

Pharmaceutical Marketing Expenditures in the District of Columbia, 2011



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Government of the District of Columbia
Department of Health
Health Regulation and Licensing Administration**

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I. Executive Summary

Overview

Title III of the AccessRx Act of 2004 requires that any “manufacturer or labeler of prescription drugs dispensed in the District that employs, directs, or utilizes marketing representatives in the District” annually report marketing costs for prescription drugs in the District. Companies are required to report expenses for advertising to District residents; gifts valued at more than \$25 given to District health professionals; and the costs associated with employees or contractors who directly or indirectly engage in advertising and promotional activities in the District.

One hundred fifty-eight pharmaceutical manufacturers and labelers completed reports of their 2011 District of Columbia marketing expenditures and submitted them to the District of Columbia Department of Health. Their reported expenditures totaled \$83.7 million, which is slightly lower than the previous year’s total but is essentially a plateau after years of marked decline: 113 companies reported spending a total of \$158.2 million in 2007, 105 companies reported spending \$136.6 million in 2008, 118 companies reported spending \$96.1 million in 2009, and 132 companies reported spending \$85.4 million in 2010.

This report analyzes 2011 pharmaceutical marketing expenditure submissions in aggregate format, and compares 2011 figures to those of 2006 - 2010. It also provides information on the quality of submissions and recommendations for continuing to improve the quality and utility of data in future years.

Key Findings

As in previous years, expenses for pharmaceutical sales representatives and other employees and contractors engaged in advertising and marketing constituted the largest share of total expenditures. These expenditures, termed *Aggregate Expenses*, totaled \$57.9 million, or 69.2% of total expenditures.

Gift Expenses – which include grants, speaker fees, product samples, food, and promotional items – totaled \$18.9 million, or 22.5% of all expenditures. As in previous years, physicians received the largest number of payments. Food was by far the most frequently given gift, but accounted for a relatively small share of the gift expenditure total. This trend is similar to what was found in previous years. In contrast to previous years, a smaller percentage of gifts in 2011 were in the form of cash, checks, donations, or grants; however, these payment types still accounted for over three-quarters of the dollar value of all gifts. Together, aggregate expenses and gift expenses accounted for 91.7% of expenditures.

Gifts were fairly evenly split between individuals and institutions. Hospitals, clinics, universities, organizations, and other non-individual recipients of gifts received \$9.7 million in gifts from pharmaceutical companies.

Individual recipients – including doctors, nurses, other healthcare providers, and pharmacists – received \$9.2 million, and recipients with MD and DO credentials received 81.4% of that, or \$7.5 million. Most gifts to physicians were described as being speaker fees paid in the form of cash or check.

The majority of companies reported no District-specific advertising expenses. Seventy-one companies, or 45% of those submitting reports, reported *Advertising Expenses* totaling \$6.9 million.

Specific findings related to overall expenditures include the following:

- In 2011, 158 pharmaceutical manufacturers and labelers reported payments totaling \$83.7 million for advertising, gift, and aggregate expenses in the District of Columbia. (The “aggregate expenses” category is the amount spent on compensation for employees and contractors conducting marketing activities in the District.) Of this grand total, \$6.9 million were reported for advertising expenses (8.2%), \$18.9 million were gift expenses (22.5%), and \$57.9 million were aggregate expenses (69.2%).
- Total expenditures decreased slightly from 2010. While gift expenditures fell by more than 10%, spending in the advertising and aggregate categories increased slightly:
 - Advertising expenditures increased by roughly \$100,000 (1.5%), from \$6.8 million to \$6.9 million;
 - Gift expenditures decreased by \$2.1 million (10.2%), from \$21 million to \$18.9 million;
 - Aggregate expenditures increased by over \$300,000 (0.6%), from \$57.6 million to \$57.9 million; and
 - Total expenditures decreased by \$1.7 million (2.0%), from \$85.4 million to \$83.7 million.
- Twenty-three companies reported over \$1 million apiece in total expenditures; although these represent only 14.6% of companies, their expenditures represent almost three-quarters (73.8%) of total reported expenses.
- Aggregate expenses represent the majority of total marketing expenses in the District; this finding is similar to findings in all previous years.

Findings from our analysis of gifts include the following:

- Three-quarters of gifts (76.3%) took the form of *Food*, but *Food* only accounted for 10.6% (\$2.0 million) of the total dollar amount given by pharmaceutical companies.
- Gifts in the forms of *Cash or Checks* and *Grants* together represented almost three-quarters (73.1%) of total gift expenditures, although they accounted for only 14.0% of the number of gifts given. *Cash or Checks* accounted for \$10.0 million and *Grants* for \$4.0 million.
- *Marketing* was reported as the primary purpose of gifts 37.2% of the time, and accounted for 18.8% of the gift value (\$3.5 million). *Education* was identified as the purpose of 30.7% of the gifts, and accounted for 29.5% of gift value, or \$5.6 million.

- Non-individual recipients (hospitals, organizations, etc.) received \$9.7 million in gifts, while individual recipients received \$9.2 million.
- The top ten Professional Organizations (representing health professionals in a specific specialty or demographic group) received a total of \$3.5 million, with a median gift value of \$20,000.

Findings regarding gifts to physicians include the following:

- There were 12 physicians who each received gifts totaling more than \$100,000 from pharmaceutical companies. Together, their gifts totaled \$1.6 million, or 21.8% of all gifts given to physicians.
- Out of nearly 3,400 physicians who received at least one food gift, 444 received 10 or more meals from pharmaceutical companies during 2011. Thirty-three physicians received 52 or more food gifts, averaging one or more free meal per week from a pharmaceutical company. Food gifts are generally accompanied by a visit from a pharmaceutical sales representative, so these physicians are likely having frequent interactions with detailers who are promoting specific drugs.
- Although fewer physicians received meal gifts in 2011 – approximately 3,400 rather than nearly 4,700 in 2010 – the number of physicians receiving 52 or more meal gifts per year more than doubled, from 14 to 33.
- Physicians received a total of \$4.0 million in the form of speaking fees or related gifts. Four physicians received speaking payments that totaled between \$100,000 and \$200,000 per physician.

Pharmaceutical companies' gifts to physicians are addressed by the Patient Protection and Affordable Care Act, which was signed into federal law in 2010. Once regulations are finalized, pharmaceutical manufacturers must report to the Secretary of Health and Human Services (HHS) any "transfer of value" worth \$10 or more to a physician or teaching hospital. This information will be compiled by the Secretary, reported to Congress and the states, and made available to the public online. While this is a significant step toward transparency, it is important to note that it fails to capture much of the information that the District collects through AccessRx requirements, such as *Aggregate* and *Advertising* expenditures as well as gifts given to nurses, organizations, and clinical sites that are not teaching hospitals.

In 2011, gifts to District physicians totaled \$7.5 million, and gifts to teaching hospitals \$678,116. This \$8.1 million (the amount that would be reported under the new federal law) represents only 43.1% of the total gifts and only 9.7% of the total marketing expenditures reported for 2011 under the AccessRx Act.

II. Summary of Pharmaceutical Marketing Expenditures

In 2011, 158 pharmaceutical manufacturers reported payments totaling \$83.7 million for marketing in the District of Columbia. Company totals include expenditures for advertising; gifts to healthcare professionals; and “aggregate expenses,” which are associated with employees and contractors (including pharmaceutical sales representatives, or “detailers”) who engage in advertising and promotional activities in the District. Excluding 10 companies that reported \$0 in 2011 District marketing expenditures, company reports of total marketing expenditures ranged from \$200 to \$7.8 million. The latter figure is notably lower than the \$11.3 million expenditure total that a single company reported for 2010.

Total Expenses

Table 1 shows the total reported amount in each category from 2006 through 2011; Table 2 shows the percentage of the total spent in each category. A standardized Excel spreadsheet was first provided to assist manufacturers in preparing their reports in 2007, so the apparent increase in expenditures from 2006 to 2007 is most likely due more to improvements in the reporting process rather than to an actual increase.

Table 1

2006 - 2011 Total Pharmaceutical Marketing Expenditures in DC by Type of Expenditures in Dollars						
Category	Total Value Reported for 2011 (\$)	Total Value Reported for 2010 (\$)	Total Value Reported for 2009 (\$)	Total Value Reported for 2008 (\$)	Total Value Reported for 2007 (\$)	Total Value Reported for 2006 (\$)
Advertising Expenses	6,894,171	6,791,214	7,569,036	8,108,052	10,254,533	10,892,163
Gift Expenses	18,859,946	21,010,822	22,034,979	27,090,335	31,382,109	34,431,608
Aggregate Expenses	57,920,090	57,551,911	66,483,622	101,425,020	116,573,964	100,141,658
Grand Total	\$83,674,207	\$85,353,947	\$96,088,376	\$136,623,408	\$158,210,607	\$145,495,429

Table 2

2006 - 2011 Total Pharmaceutical Marketing Expenditures in DC by Type of Expenditures as a Percent of Total Expenditures						
Category	% of Grand Total (2011)	% of Grand Total (2010)	% of Grand Total (2009)	% of Grand Total (2008)	% of Grand Total (2007)	% of Grand Total (2006)
Advertising Expenses	8.2%	8.0%	7.9%	5.9%	6.5%	7.5%
Gift Expenses	22.5%	24.6%	22.9%	19.8%	19.8%	23.7%
Aggregate Expenses	69.2%	67.4%	69.2%	74.2%	73.7%	68.8%
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

District marketing expenditures were highest in 2007, and declined in all categories from 2008 through 2010. Between 2010 and 2011, however, *Advertising Expenses* increased by 1.5% and *Aggregate Expenditures* increased by 0.6%. *Gift Expenses* continued to decline, and the 10.2% drop in this category caused total marketing expenditures to decline slightly.

Aggregate Expenses

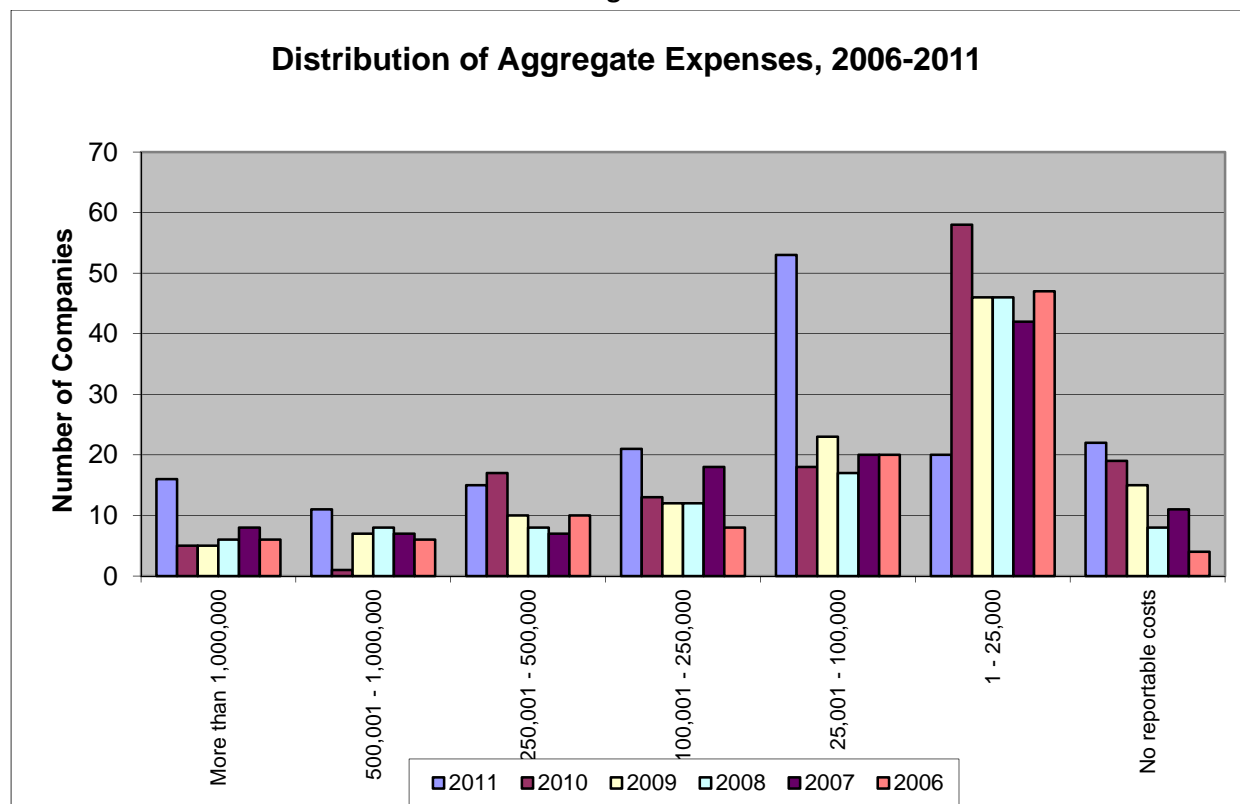
In 2011, pharmaceutical manufacturers and labelers reported spending \$57.9 million on *Aggregate Expenses*, an increase of 0.6% from the 2010 *Aggregate Expenses* total of \$57.6 million. Although this figure is still well below the 2007 *Aggregate Expenses* total of \$116.6 million, it suggests that the pharmaceutical industry may have stopped reducing positions as it did in 2009 and 2010.

