	U.S. House	$2,500	Win
	Murphy, Stephanie	D	7	U.S. House	$1,000	Did not run
	Bilirakis, Gus	R	12	U.S. House	$2,000	Win
	Buchanan, Vern	R	16	U.S. House	$1,000	Win
Georgia	Carter, Buddy	R	1	U.S. House	$3,500	Win
	Burke, Dean	R	11	State Senate	$500	Win
	Beach, Brandon	R	21	State Senate	$1,000	Win
	Cooper, Sharon	R	45	State House	$500	Win
	Jones, Jan	R	47	State House	$1,000	Win
Hawaii	Schatz, Brian	D		U.S. Senate	$3,500	Win
Iowa	Ernst, Joni	R		U.S. Senate	$3,000	Up in 2026
Idaho	Crapo, Mike	R		U.S. Senate	$3,000	Win
	Risch, James	R		U.S. Senate	$1,000	Up in 2026

Philips PAC Contributions (continued)

State	Candidate	Party	District	Office	Amount	Win/Loss
Illinois	Duckworth, Tammy	D		U.S. Senate	$1,000	Win
	Rush, Bobby	D	1	U.S. House	$1,000	Retired
	Kelly, Robin	D	2	U.S. House	$2,500	Win
	Bost, Mike	R	12	U.S. Senate	$2,500	Win
	Martwick, Robert	D	10	State Senate	$1,000	Win
	Gabel, Robyn	D	18	State House	$500	Win
	Stephens, Bradley	R	20	State House	$500	Win
	Moeller, Anna	D	43	State House	$500	Win
	DeLuca, Anthony	D	80	State House	$750	Win
Indiana	Banks, James	R	3	U.S. House	$2,500	Win
Kentucky	Guthrie, Brett	R	2	U.S. House	$3,000	Win
	Alvarado, Ralph	R	28	State Senate	$500	Win
	Moser, Kimberly	R	64	State Senate	$500	Win
Louisiana	Cassidy, Bill	R		U.S. Senate	$3,000	Up in 2026
Massachusetts	Clark, Katherine	D	5	U.S. House	$1,000	Win
	Moulton, Seth	D	6	U.S. House	$500	Win
Maryland	Feldman, Brian	D	15	State Senate	$500	Win
	Kagan, Cheryl	D	17	State Senate	$1,000	Win
	Various	D		State Senate MD Democratic Senate Caucus Committee	$2,500	N/A
Minnesota	Smith, Tina	D		U.S. Senate	$2,000	Up in 2026
	McCollum, Betty	D	4	U.S. House	$1,000	Win
	Emmer, Tom	R	6	U.S. House	$1,000	Win
New Hampshire	Kuster, Ann	D	2	U.S. House	$1,500	Win
New Jersey	Pallone, Frank	D	6	U.S. House	$1,000	Win
	Payne, Donald	D	10	U.S. House	$1,500	Win
New York	Meeks, Gregory	D	5	U.S. House	$1,000	Win
	Tonko, Paul	D	20	U.S. House	$3,000	Win
	Stefanik, Elise	R	21	U.S. House	$4,500	Win
North Dakota	Davison, Kyle	R	41	State Senate	$400	Win
Ohio	Joyce, Dave	R	14	U.S. House	$1,000	Win
	Huffman, Stephen	R	5	State Senate	$500	Win
	Lipps, Scott	R	55	State House	$500	Win
Oklahoma	Inhofe, Jim	R		U.S. Senate	$1,000	Retired
	Haste, John	R	36	U.S. Senate	$2,000	Win
Oregon	Wyden, Ron	D		U.S. Senate	$2,000	Win

Philips PAC Contributions (continued)