In 2011, 16 companies spent more than \$1 million on employees and contractors engaged in advertising and marketing in the District – an increase from the 14 companies whose *Aggregate Expenses* topped \$1 million in 2010. The 16 companies that reported spending more than \$1 million accounted for nearly two-thirds (\$37.2 million, or 64.3%) of all 2011 *Aggregate Expenses* spending. The 11 companies that spent between \$500,000 and \$1 million in this category accounted for another \$7.6 million; together, these 27 companies were responsible for more than three-quarters of all reported *Aggregate Expenses*. Table 3 shows the distribution of expenditures in this category, and Figure 1 shows distributions for 2006-2011.

Table 3

Distribution of 2011 Pharmaceutical Aggregate Expenses in DC				
Total Aggregate Expenses (\$)	Number of Companies	% of Total	Total Value (\$)	% of Total
More than 1,000,000	16	10.1%	\$37,215,856	64.3%
500,001 - 1,000,000	11	7.0%	\$7,568,369	13.1%
250,001 - 500,000	15	9.5%	\$5,974,552	10.3%
100,001 - 250,000	21	13.3%	\$3,960,737	6.8%
50,001 - 100,000	28	17.7%	\$2,001,351	3.5%
25,001 - 50,000	25	15.8%	\$996,294	1.7%
10,001 - 25,000	10	6.3%	\$156,434	0.3%
1,001 - 10,000	9	5.7%	\$45,749	0.1%
1 - 1,000	1	0.6%	\$748	0.0%
No reportable costs	22	13.9%	\$0.00	0.0%
Total	158	100.0%	\$57,920,090	100.0%

Figure 1



Pharmaceutical manufacturers and labelers were provided with a spreadsheet for calculating their *Aggregate Expenses* and were given the choice of either submitting the completed spreadsheet to the District or simply reporting the total figure calculated. The spreadsheet includes a line for each employee or contractor (identified by title) engaged in marketing or promotional activities, with cells for each individual’s salary, benefits, and commission. The total compensation for each employee is multiplied by the amount of time that person spends on District marketing activities, and the resulting figures summed to yield the *Aggregate Expenses* total.

Forty-five of the 136 companies that reported *Aggregate Expenses* (22 reported no expenses in this category) voluntarily provided spreadsheets that included titles and compensation for individual employees or contractors. Unfortunately for analysis purposes, none of the 16 companies that reported *Aggregate Expenses* of over \$1 million provided these details. By comparison, in 2010, 52 companies voluntarily provided spreadsheets, and two of those were companies reporting spending over \$1 million in this category.

The individuals’ titles that were provided indicated that they worked in a variety of positions, mostly related to sales. Table 4 lists selected unique employee or contractor titles provided.

The companies that provided spreadsheets reported a wide range of salary, benefit, and commission figures. Total compensation per person ranged from approximately \$2 to more than \$135,000. The percentage of time spent in the District also demonstrated wide variation, ranging from less than 1% to 100%. The median total compensation figure was more than \$16,000 – a drop of more than 85% from the 2010 median of nearly \$138,000. This dramatic drop is likely due to changes in which companies are reporting detailed *Aggregate Expenses* rather than major changes in overall company spending patterns.

Table 4

Selected Unique Employee/Contractor Titles from 45 Companies		
Area Account Manager	Field Sales Representative	Sales Consultant
Area Sales Manager	Hospital Sales Representative	Sales Manager
Clinical Sales Consultant	Key Account Manager	Sales Representative
Clinical Sales Specialist	Marketing Consultant	Sales Specialist
Clinical Specialist	Medical Sales Consultant	Sales Specialist Neurology
Critical Care Account Manager	Medical Sales Representative	Senior Clinical Infusion Specialist
Director of Institutional Sales	Medical Sales Specialist	Senior Director, Field Sales
Director RX Marketing	National Accounts Manager	Senior Medical Science Liaison
Director, Medical Science Liaison	National Sales Director	Senior Oncology Account Manager
District Manager	Oncology Sales Specialist	Senior Sales Representative
District Sales Manager	Promotional Communication Specialist	Technical Sales Rep
Engagement Manager	Regional Account Manager	Territory Business Manager
Engagement Partner	Regional Sales Director	Territory Sales Manager
Executive Director, Marketing	Regional Sales Manager	Territory Sales Representative
Executive Director, US Sales	Regional Sales Trainer	VP, Medical Affairs

Gift Expenses

Pharmaceutical manufacturers and labelers reported giving a total of \$18.9 million in gifts – including cash or check payments as well as food, travel, and educational grants – during 2011. This represents a decrease of 10.2% from the 2010 total *Gift Expenses* figure of \$21 million. This decrease is notable not only because it is a significant drop in expenditures, but because this is the first time since reporting began that spending has fallen substantially in one category while rising (albeit slightly) in the other categories.

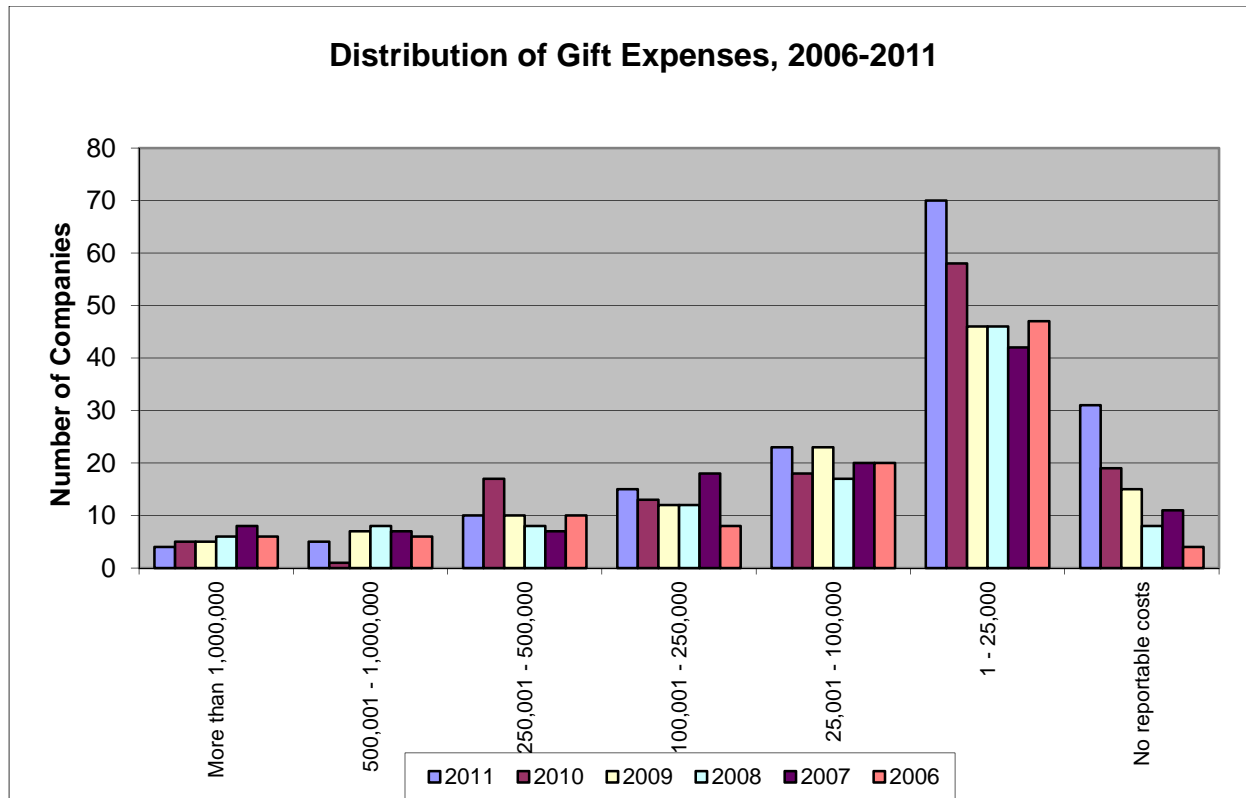
Gift Expenses accounted for 100% of 2011 marketing expenditures for seven companies (4.4% of those submitting reports); by contrast, 124 companies (78.5%) reported gift spending that accounted for less than 50% of their total District of Columbia marketing expenditures. While the number of companies reporting *Gift Expenses* of more than \$1 million decreased from five in 2010 to four in 2011, the number reporting gift expenditures between \$500,001 and \$1 million jumped from one to five. Together, the nine companies reporting more than \$500,000 in 2011 *Gift Expenses* accounted for more than half (56.1%) of the gift value in this category.

Table 4 shows the distribution of 2011 *Gift Expenses* totals, and Figure 2 shows distributions for 2006-2011.

Table 5

Distribution of 2011 Pharmaceutical Gift Expenses in DC				
Total Gift Expenses (\$)	Number of Companies	% of Total	Total Value (\$)	% of Total
More than 1,000,000	4	2.5%	\$7,125,998	37.8%
500,001 - 1,000,000	5	3.2%	\$3,447,407	18.3%
250,001 - 500,000	10	6.3%	\$3,726,091	19.8%
100,001 - 250,000	15	9.5%	\$2,820,321	15.0%
50,001 - 100,000	14	8.9%	\$986,438	5.2%
25,001 - 50,000	9	5.7%	\$329,048	1.7%
10,001 - 25,000	17	10.8%	\$267,783	1.4%
1,001 - 10,000	29	18.4%	\$148,573	0.8%
1 - 1,000	24	15.2%	\$8,285	0.0%
No reportable costs	31	19.6%	\$0.00	0.0%
	158	100%	\$18,859,946	100.0%

Figure 2



Advertising Expenses

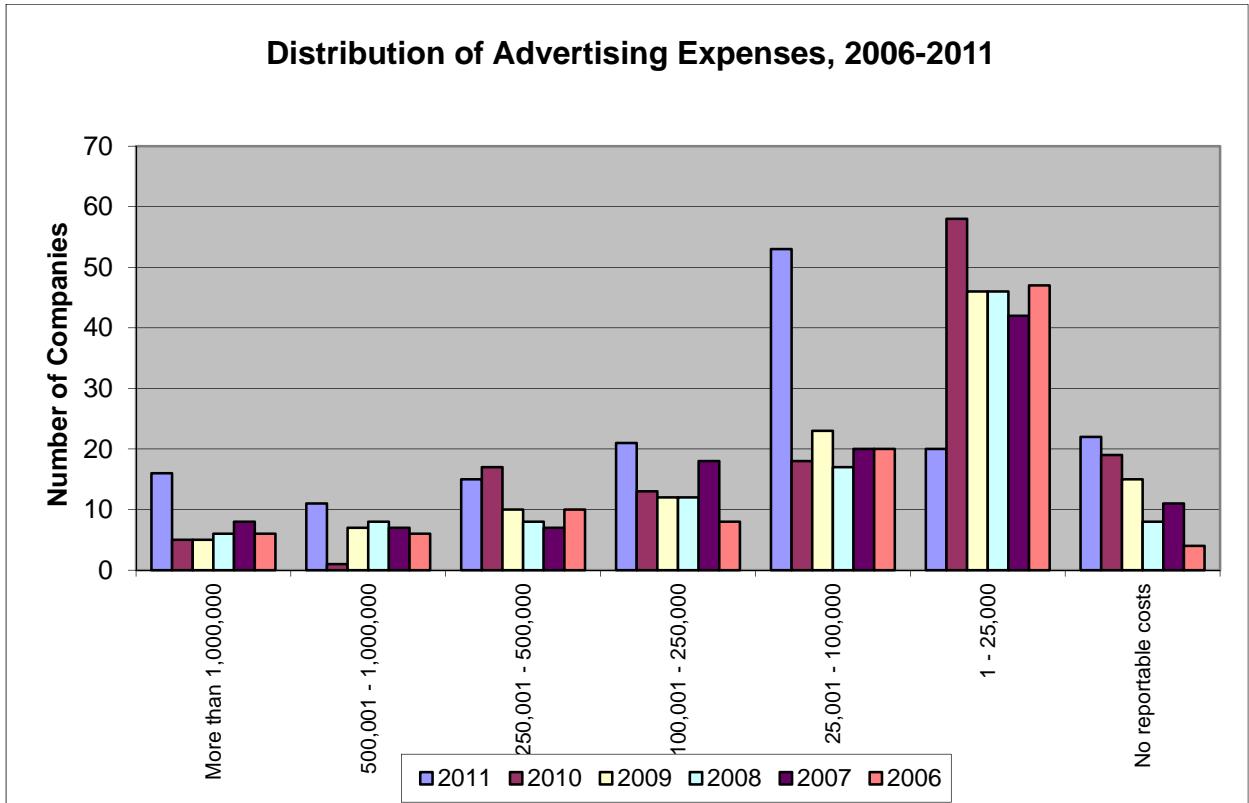
Pharmaceutical manufacturers and labelers reported spending \$6.9 million on advertising in the District in 2011. This is an increase of 1.5% over the \$6.8 million in 2010 *Advertising Expenses*, but this category still accounts for only 8.2% of all reported expenditures. In years past, *Advertising Expenses* have accounted for between approximately 6% and 8% of total reported spending. National advertising campaigns are exempt from the reporting requirements, so the relatively small size of this share may be due to the fact that the category captures only expenses associated with District-specific advertising campaigns.

Out of 158 companies submitting pharmaceutical marketing reports, only 71, or 44.9%, reported any advertising expenditures. Table 6 shows the distribution of 2011 *Advertising Expenses* totals, and Figure 3 shows distributions for 2006-2011.

Table 6

Distribution of 2011 Pharmaceutical Advertising Expenses in DC				
Total Advertising Expenses (\$)	Number of Companies	% of Total	Total Value (\$)	% of Total
More than 1,000,000	2	1.3%	\$3,131,869	45.4%
500,001 - 1,000,000	1	0.6%	\$742,128	10.8%
250,001 - 500,000	4	2.5%	\$1,484,792	21.5%
100,001 - 250,000	5	3.2%	\$812,448	11.8%
50,001 - 100,000	5	3.2%	\$338,566	4.9%
25,001 - 50,000	3	1.9%	\$122,521	1.8%
10,001 - 25,000	10	6.3%	\$156,679	2.3%
1,001 - 10,000	27	17.1%	\$100,259	1.5%
1 - 1,000	14	8.9%	\$4,916	0.1%
No reportable costs	87	55.1%	\$0.00	0.0%
Total	158	100.0%	\$6,894,171	100.0%

Figure 3



III. Gift Expense Analysis

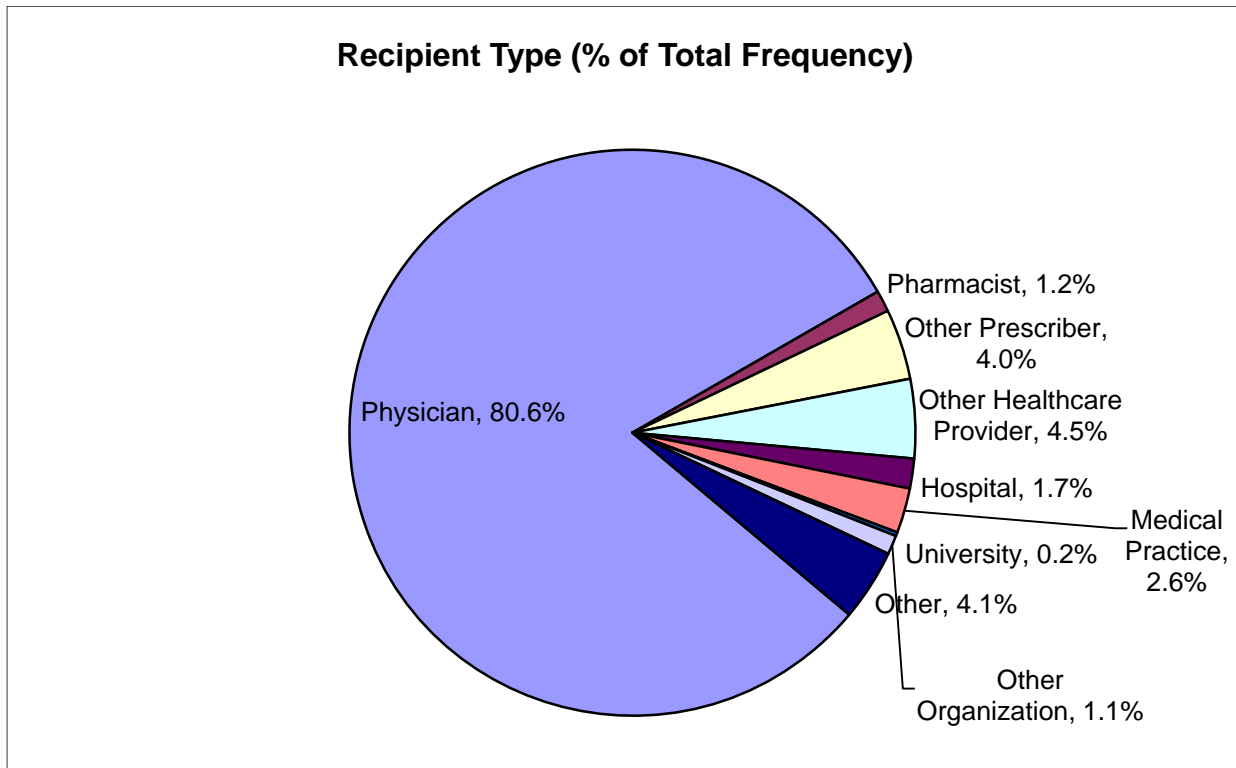
To characterize *Gift Expenses*, companies' individual reports were entered into an Access database, and filters were used to analyze *Recipient Type*, *Nature of Payment*, and *Primary Purpose*.

Gift Recipient Type Analysis: Frequency and Total Amount

A basic filter was run in the database to identify expenses by *Recipient Type*, and results were entered into an Excel spreadsheet for analysis of frequency and dollar amount. *Recipient Types* were broken down into nine categories: *Hospital*, *Medical Practice*, *Pharmacist*, *Physician*, *Other*, *Other Organization*, *Other Healthcare Provider*, *Other Prescriber*, and *University*. Recipients were reclassified from the *Other Type* category into a more specific category if the recipient could clearly be identified as one of the other primary recipient types. In some situations, a recipient could be accurately classified into more than one category – for instance, a psychiatrist could be placed into either the *Physician* or *Psychiatrist* category. For the purpose of this analysis, recipients identified as *Psychiatrist* were added to the *Physician* category.

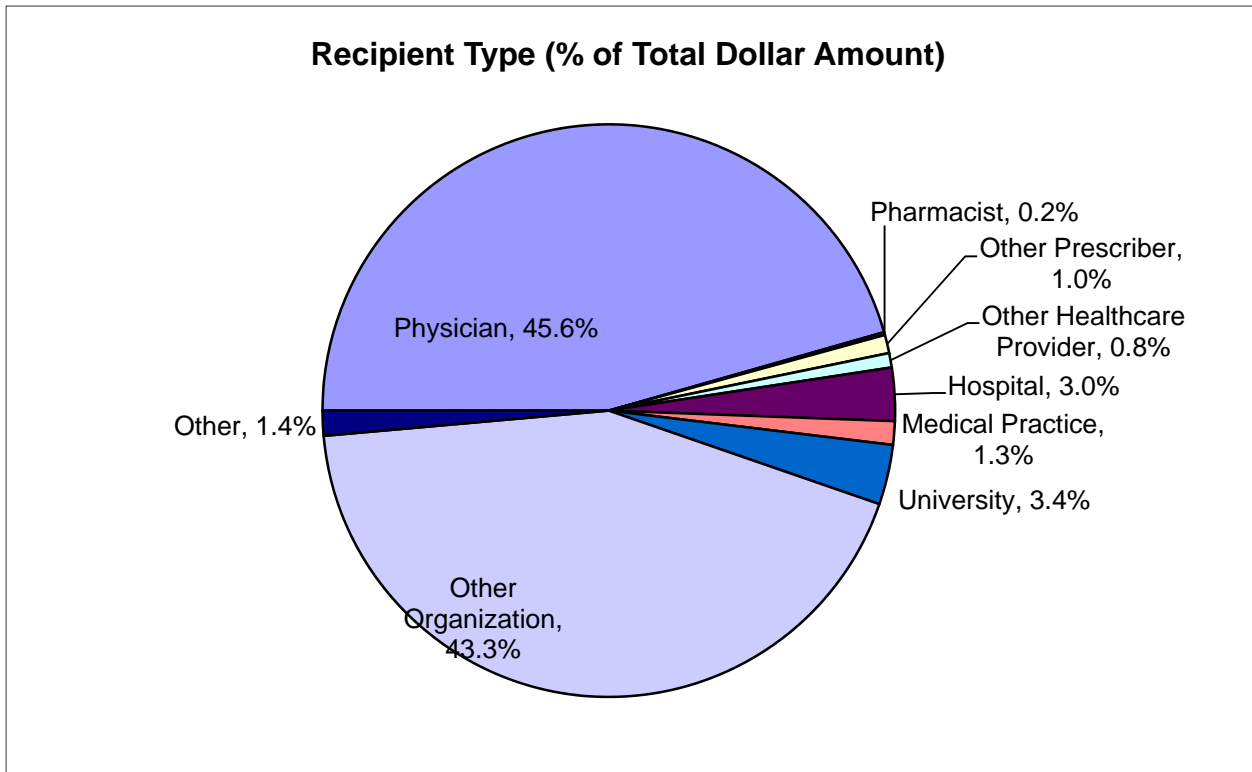
Recipients classified as *Physicians* received gifts most frequently, accounting for 80.6% of all reported gifts. *Physicians* have received the most gifts every year since 2007. Figure 4 reflects the frequency of payments to each type of recipient.