State	Candidate	Party	District	Office	Amount	Win/Loss
Pennsylvania	Casey, Bob	D		U.S. Senate	$2,000	Up in 2024
	Dean, Madeleine	D	4	U.S. House	$500	Win
	Houlahan, Chrissy	D	6	U.S. House	$2,000	Win
	Reschenthaler, Guy	D	6	U.S. House	$5,000	Win
	Kelly, Mike	R	16	U.S. House	$2,500	Win
	Browne, Patrick	R	16	State Senate	$500	Loss (Primary)
	Ward, Judith	R	30	State Senate	$500	Win
	Stefano, Patrick	R	32	State Senate	$1,000	Win
	Corman, Jake	R	34	State Senate	$1,000	Loss (Primary)
	Aument, Ryan	R	36	State Senate	$500	Win
	Ward, Kim	R	39	State Senate	$2,000	Up in 2024
	Pittman, Joe	R	41	State Senate	$1,000	Up in 2024
	Costa, Jay	D	43	State Senate	$1,500	Up in 2024
	Vogel, Elder	R	47	State Senate	$500	Up in 2024
	Brooks, Michele	R	50	State Senate	$500	Win
	Davis, Austin	D	35	State House	$500	Win
	Silvis, Jason	R	55	State House	$500	Loss (Primary)
	Rapp, Kathy	R	65	State House	$500	Win
	Keefer, Dawn	R	92	State House	$500	Win
	Saylor, Stanley	R	94	State House	$500	Loss (Primary)
	Cutler, Bryan	R	100	State House	$2,000	Win
	Shusterman, Melissa	D	157	State House	$500	Win
	Benninghoff, Kerry	R	171	State House	$2,000	Win
South Carolina	Scott, Tim	R		U.S. Senate	$3,000	Win
	Clyburn, James	D	6	U.S. House	$4,000	Win
Tennessee	Blackburn, Marsha	R		U.S. Senate	$2,000	Up in 2024
	Hagerty, William	R		U.S. Senate	$2,500	Up in 2026
	Cooper, Jim	D	5	U.S. House	$500	Retired
	Massey, Becky	R	6	State Senate	$1,000	Up in 2024
	Watson, Bo	R	11	State Senate	$1,500	Win
	Reeves, Shane	R	14	State Senate	$1,000	Up in 2024
	Lamar, London	D	33	State Senate	$1,000	Win
	Alexander, Rebecca	R	7	State House	$500	Win
	Lee, Bill	R		Governor	$1000	Win
Texas	Burgess, Michael	R	26	U.S. House	$3,000	Win
	Carter, John	R	31	U.S. House	$1,000	Win
Washington	DelBene, Suzan	D	1	U.S. House	$2,000	Win
	Herrera-Beutler, Jaime	R	3	U.S. House	$1,000	Loss (Primary)
	McMorris Rodgers, Cathy	R	5	U.S. House	$5,500	Win
	Kilmer, Derek	D	6	U.S. House	$500	Win
	Stanford, Derek	D	1	State Senate	$400	Up in 2024
	Wilson, Lynda	R	17	State Senate	$400	Up in 2024
	Kloba, Shelley	D	1	State House	$400	Win
	Duerr, Davina	D	1	State House	$400	Win
	Springer, Larry	D	45	State House	$400	Win
	Walen, Amy	D	48	State House	$400	Win
Wisconsin	Kind, Ron	D	3	U.S. House	$500	Retired
West Virginia	Manchin, Joe	D		U.S. Senate	$2,500	Up in 2024

Political Affairs Events

The Philips Employee PAC (Philips PAC) and NAM Government Affairs host quarterly webinar events as a membership benefit. In 2022, a total of **597** employees attended the **11** webinars hosted.