Figure 4



The picture changes when the total amount of gifts, rather than their frequency, is considered. Gifts to *Physicians* accounted for less than half of the \$18.8 million in reported gifts: \$8.6 million, or 45.6% of the total. Gifts to *Other Organization* accounted for another \$8.2 million, or 43.3% of the total. Organizations received a relatively small number of high-value gifts from pharmaceutical companies, while physicians received a relatively large number of lower-value gifts. (Details on gifts to organizations and physicians are in Section IV.) Figure 5 shows the percent of total dollar amount that each *Recipient Type* received.

Figure 5

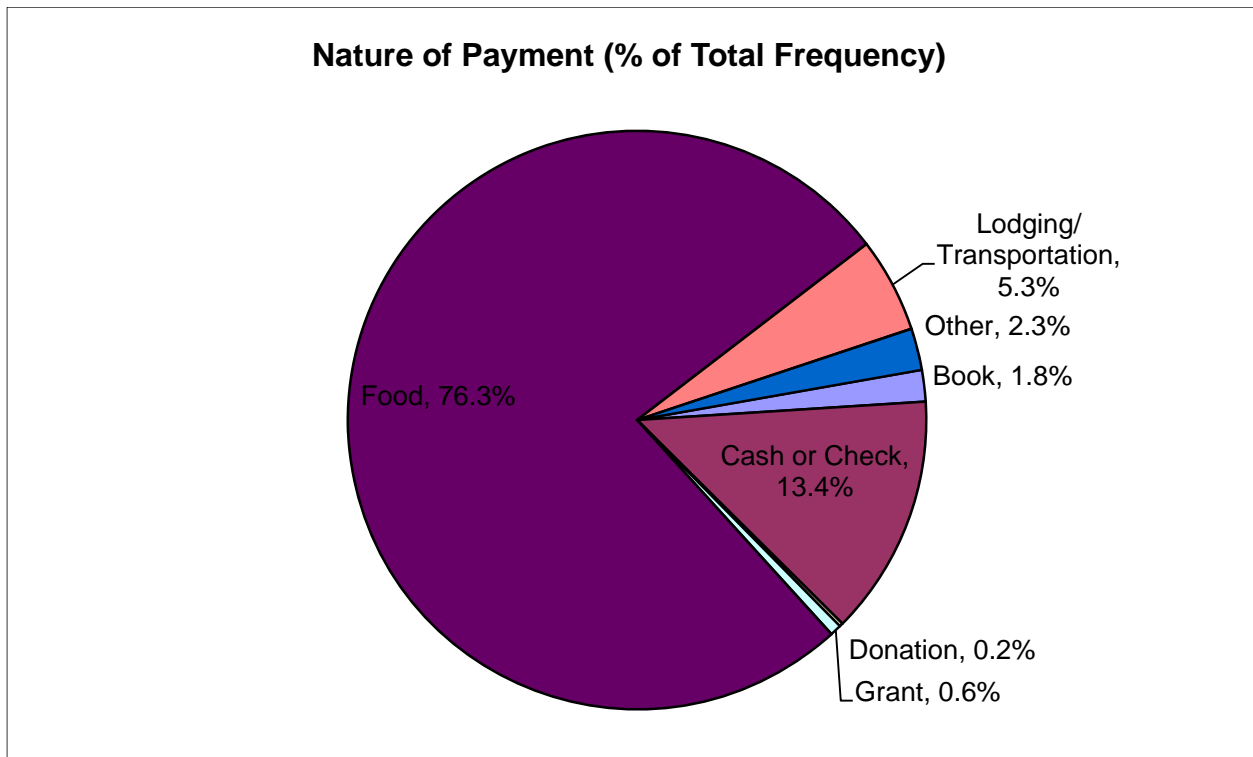


Gift Nature of Payment Analysis: Frequency and Total Amount

A basic filter was run in the database to identify expenses by *Nature of Payment*, and results were entered into an Excel spreadsheet for analysis of frequency and dollar amount. For this analysis, seven primary categories were used: *Book*, *Cash or Check*, *Donation*, *Food*, *Grant/Fundraiser*, *Lodging/Transportation*, and *Other*. In some cases, companies listed terms that were not given as accepted values for *Nature of Payment*. These constituted a small percentage in both frequency and dollar terms and were added to the *Other* category.

As has been the case every year since 2007, *Food* was the most frequently listed *Nature of Payment*, accounting for 76.3% of all payments. *Cash or Check* accounted for 13.4%, and all other categories for less than 6% each. The frequency of *Nature of Payment* categories is depicted in Figure 6.

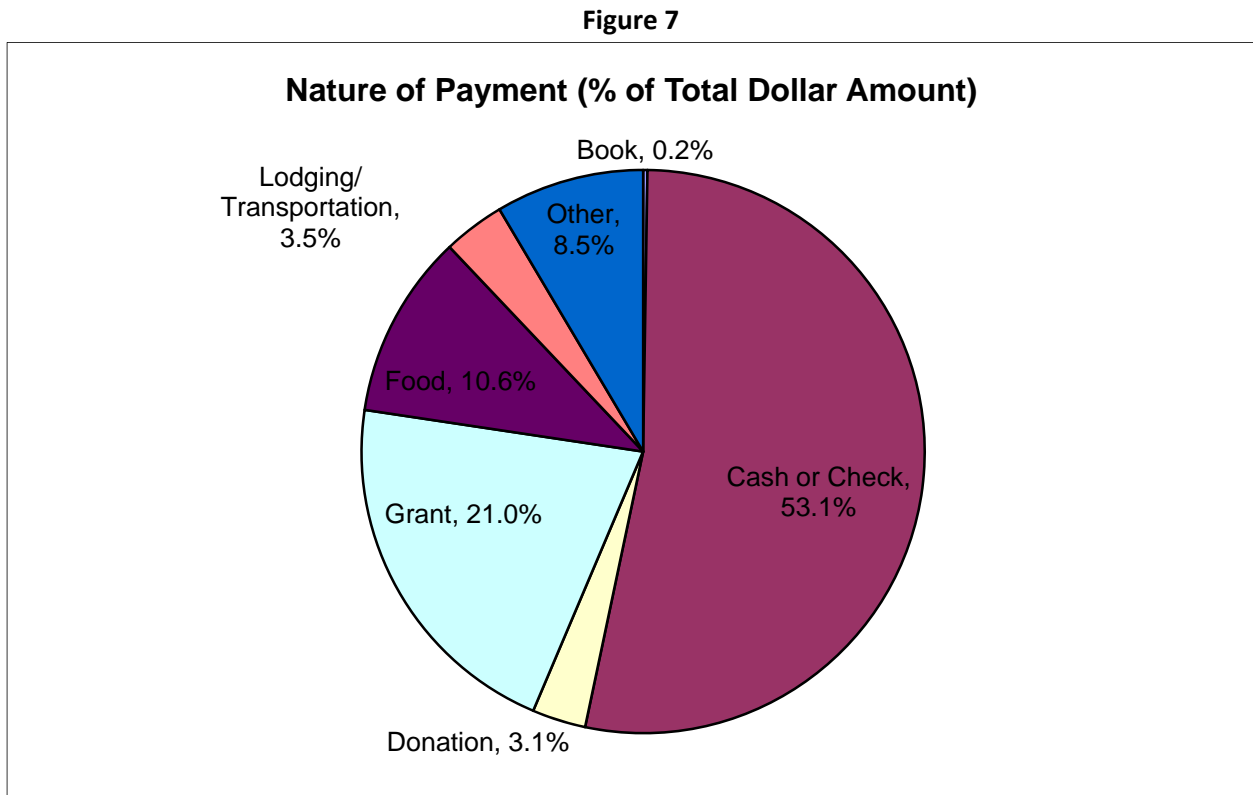
Figure 6



When considering the total dollar amount received, the picture is dramatically different. While *Cash or Check* accounted for only 13.4% of payments, it represents more than half of the total value of all gifts: \$10.0 million, or 53.1%. *Grants*, the next-largest category, accounted for 21.0% of the total gift amount (\$4.0 million). *Food*, listed 76.3% of the time as the *Nature of Payment*, only accounted for 10.6% (\$2.0 million) of the total dollar amount spent.

Compared to 2010 figures, a greater share of the 2011 total gift value is categorized as *Cash or Check*, while the shares of value described as *Grant* and *Donation* are smaller. Together, all three categories accounted for approximately three-fourths of the value of all gifts in both years.

Figure 7 shows the percent of the total dollar amount for each category of *Nature of Payment*.

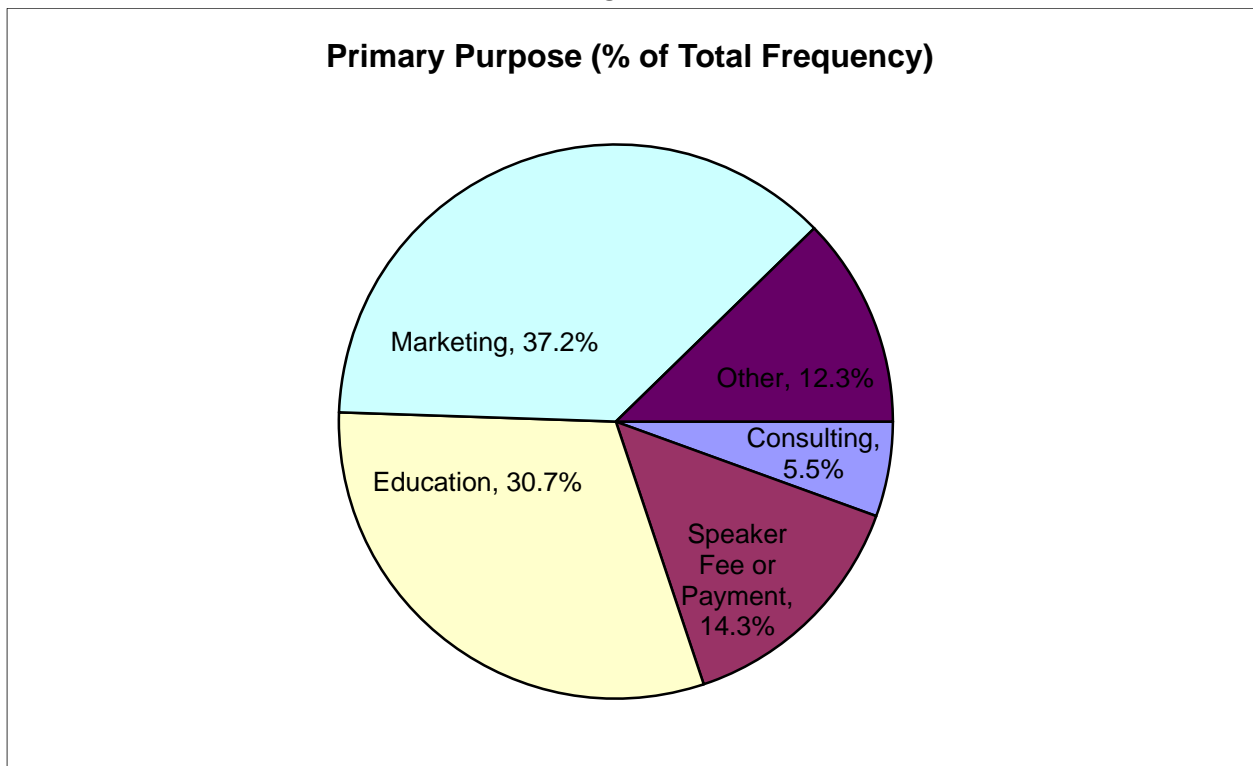


Gift Primary Purpose Analysis: Frequency and Total Amount

A basic filter was run in the database to identify expenses by *Primary Purpose*, and results were entered into an Excel spreadsheet for analysis of frequency and dollar amount. Responses were grouped into five main categories: *Consulting*, *Speaker Fee or Payment*, *Education*, *Marketing*, and *Other*. The *Other* category includes not only payments listed as *Other*, but also terms provided by the company that were not on the list of options for *Primary Purpose* of payment.

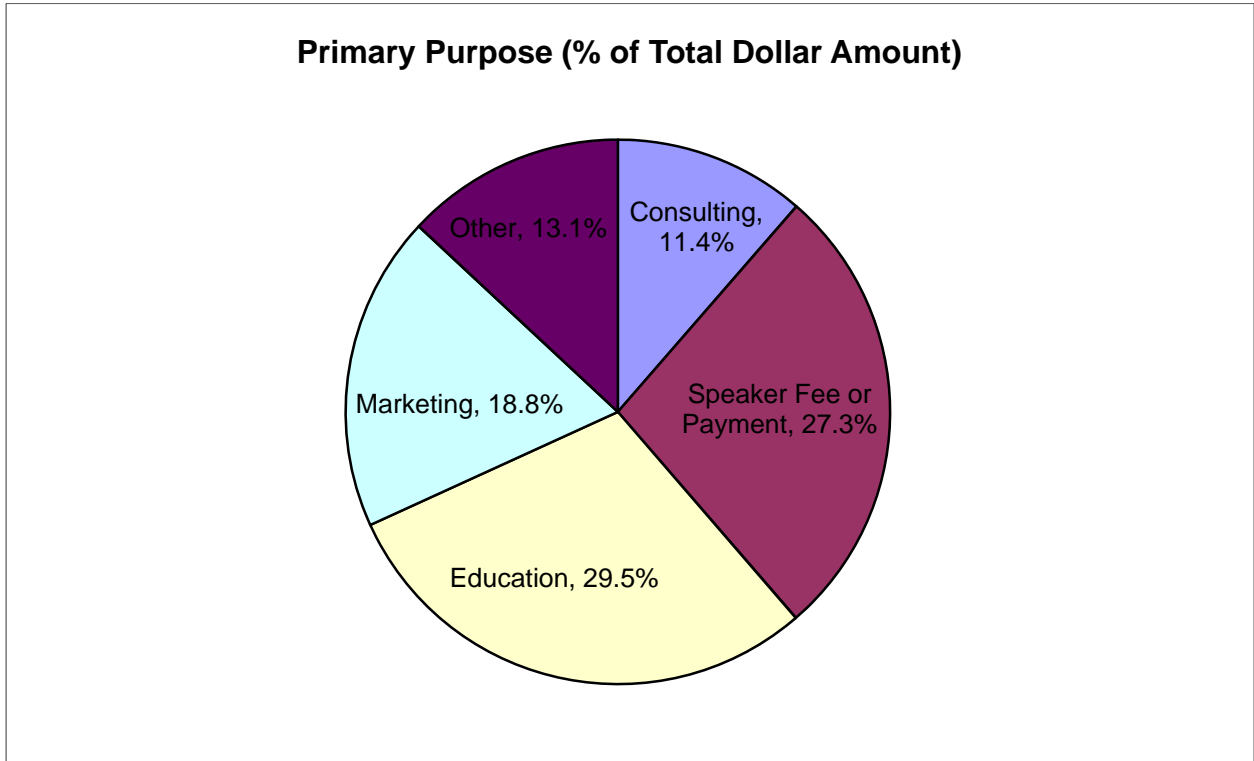
Marketing was the *Primary Purpose* listed most frequently, accounting for 37.2% of reported gifts, and *Education* was the second-most frequent, accounting for 30.7%. This marks a shift from 2010, when 41.3% of the gifts were classified as being for *Education* and 30.9% for *Marketing*. The share of gifts for the *Primary Purpose* of *Speaker Fee or Payment* was 14.3% in 2011, only a slight decrease from the 14.9% of gifts reported in this category in 2010.

Figure 8



When considering the share of gift dollars in each *Primary Purpose* category, *Education* accounted for the most: \$5.6 million, or 29.5% of the \$18.8 million in *Gift Expenses*. Another 27.3% of the total, \$5.1 million, was for *Speaker Fee or Payment* purposes, and \$3.5 million, or 18.8% of the total, was for *Marketing*. This continues a trend of speaker payments accounting for a growing share of gift dollars, up from 19.3% of value in 2009 and 22.4% in 2010. The percentage of the total gift dollar amount reported in each *Primary Purpose* category is depicted in Figure 9.

Figure 9



IV. Analysis of Gift Recipients

To characterize the recipients of gifts from pharmaceutical companies, we first separated the gift payments given to organizations, institutions, and offices from those given to individuals. This determination was based on whether the *Non-Individual Recipient* cell or the *Recipient Last Name* cell in the submission spreadsheet was populated. Organizations and institutions (hereafter referred to as “non-individual recipients”) received \$9.7 million in gifts, and individuals received \$9.2 million. This continues a trend of declining total gifts to non-individual recipients, which collectively received \$13.7 million in 2009 and \$12.0 million in 2010. Individuals’ total gift amount has held steady; it was \$9.2 million in 2010, too, up from \$8.4 million in 2009.

Among non-individual recipients, we identified three types of organizations: Clinical Organizations (hospitals, health clinics, etc.), Disease-Specific Organizations, and Professional Organizations (representing doctors in a specific specialty or demographic group). We identified the organizations within each category that received the largest amounts from pharmaceutical companies. Gifts to each of these “top ten” groups declined since 2010:

- The top ten Clinical Organizations received \$721,762 in 2011, a 74.9% drop from \$2.9 million received in 2010. (The organizations in this group are largely, but not entirely, the same as the ones in 2010.)
- The top ten Disease-Specific Organizations received \$2.1 million in 2011, a 28.6% decrease from \$3.0 million received in 2010.
- The top ten Professional Organizations received \$3.5 million in 2011, a 5.2% decrease from \$3.7 million received in 2010.

It is important to note that the ten organizations in each group may change from year to year.

In 2011, gifts to non-individual recipients as a whole most often took the form of food (51.9% of gifts), but the *Nature of Payment* accounting for the greatest total dollar amount was *Grant* (\$4.0 million, or 40.8% of the total). The top ten Clinical Organizations also received the majority of their gifts in food form (68.0%) but received the most dollars in grant form (\$379,038, or 52.5% of the total).

For the top ten Disease-Specific Organizations, *Grant* was the most frequent *Nature of Payment* (accounting for 60.0% of gifts) though the greatest percentage of the value was designated as *Cash or Check* (\$925,360, or 43.1% of the total). For the top ten Professional Organizations, the most frequent *Nature of Payment* was *Cash or Check* (54.8%), while the *Grant* category accounted for the greatest share of the value (\$1.4 million, or 41.4% of the total).

In examining gifts given to individuals, we analyzed gifts where the recipient’s credentials were listed as MD or DO to identify physicians and those where the recipient’s credentials matched the nursing profession (RN, NP, APRN) or the credentials field contained the word “Nurse” to identify nurses.

Physicians received a total of \$7.5 million, which represents 81.4% of the gifts given to individuals. Nurses received the much lower total amount of \$158,175. For both physicians and nurses, *Food* was most frequently reported as the *Nature of Payment*; however, for physicians *Cash or Check* was the *Nature of Payment* accounting for the greatest share of the gifts' dollar value.

Single gifts to physicians ranged in value from less than a dollar to \$27,500, with a median of \$74 – an increase from the 2010 median of \$70. The largest single gift to a nurse was valued at \$4,219, and the median nurse gift was \$57, a substantial increase over the 2010 median nurse-gift value of \$35.

Table 7 summarizes the findings of the analysis of gift recipients.

Table 7

Recipients of Gifts from Pharmaceutical Companies, 2011							
Recipient Type	Total Amount Received (\$)	Median Gift Value (\$)	Range of Gift Values (\$)	Most Frequent Nature of Payment	Nature of Payment Receiving Most Money	Most Frequent Primary Purpose	Primary Purpose Receiving Most Money
All Non-Individual Recipients	9,680,813	139.88	0.01 - \$500,000	Food	Grant	Marketing	Education
Top Ten Clinical Organizations	721,762	202.77	25.03 - 90,000	Food	Grant	Marketing	Education
Top Ten Disease-Specific Organizations	2,145,085	20,000	1,000 - 415,360	Grant	Cash or Check	Education	Education
Top Ten Professional Organizations	3,474,780	20,000	50 - 500,000	Cash or Check	Grant	Education	Education
All Individual Recipients	9,163,454	75.00	0.01 - 27,500	Food	Cash or Check	Marketing	Speaker Fee or Payment
Physicians	7,457,122	73.94	0.01 - 27,500	Food	Cash or Check	Marketing	Speaker Fee or Payment
Nurses	158,175	56.50	0.09 – 4,319	Food	Food	Education	Education

Payments to Non-Individual Recipients

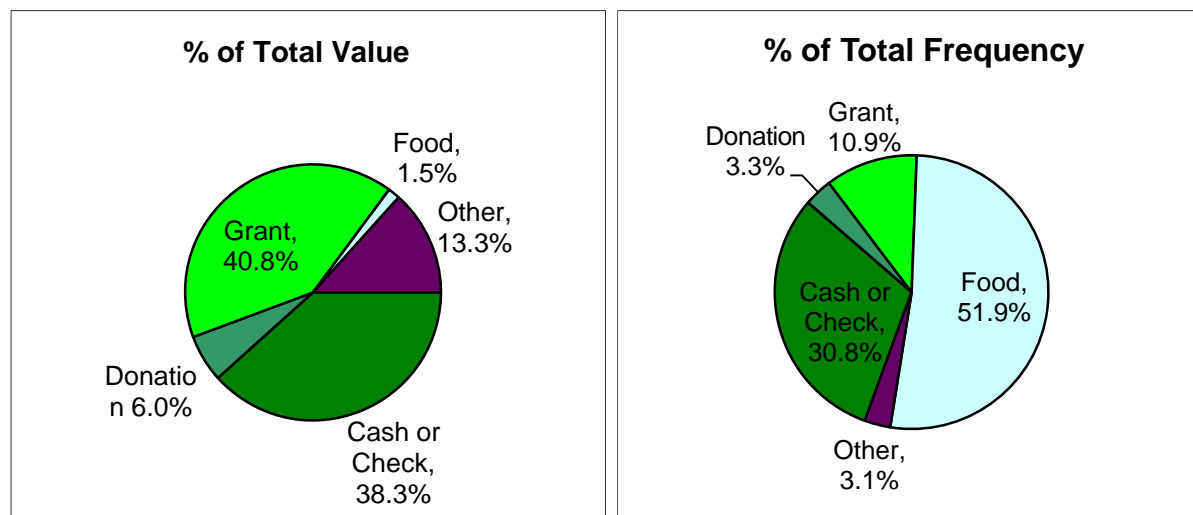
Non-Individual Recipients were analyzed first as a group and then broken into three subgroups: Clinical Organizations, Disease-Specific Organizations, and Professional Organizations. The ten organizations that received the largest total gift amounts in these three categories were then analyzed further.

Non-Individual Recipients as a Whole

As noted, Non-Individual Recipients received a total of \$9.7 million in gifts. Single payments to Non-Individual Recipients ranged from less than a dollar to \$500,000, and the median value of all payments to this group was \$140.