Month	Event		Attendees
February	**Coffee & Conversation** Rep. Scott Peters (D-CA-52)		**65**
March	**Midterm Elections Webinar** Nathan Gonzales		**88**
June	**U.S. China Relations Webinar** Albright Stonebridge Group		**60**
July	**Mid-Year Membership Meeting**		**40**
July	**Coffee & Conversation** Sen. Bill Cassidy (R-LA)		**55**

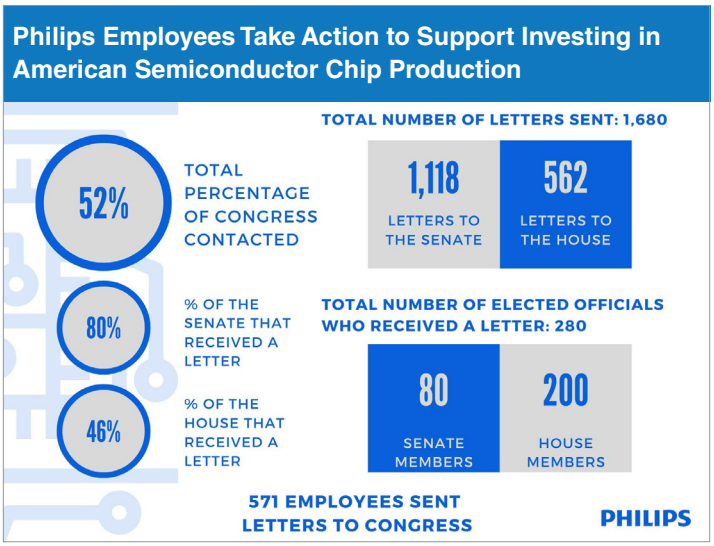
Political Affairs Events

Month	Event		Attendees
September	**Maternal Health Webinar** State Senator London Lamar (TN), Assemblymember Akilah Weber, MD (CA), Khanh Nguyen (NCSL)		76
September	**Midterm Elections Webinar** Jim Ellis		80
October	**Privacy Policy Webinar** Hannah Bracken (U.S. Dept. of Commerce), Lizzie Peterson (Philips North America) and Joan Stewart (Wiley Rein LLP)		68
November	**Post-Election Update** KDCR		66
November	**Year End Membership Meeting**		57
December	**Coffee & Conversation** Sen. Tammy Duckworth (D-IL)		58

Employee Political Engagement Activities

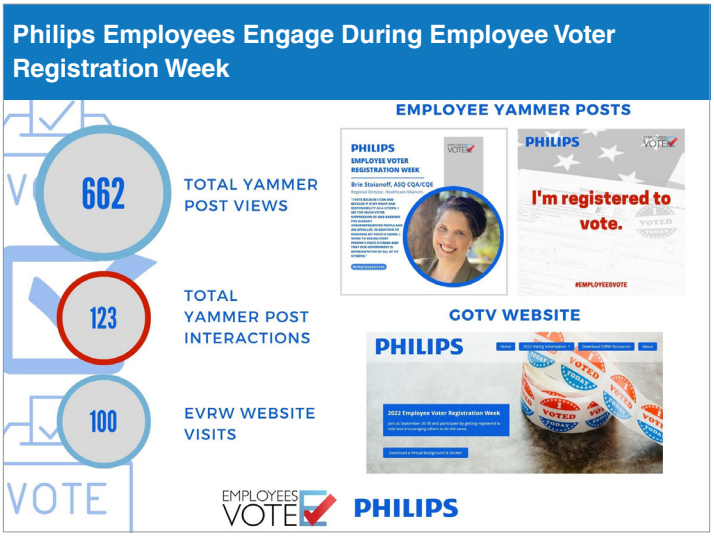
Semiconductor Chip Production Call-To-Action Yammer Campaign

More than 500 employees submitted letters to Congress to help combat the semiconductor chip shortage. The bill urged Congress to pass legislation to invest $52B to manufacture semiconductor chips in the United States. The CHIPS+ Act passed both chambers, and President Biden signed the bill in August 2022.