Grant was the *Nature of Payment* that accounted for the largest share of the total dollar value of gifts to Non-Individual Recipients, at 40.8%, or \$4.0 million; *Cash or Check* accounted for another 38.3%, or \$3.7 million. *Other* was the *Nature of Payment* for gifts totaling 13.3%, or \$1.3 million; *Donation* accounted for 6.0%, or \$580,197, and *Food* accounted for only 1.5% of the total gift value, or \$147,716. However, when considering the frequency of gifts, *Food* was the *Nature of Payment* listed for 51.9% of gifts to Non-Individual Recipients, while *Cash or Check* was listed for 30.8%, *Grant* for 10.9%, and *Donation* for only 3.3%. This shows that Non-Individual Recipients received many relatively inexpensive food gifts and a smaller number of high-dollar grants, checks, and donations. Figure 10 shows the percent of total dollar amount versus the percent of frequency for each *Nature of Payment* category.

Figure 10
Non-Individual Recipients: Nature of Payment
% of Total Value (Left) vs. % of Frequency (Right)

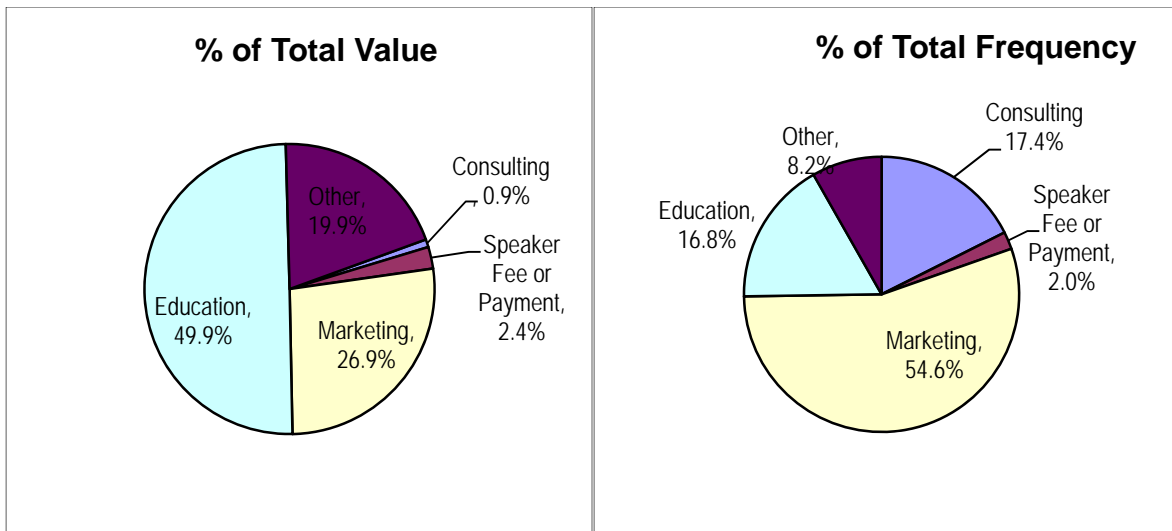


While Grant and Cash and Check accounted for the greatest share of the dollar value of gifts to Non-Individual Recipients, more than half of the reported gifts had Food listed as the Nature of Payment. *Note:* The “Other” slice includes purposes that were identified as Other (12.9% of total value, 2.6% of frequency), as well as purposes identified as Books, Lodging, and Transportation, each of which represented less than 1% of the total.

Education was listed as the *Primary Purpose* for the highest dollar amount of gift payments to Non-Individual Recipients: \$4.8 million, or half of the total. Gifts with the *Primary Purpose* of *Marketing* accounted for another \$2.6 million, or 26.9% of the total, and those identified as *Other* for \$1.9 million, or 19.9% of the total amount. In terms of frequency, however, 54.6% of the gifts had the *Primary Purpose* of *Marketing*; another 17.4% were listed as *Consulting*, and 16.8% as *Education*.

The percent of total dollar value compared to the percent of frequency for each *Primary Purpose* category is depicted in Figure 11.

Figure 11
Non-Individual Recipients: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



While Education gifts accounted for half of the total value of gifts given to Non-Individual Recipients, more than half of all gifts, 55%, had Marketing listed as the Primary Purpose. Note: The "Other" slice includes purposes that were identified as Other (15.1% of total value, 7.8% of frequency), as well as those listed as Donation, which represented less than 1% of the total, and those with no Primary Purpose listed.

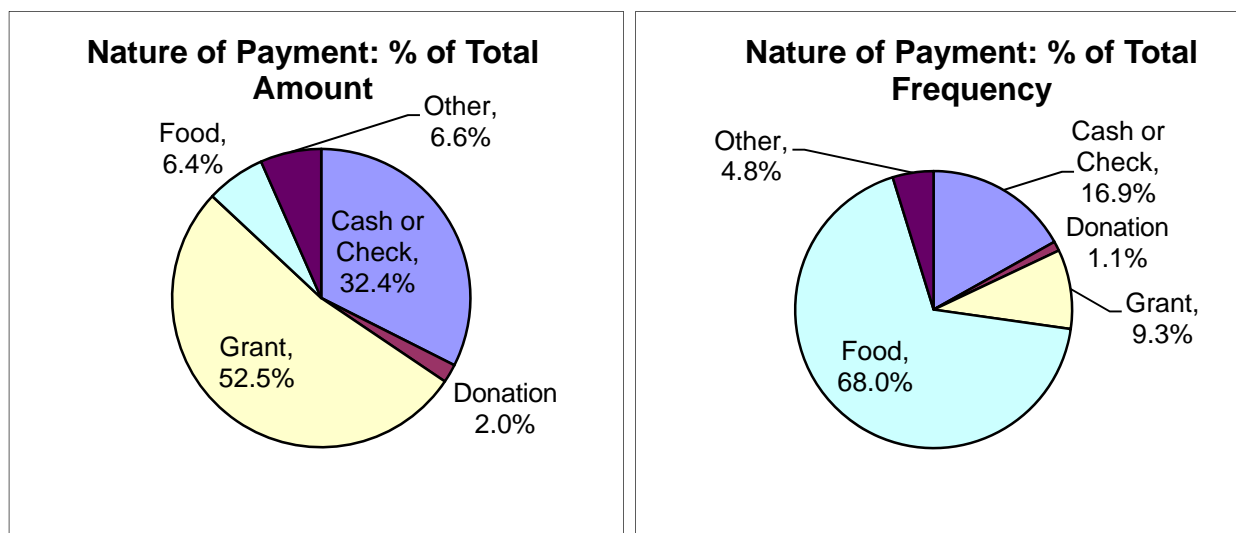
Clinical Organizations

Clinical Organizations include hospitals and local health clinics. The ten Clinical Organizations with the highest gift totals together received \$721,762 from pharmaceutical companies in 2011. This represents a 75% decline from the \$2.9 million the top ten Clinical Organizations received in 2010, and is lower than the \$1 million received in 2009. (The organizations in this group are largely, but not entirely, the same as the ones in 2010.) Reported payments ranged from \$25 to \$90,000, and the median for all individual payments made to these organizations was \$203. Although the median gift amount in 2010 was lower, at \$189, the top gift in 2010 was far larger, at \$1.5 million.

Grants accounted for the largest dollar amount (\$379,038, or 52.5%) given to the top ten Clinical Organizations, and Cash or Check for another \$234,136, or 32.4% of the total value. While the total value of Food gifts was only \$46,398, or 6.4% of the total, 68.0% of all gifts took the form of Food. In frequency terms, only 16.9% of gifts had the *Nature of Payment* listed as Cash or Check, and 9.3% were described as Grants. Like non-individual recipients as a whole, the top ten Clinical Organizations received a large number of relatively inexpensive food gifts and a smaller number of high-value grants and checks. However, the percentage of gifts in the form of Food actually declined significantly, from 90.8% in 2010 to 68.0% in 2011. This may reflect a change in practice by either organizations or companies.

Figure 12 depicts the percent of total dollars and percent of frequency for *Nature of Payment* categories.

Figure 12
Clinical Organizations: Nature of Payment
% of Total Value (Left) vs. % of Frequency (Right)

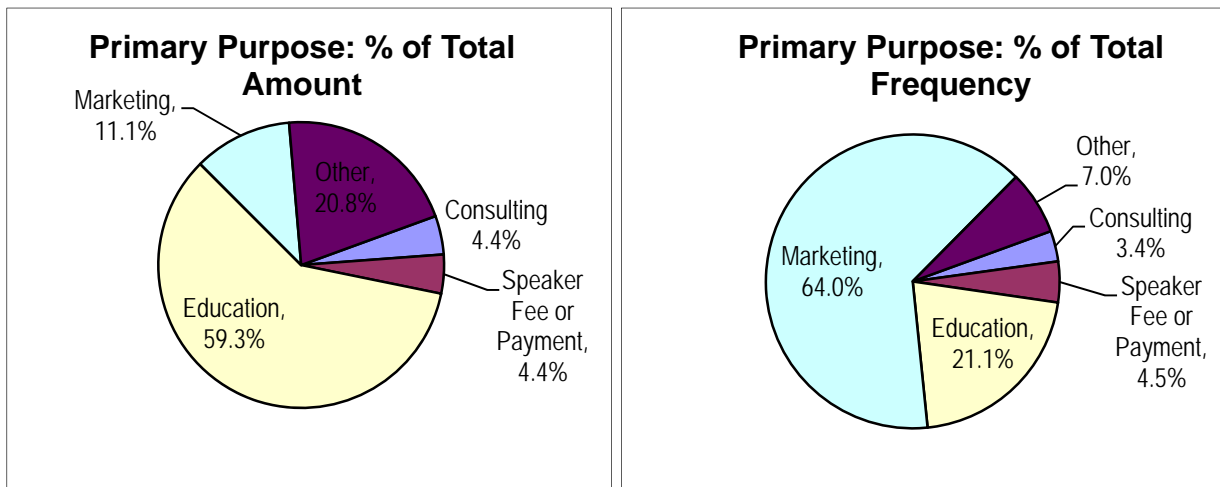


Together, Grant and Cash and Check gifts accounted for 85% of the value of gifts to the top ten Clinical Organizations, but 68% of gifts had Food listed as the Nature of Payment. *Note:* The "Other" slice includes purposes that were identified as Other (1.1% of total value, 3.4% of frequency), as well those listed as Books, which represented less than 1% of the total, and those with no Nature of Payment listed.

Education was the *Primary Purpose* accounting for the greatest share of the dollar value of gifts to the top ten Clinical Organizations: \$427,947, or 59.3% of the total. *Other* accounted for another \$150,162 (20.8%), and *Marketing* for \$80,351 (11.1%). When considering frequency, however, *Marketing* is the top category; 64.0% of gifts had *Marketing* identified as the *Primary Purpose*, followed by 21.1% for *Education*.

Figure 13 illustrates the percent of the total value compared to percent of frequency for each *Primary Purpose* category.

Figure 13
Clinical Organizations: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



Payments with Education listed as the Primary Purpose accounted for 59.3% of the dollar value of gifts to Clinical Organizations, but only 21.1% of the gift payments. Marketing was listed as the Primary Purpose most often, 64% of the time.