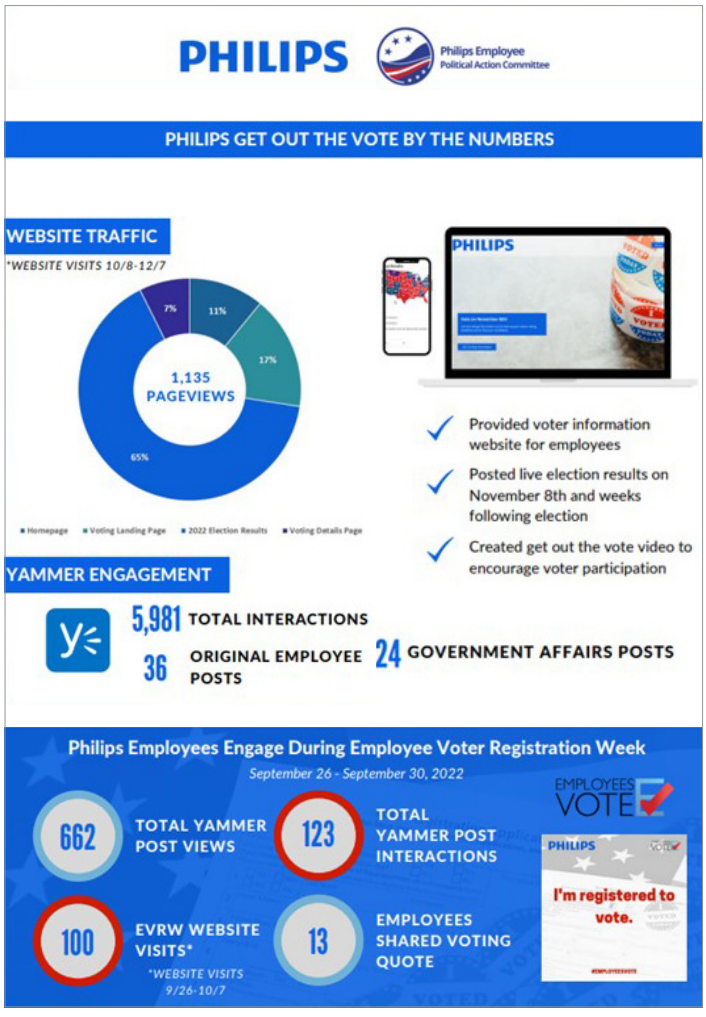
Employee Voter Registration Week

Did you know the U.S. ranks 31st out of 35 developed countries for voter turnout? The Philips Employee PAC joined efforts once again with the Business Industry Political Action Committee (BIPAC) to share content on voter registration and polling/election information with employees.



Get-Out-The-Vote (GOTV)

Almost 6,000 Philips employees interacted with our inaugural Get-Out -the-Vote Yammer campaign. Employees were directed to our website for information on voter registration and learning more about candidates on the respective state ballots. On election night, real-time election results were available on our website leading to more than 1,000 page views.



Legislative and Regulatory Overview

Federal

CHIPS+ Act

Following Philips and the MedTech industry's advocacy efforts, Congress passed, and the President signed the CHIPS Act, appropriating $52Billion in new federal funds to promote U.S. production of semiconductors that are essential to the manufacture of Philips' lifesaving products. The CHIPS Act specifically earmarks $2 billion to support production of key mature or legacy chips required in medical devices.

INFORM Act

After several years of federal focus on e-commerce problems, the Congress enacted the INFORM Act to help ensure that stolen and counterfeit products are not sold online to the detriment of legitimate businesses. The Integrity, Notification, and Fairness in Online Retail Marketplaces for Consumers Act or the INFORM Act now requires online marketplaces (e.g., Amazon) to collect and verify certain contact and financial information from third-party sellers whose transactions and related revenues exceed specified thresholds. By stopping online sales of illicit products, the INFORM measure will help ensure that Philips consumers do not purchase fake, unsafe, or illegal products marketed online, and will help protect the Philips global brand.

Remanufacturing

The Clarifying Remanufacturing to Protect Patient Safety Act (H.R. 7253) was introduced in March 2022 by Rep. Scott Peters (D-CA). This legislation would bring greater clarity to remanufacturing regulations and provide necessary oversight of remanufactured medical devices to protect the health and safety of patients and healthcare providers. Specifically, the proposed legislation would:

- Clarify the term "remanufacturing" in statute and clarify that all entities engaged in medical device remanufacturing are required to register with the FDA, engage in reporting, and implement quality and safety processes; and
- Provide public education and transparency to raise awareness of remanufacturers' regulatory responsibilities and to promote compliance.

Rep. Scott Peters represents our IGT facility in San Diego, CA, and has been a long-time advocate for the device industry. He worked with Philips and MITA, the Medical Imaging and Technology Alliance, for approximately a year to craft this bill. H.R. 7253 is cosponsored by Rep. John Joyce (R, PA-13) and Rep. Kim Schrier (D, WA-8) – both of whom are physicians who sit on the House Committee on Energy and Commerce Health Subcommittee.

Federal Government Affairs Team:



David Shoultz
Head of Government Affairs
david.shoultz@philips.com



Monica Volante
Director of Government Affairs
monica.volante@philips.com



Rich Merski
Director, Geopolitical Risk and Trade
rich.merski@philips.com



Matthew Shuman
Director, Strategic Congressional Initiatives
matthew.shuman@philips.com



Will Center
Director, IFO
will.center@philips.com

Legislative and Regulatory Overview

Federal

Postponement of drastic cuts to remote cardiac monitoring code G2066

Philips BioTelemetry is the leading provider of cardiac monitoring and remote patient services in the US. One of our key codes, G2066, is facing cuts of up to 90%. The service uses implantable loop recorders (ILRs) and other heart failure monitoring devices to continuously record heart rhythms. Most services are provided to patients with potentially life-threatening arrhythmias or conditions that occur intermittently so they cannot be diagnosed without ongoing monitoring services. The data is sent from the device to an independent diagnostic testing facility (IDTF) or physician's office where technicians download, collate, review, and generate a report for use in patient management.

The cloud-based Philips platform analyzes the data and immediately notifies a patient's health care provider of clinically significant cardiac arrhythmias. Our heart monitoring systems facilitate continuous data collection and real-time transmission of data, allowing for earlier diagnosis and treatment, reduced hospitalizations, and improved health outcomes for patients with arrythmias, including AF.

Two of the largest regional Medicare contractors or MACs (whose payments are on the high end of the spread of MAC payments for this service) announced payment rate reductions that could severely limit patient access to these services. On May 31st, National Government Services (NGS) announced that it would cut payment for G2066 by approximately 90 percent, effective July 1, 2022. On April 21st, Wisconsin Physicians Service Government Health Administration (WPS) cut payment for G2066 by approximately 85 percent, which is retroactive to January 1, 2022.

As a result of coordinated efforts between Philips Government Affairs (we met with 60 offices alone), other IDTFs, the American College of Cardiology (ACC) and the Heart Rhythm Society, we succeeded in having a bipartisan letter from Congress being sent to CMS. The letter requested that CMS (1) pursue setting a national price for G2066 through notice and comment rulemaking; and (2) ensure NGS and WPS reverse their rate reductions until stakeholders are consulted and an appropriate national rate is determined. The letter was signed by 18 bipartisan Members of the House of Representatives. Multiple Senate offices also contacted the Agency on our behalf.

One day before the NGS 90% cut was set to go into effect, the contractor announced that it would postpone any reductions.

We continue to advocate for national pricing for this service.

Major Telehealth Legislation

On July 27th, the House of Representatives passed H.R. 4040, the Advancing Telehealth Beyond COVID–19 Act, by a vote of 416 to 12. This bill would extend several key telehealth flexibilities implemented during the COVID-19 Public Health Emergency (PHE) until the end of 2024. Without this legislation, these flexibilities would expire 151 days after the end of the PHE.

It would:

- Allow Medicare to pay for telehealth services regardless of the location of the patient. Before the pandemic, Medicare would typically only pay for telehealth appointments that were conducted from authorized health care settings in rural areas.
- Allow Medicare to pay for audio-only telehealth services, including for behavioral health. Before the pandemic, Medicare rarely paid for audio-only telehealth.
- Allow the Health and Human Services Department to expand the types of providers eligible for Medicare telehealth payment.
- Allow federally qualified health centers and rural health clinics to be reimbursed for telehealth services. Before the pandemic, these sites were not eligible for Medicare payments for providing telehealth.