Disease-Specific Organizations

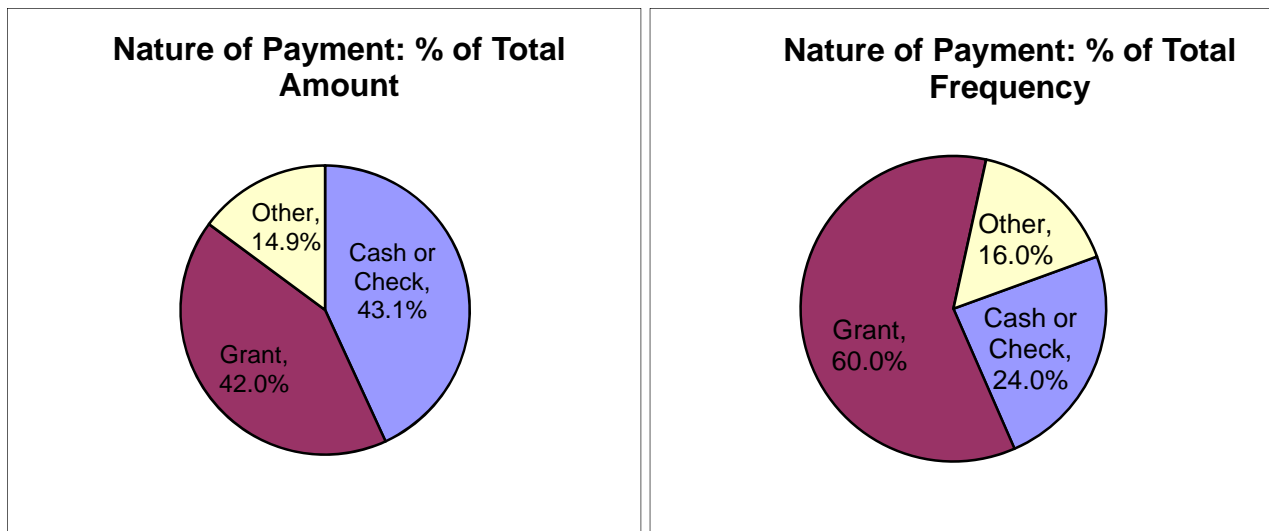
Collectively, the top ten Disease-Specific Organizations received \$2.1 million in 2011. Single gifts to these organizations ranged from \$1,000 to \$415,360, and the median value was \$20,000 – a sharp drop from the 2010 top value of \$1 million and median value of \$50,000. The composition of this group changed substantially since 2010.

Cash or Checks to the top ten Disease-Specific Organizations totaled \$925,360 and accounted for 43.1% of the value of all gifts given to this group. Another \$901,000, or 42.0%, was classified as *Grant*, and *Other* accounted for the remaining \$381,725, or 14.9% of the total value. *Grant* was also the *Nature of Payment* reported for the greatest number of gifts, 60.0% of the time. Another 24.0% took the form of *Cash or Check*.

In contrast to the top ten Clinical Organizations and Non-individual Recipients as a whole, the top ten Disease-Specific Organizations did not receive gifts in the form of *Food*.

Figure 14 shows the percent of the total dollar amount versus the percent of frequency for the *Nature of Payment* categories.

Figure 14
Disease-Specific Organizations: Nature of Payment
% of Total Value (Left) vs. % of Frequency (Right)



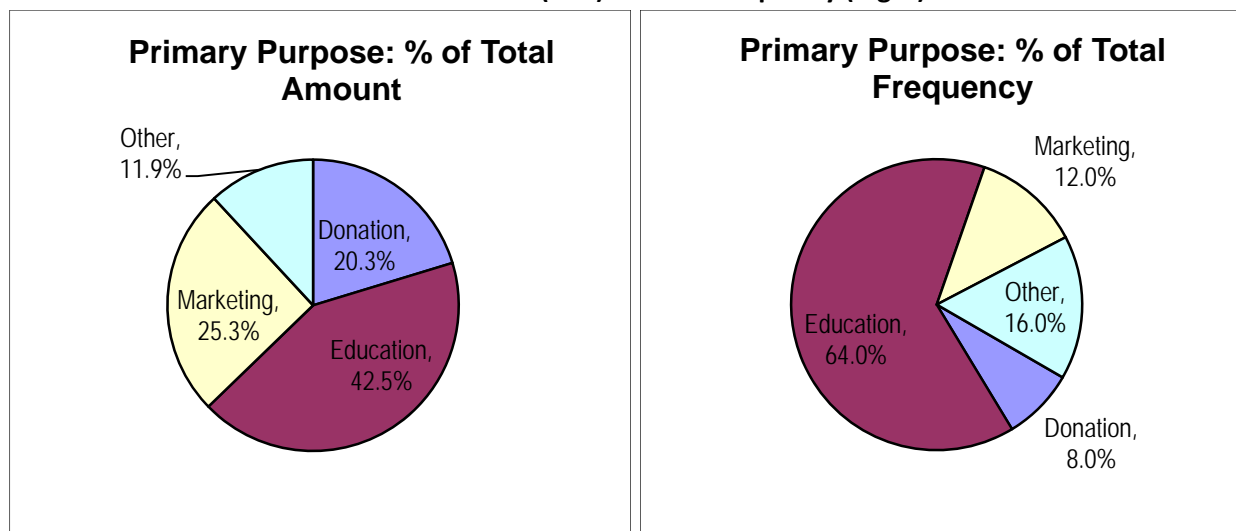
Together, gifts in the form of Grants and Cash or Check accounted for 85.1% of the value and 84.0% of the number of gifts given to the top ten Disease-Specific Organizations.
Note: The “Other” slice includes gifts identified as “Other” (13.7% of value, 8.0% of frequency) as well as those listed as “Sponsorship.”

For the top ten Disease-Specific Organizations, 42.5% of the total dollar amount, or \$911,000, was classified as having the *Primary Purpose* of *Education*. *Marketing* as a *Primary Purpose* accounted for the second-highest dollar amount, with \$543,725, or 25.3% of total dollars. *Donation* accounted for \$435,360, or 20.3% of the value of gifts. The *Primary Purpose* that accounted for the largest dollar share of the gift payments was also the most frequently listed: *Education* was identified as the *Primary Purpose* for 64.0% of the gift payments. *Other* was listed for 16.0% of the payments, *Marketing* for 12.0%, and *Donation* for 8.0%.

Although *Education* accounts for the greatest portion of both value and frequency, its share of each has declined since 2010, when it accounted for 81.1% of the value and 75.0% of the number of gifts to the top ten Disease-Specific Organizations. The 2011 numbers are more similar to the 2009 numbers, when *Education* accounted for 46.3% of the value and 50% of the frequency. This fluctuation may be due in part to the fact that a particular gift may be described by one pharmaceutical company (or one employee) as “*Education*,” while a different company identifies a nearly identical gift as “*Marketing*.”

The percent of total dollar amount compared to percent of frequency for each *Primary Purpose* is depicted in Figure 15.

Figure 15
Disease-Specific Organizations: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



Education accounted for both the greatest portion of the value and greatest number of gift payments to Disease-Specific Organizations.

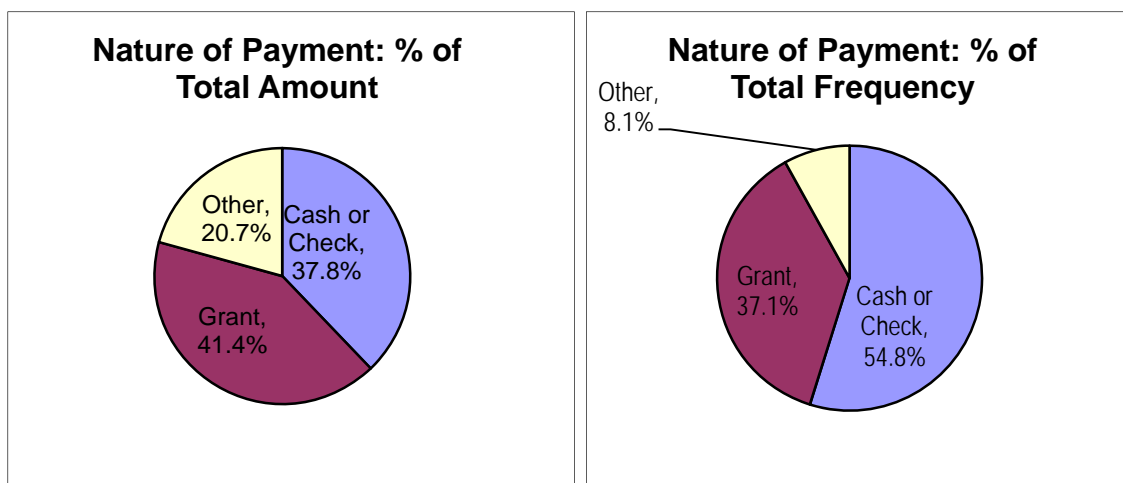
Professional Organizations

For this analysis, Professional Organizations include organizations that represent healthcare professionals of particular demographic groups, or those that promote research activity within specific fields of medicine. In 2011, the ten Professional Organizations that received the largest dollar amounts received more money than the top ten Clinical Organizations and the top ten Disease-Specific Organizations combined. Gifts to the top ten Professional Organizations totaled \$3.5 million, which represents 35.9% of all money received by Non-Individual Recipients as a whole. This total value has dropped significantly since 2007, when the top ten Professional Organizations received payments totaling \$9 million. The figure dropped to \$5.1 million in 2008 and \$3.9 million in 2009, then exhibited a less dramatic decrease to \$3.7 million in 2010. The composition of the group changes from year to year, with a substantial change between 2010 and 2011.

Single 2011 payments to the top ten Professional Organizations ranged from \$50 to \$500,000, with a median value of \$20,000. This is a relatively small decrease from the 2010 median of \$20,500, but a large drop from 2010's top gift amount of \$900,000.

The *Nature of Payment* accounting for the largest share of the dollar value of gifts to the top ten Professional Organizations was *Grant*; the total value for this category was \$1.4 million, or 41.4% of the value of all gifts to this group. *Cash or Check* accounted for \$1.3 million, or 37.8% of the value, and *Other* for \$720,050, or 8.1%. In terms of frequency, 54.8% of the gifts to this group took the form of *Cash or Check*, 37.1% took the form of *Grants*, and 8.1% the form of *Other*. Figure 16 shows the percent of the total dollar amount versus the percent of frequency for *Nature of Payment* categories.

Figure 16
Professional Organizations: Nature of Payment
% of Total Value (Left) vs. % of Frequency (Right)

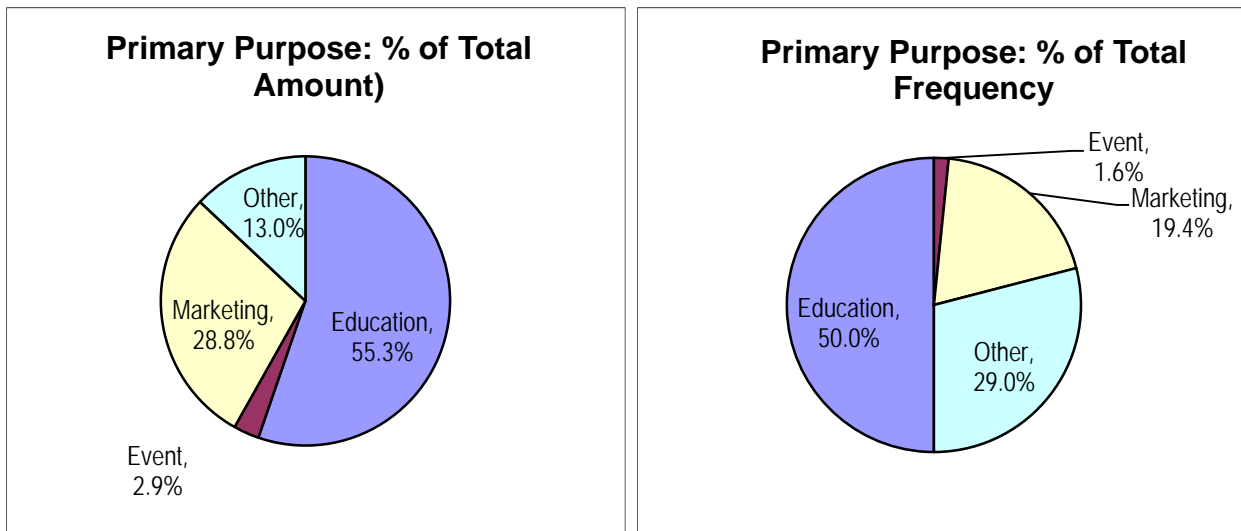


While gifts in the form of Cash or Check were given most frequently, Grants accounted for the greatest portion of the value given to Professional Organizations.