While the Senate did not take up this bill as stand-alone legislation, provisions in the end-of-year bill signed into law in late December extended all pandemic Medicare telehealth waivers through the end of 2024.



Legislative and Regulatory Overview

Federal

FFR/iFR Reimbursement Policy

In its CYC23 Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment (OPPS/ASC) Final Rule (released November 1st), CMS adopted Philips' proposal for additional/separate payment for technologies such as fractional flow reserve and instantaneous wave-free ratio (FFR/iFR) when used in the ASC setting – if those same technologies receive an extra payment in the hospital outpatient setting. This follows three years of IGT-D advocacy with CMS, and Government Affairs having Members of Congress and Senators weigh in with the Agency through three (3) bipartisan letters and phone calls.

Details: Under the old policy, payment for add-on procedures performed in the ASC setting were packaged with payment for the primary procedure – which was not adjusted to reflect the cost of performing the add-on procedure. By contrast, in the outpatient setting, while payment for add-on procedures was also packaged with the primary procedure, Medicare adjusted the payment rate for certain primary procedures to account for the cost of also performing certain add-on procedures. That adjustment is called a "complexity adjustment."

In the final rule, CMS noted that all of the commenters who responded to the policy were supportive and urged the Agency to finalize the proposal.

As a result of this final rule, beginning January 1, 2023, Medicare will now similarly provide a payment adjustment for add-on procedures performed with primary procedure in an ASC, if the combination of procedures receives a "complexity adjustment" in the outpatient setting. The proposal would significantly impact important cardiac add-on procedures performed in the ASC including fractional flow reserve and instantaneous wave-free ratio (FFR/iFR), as well as intravascular ultrasound (IVUS) and optical coherence tomography (OCT).

What does this mean specifically for FFR/iFR payments in the ASC? Instead of next year's payment rate being $1,459.60, the reimbursement rate will now be $2,280.98.

In response to Philips' comment, CMS is also issuing a supplemental file that lists the primary and add-on procedure code combinations the new C-code to which they are assigned, and their final payment rate.

Omnibus/End of Year Package

- **Cybersecurity/PATCH Act** – Legacy devices removed – Philips strongly supports protecting the cybersecurity of medical devices; however, the PATCH Act would have applied new cybersecurity requirements to medical devices as they go through the FDA approval process AND to our installed base of legacy devices. As originally written, the bill had the potential to create more problems than it solved for healthcare providers by potentially limiting access to existing medical devices currently in use, due to its provisions that would apply to our installed base. Government Affairs, working with our trade association MITA, lobbied for months to have the legacy device provisions removed from the bill. I am pleased to report that the new requirements only apply to devices that have not yet been cleared or approved. Industry believes that the cybersecurity of legacy devices is more appropriately dealt with in ongoing guidance on which we are currently collaborating with FDA.
- **Mandatory shortage reporting defeated** – FDA had proposed new, mandatory device shortage reporting requirements, which were expected to be included in the end-of-year package. Government Affairs was successful in ensuring only that FDA may accept voluntary notifications of supply disruptions of critical medical products from industry.
- **4% Medicare cut due to PAYGO rules postponed** – A 4% cut to all Medicare reimbursements, set to go into effect on January 1, 2023, has now been postponed until 2025 after significant lobbying by our industry and our customers.
- **Telehealth flexibilities extended** – All of the Medicare telehealth waivers in place under the PHE will now be extended through 2024. Absent this provision, these waivers would have expired 151 days after the expiration of the PHE (potentially as early as next summer). Government Affairs had hoped for an extension through 2023. The extra year provides even more certainty for providers and patients.
- **Cuts to the Medicare conversion factor are not eliminated, but they are partially mitigated** – Under the Physician Fee Schedule (PFS), providers were facing a cut of approximately 4.5% beginning on January 1, 2023. Government Affairs supported our providers in advocating for eliminating this cut. While this did not happen, it will be mitigated by a 2.5% increase under the PFS in 2023, and a 1.25% increase in 2024.

Legislative and Regulatory Overview

Federal

Unlock Aid

Unlock Aid is a global coalition of leading innovators with solutions to the biggest challenges in global development. As a result of Unlock Aid's testimony to the House subcommittee on International Development, Representatives Chrissy Houlahan (D, PA-6) and Joaquin Castro (D, TX-20) sent a letter to USAID Administrator Samantha Power addressing two concerns of Unlock Aid and Philips:

a) lack of transparency by USAID prime contractors on work promised but not shared with subcontractors, and

b) the need to create new pathways for non-traditional (i.e., Philips) USAID partners.

The Omnibus/End of Year Package also delivered on specific asks by Unlock Aid:

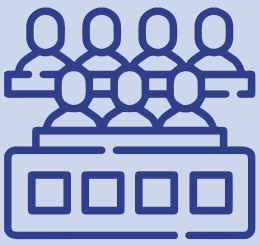
1. A 33% increase in the funding for the Development Innovation Ventures (DIV). These are exclusively milestone-based awards where Philips stands a better chance at winning competitions.
2. $50 million for a private sector engagement hub for use at the mission level.
3. Removing the cap on the number of Innovation Incentive Awards (IIA) - a results-based payment mechanism that Philips favors.
4. $100 million for the CHIPS International Technology Security and Innovation Fund, which at the mission level can support investments in, among other things, advanced information systems.
5. Language calling for USAID to rapidly diversify its partner base, including scaling up localization efforts.

Federal Engagement By The Numbers

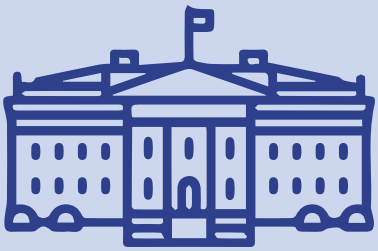
The federal government affairs team met with:



70
Members of Congress



275
Congressional and Personal Staff Members



15
Biden Administration Officials

Legislative and Regulatory Overview

State

State Government Affairs Team:



Evan Hoffman
Director | State and Local Gov't Affair
evan.hoffman@philips.com



Manny Heer
Senior Manager | State and Local Gov't Affairs
manny.heer@philips.com

California

Philips helped defeat legislation (Assembly Bill 2247) that would have implemented onerous chemical requirements unlike anywhere in the world that would have impacted every Philips product sold into California. While AB 2247 passed the California legislature, due to education from a broad coalition of industries, Governor Gavin Newsom vetoed it.

Hawaii

Philips helped defeat "right to repair" legislation (Senate Bill 760) that would have allowed independent service providers to access Philips intellectual property and repair medical devices without any oversight from the FDA or required training. Philips submitted written testimony explaining why this legislation would endanger patients. The bill died in the committee hearing due to strong opposition.

Missouri

Philips helped secure $1.1 million in state funding to improve the state's health information exchange's (HIE) by enabling image sharing capabilities. Once implemented, Missouri providers will be able to access and share patient images to improve patient care.

New York

Philips helped pass legislation (Assembly Bill 774) that would require every health club to have an AED on premise as long as they have over 50 members. Previous NY law required any health club with over 500 members to have an AED. The Governor signed this into law on November 25 and will be effective in 180 days (approximately May 22, 2023). Philips brought together a coalition of different nonprofits and foundations who are involved in raising awareness of sudden cardiac arrest and AEDs support this legislation.

Pennsylvania

Philips helped pass legislation (Senate Bill 818) that would allow ambulatory surgery centers (ASCs) to open cardiac catheterization labs. Prior law only allowed cardiac catheterizations in acute care hospitals, but this new law will expand access to this care in ASCs.

Tennessee

For three years, Philips worked collaboratively with Governor Lee to help him think through solutions to help struggling rural hospitals succeed in Tennessee. These efforts led to a one-time allocation of $30 million to help rural hospitals fund and onboard technology upgrades that would help them succeed, including eICU. Hospitals are in the process of submitting applications and awardees will be announced in the spring of this year.

State Engagement By The Numbers

The state legislative affairs team met with:

More than **250** state lawmakers

10 Governors

Several governor advisors and state agency officials who work on health policy

Government Affairs on the Move



▲ Massachusetts House Health Care Financing Committee Chairman John Lawn visited Cambridge Customer Experience Center.



▶ Philips Cambridge executives attended the New England Council Annual Dinner.



▶ Rob Spadafora met former Vice President Mike Pence at the New England Council Politics & Eggs breakfast.



▶ Rob Spadafora met Massachusetts Senator Elizabeth Warren at New England Council Capitol Hill Report breakfast.



▲ Delaware Rep. Melissa Minor-Brown, who is a maternal health and telehealth champion in the Delaware legislature.

▼ Philips Latham Plant Site Leader Bill Carr and NY State Senator Phil Breslin following a visit.

▼ Assemblymembers John McDonald and Phil Steck touring Philips MRI magnet factory in Latham.





Government Affairs on the Move





▲ PA House Health Committee Chair Kathy Rapp with Reedsville Site Leader Dave Becker after touring Philips ultrasound transducer manufacturing plant.

◀ Rep. Lucy McBath (D-GA, second from right) visited Alpharetta in August 2022 to discuss right-to-repair legislation and servicing of medical devices.

◀ Washington State Rep. Cindy Ryu greeted Manny Heer at the National Legislative Conference.

◀ Manny Heer networked with Women in Government (WIG) leaders at the National Legislative Conference.

▼ Rob Spadafora met Massachusetts Attorney General Andrea Campbell (below left) and met Rep. Angie Craig (D-MN) during his first visit to Capitol Hill (below right).

▼ Rob Spadafora and Monica Volante posed for the camera in between Capitol Hill meetings.







▲ During MITA's Day on the Hill, Todd McNitt visited Sen. Amy Klobuchar (D-MN) to present her with the 2020 Innovation Award for her work on repealing the medical device tax. Capitol Hill offices were closed to the public during COVID which delayed the presentation of this award.







Government Affairs on the Move





▲ Rich Merski greeted Senator Joni Ernst (R-IA) and greets Senator Bill Hagerty (R-TN)

▼ Dave Shoultz, Head of NAM Government Affairs engaged Representative Mike Bost (R-IL).





▲ Matthew Shuman and Gil Smith represented Philips at the Elizabeth Dole Foundation gala.

▼ Matthew Shuman attended a charitable event with Senator Joni Ernst (R-IA, in the middle, left photo). Matthew Shuman also attended an event with Rep. Ryan Zinke (R-MT, on right, right photo).







◀ Kim Mingo rode the Senate underground train to quickly arrive to her scheduled Hill meetings.

Contact Us



Staff Contact Information:

Angel Riley
Philips PAC Manager
240.419.4805
angel.riley@philips.com

Christine Fantacone
Philips PAC Administrator
202.403.8091
christine.fantacone@philips.com

Contributions to the Philips North America Political Action Committee are not deductible as charitable contributions for Federal Income Tax purposes. Contributions to the Philips North America Political Action Committee are used to support candidates for federal, state and local elective office. Contributions to the Philips North America Political Action Committee are voluntary. An eligible employee may choose not to contribute without any fear of reprisal or job discrimination. Payroll deductions for Philips North America Political Action Committee may be discontinued or changed by writing the Treasurer, Philips North America PAC, 901 15th Street, NW, Suite 510, Washington, DC 20005. Federal law requires political committees to report the name, mailing address, occupation and name of employer for each individual whose contributions aggregate in excess of $200 in a calendar year. Individuals must be U.S. citizens or have legal permanent resident status in order to contribute to Philips North America Political Action Committee