Note: The "Other" slice includes payments that were listed as Other (20.7% of total value, 6.5% of frequency), as well as payments identified as Donation, which represented less than 1% of the total.

For the top ten Professional Organizations, *Education* as a *Primary Purpose* accounted for \$1.9 million, or 55.3%, of the total value of the gifts. *Marketing* accounted for another \$1.0 million, or 28.8%; *Other* for \$451,580, or 13.0%; and *Event* for \$100,000, or 2.9%. In terms of the frequency of gifts to this group, 50.0% were identified as being for the purpose of *Education*, 29.0% for *Other*, and 19.4% for *Marketing*. Figure 17 depicts the percent of the total dollar amount compared to percent of frequency for each *Primary Purpose* category.

Figure 17
Professional Organizations: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



Gifts with the Primary Purpose of Education accounted for the largest portion of the number and value of gifts to this group.

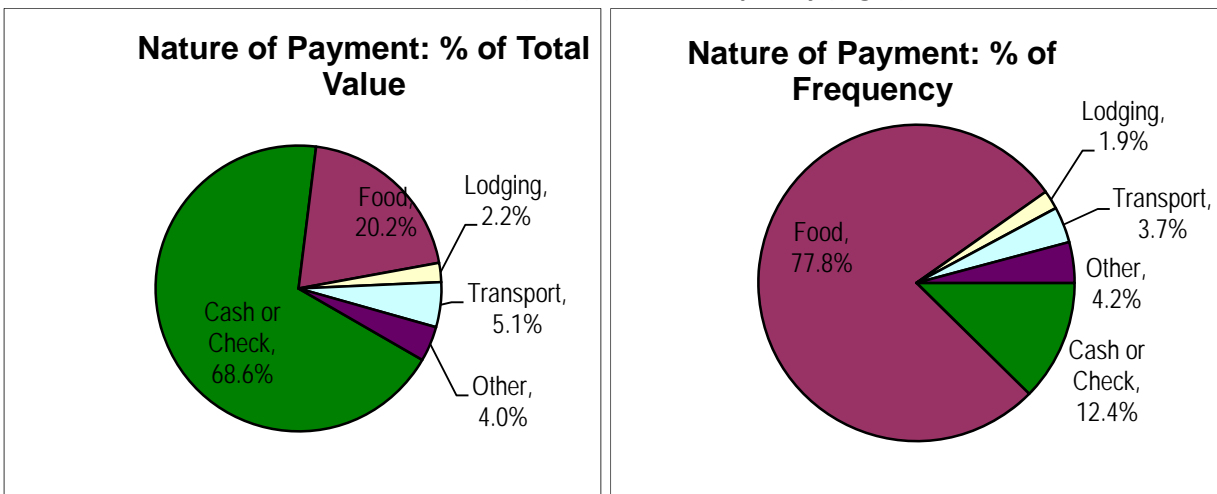
Payments to Individual Recipients

In 2011, Individual Recipients received a total of \$9.2 million. While the overall total gift amount for this group is essentially unchanged from 2010, the median gift amount has increased from \$67 to \$75. The amount of the largest individual gift, however, dropped by 76.5%, from \$117,000 to \$27,500. Twelve physicians received gifts totaling more than \$100,000 each; this group's total gifts, which added up to \$1.6 million, accounted for 21.8% of all gifts given to physicians.

When considering the *Nature of Payment* for gifts to Individuals, gifts in the form of *Cash or Check* accounted for \$6.3 million, or 68.6% of the dollar value of all gifts to Individuals, and *Food* gifts accounted for \$1.8 million, or 20.2%. When considering gift frequency, *Food* accounted for 77.8% of all gifts and *Cash or Check* for only 12.4%. In other words, the majority of pharmaceutical-company gifts to Individuals take the form of *Food*, but payments by *Cash or Check* account for the largest share of the total value of gifts to Individuals.

Figure 18 depicts the percent of total dollar amount compared to percent of frequency for each *Nature of Payment* category.

Figure 18
Individual Recipients as a Whole: Nature of Payment
% of Total Value (Left) vs. % of Frequency (Right)



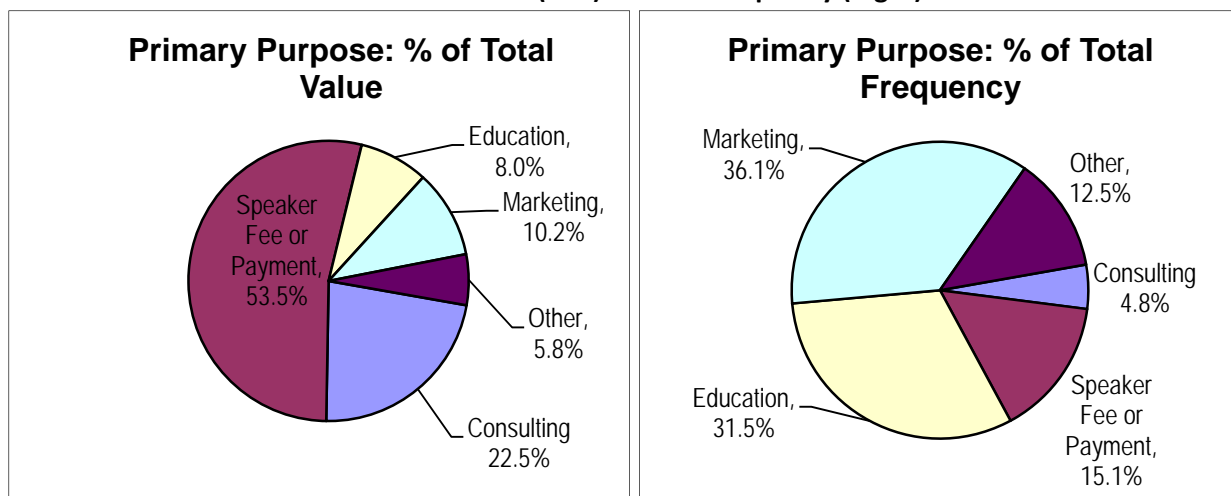
For Individual Recipients as a whole, the largest dollar amount was given in the form of Cash or Check. More than three-quarters of all gifts took the form of Food, but Food accounted for less than 20% of the value of gifts.

Note: The "Other" slice includes payments that were listed as Other (3.4% of value and 2.2% of frequency) as well as payments with no Nature of Payment listed and those identified as Book, Meeting Expenses, and Educational Items, which represented less than 1% of the total. The "Cash or Check" slice includes payments listed as Cash and/or Check as well as those listed as Grant, Honoraria, and Speaker Fee.

Speaker Fees (including gifts described as having the purpose of “Speaker Fees and related expenses”) accounted for \$4.9 million, or 53.5% of the total value of all gifts to Individuals; gifts for the purpose of *Consulting* totaled \$2.1 million, or 22.5% of the total value; gifts for the purpose of *Education* totaled \$729,899, or 8.0%; and gifts for the purpose of *Marketing* totaled \$931,138, or 10.2% of the total value. In terms of frequency, *Marketing* was the *Primary Purpose* of 36.1% of gifts to Individuals, *Education* 31.5%, *Speaker Fees* 15.1%, and *Consulting* 4.8%.

The percent of total dollar value versus percent of frequency for each *Primary Purpose* category is shown in Figure 19.

Figure 19
Individual Recipients as a Whole: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



Speaker fees accounted for more than half the value of gifts to Physicians, but only 15.1% of the gifts took this form. Marketing was most frequently listed as the Primary Purpose. Note: The “Other” slice includes purposes that were identified as Other (5.8% of total value, 12.5% of frequency) or left blank, as well as purposes identified as Meal Cost and Transportation, each of which represented less than 1% of the total.

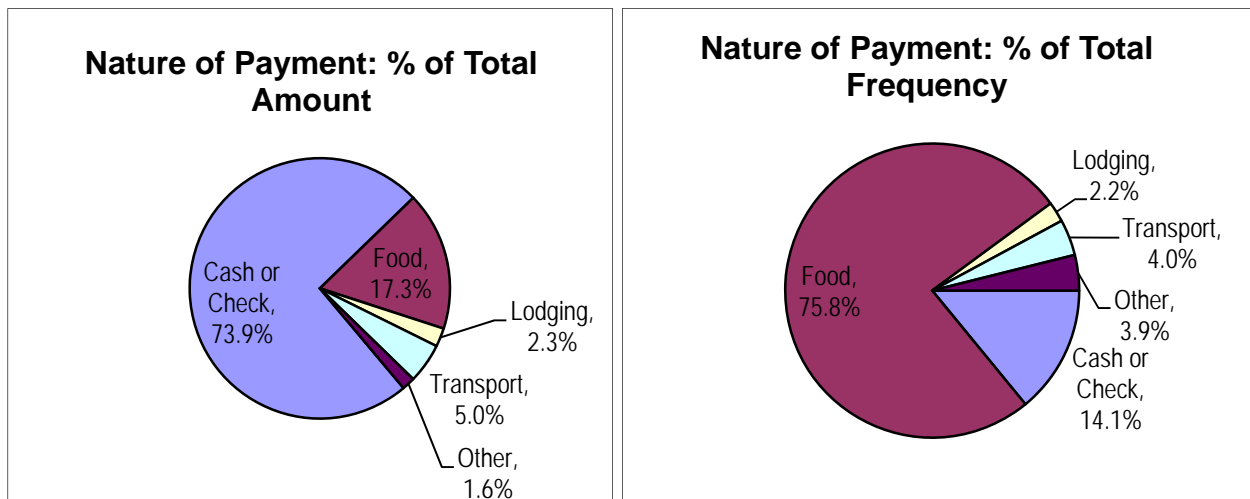
Physicians

In 2011, pharmaceutical companies gave many physicians relatively inexpensive food gifts and a few physicians high-value cash or check payments. Physicians (MDs and DOs) received 81.4% of payments to individual recipients – a total of \$7.5 million. This is a noticeable drop from the 2010, when physicians received \$8.5 million, or 92.5% of the total value of gifts to individuals. And while the median value of single gifts to physicians increased from \$70 to \$74, the value of the largest single physician gift plummeted from \$117,000 to \$27,500. There were 12 physicians who each received gifts totaling more than \$100,000 from pharmaceutical companies. Together, their gifts totaled \$1.6 million, or 21.8% of all gifts given to physicians.

Cash or Check gifts accounted for the largest share of physician gift dollars, totaling \$5.5 million, almost three-quarters (73.9%) of the total value of gifts to physicians. A total of \$967,824 (17.6% of physician *Cash or Check* gifts) in *Cash or Check* payments went to seven physicians who received gifts totaling more than \$100,000 each. One physician received more than 100 *Cash or Check* payments, and 12 physicians received 50 or more. No physicians received more than 100 *Cash or Check* payments from a single company, but seven physicians received more than 50 such payments from a single company.

Food gifts to physicians cost less but were more common, totaling \$1.3 million (17.3% of physician gifts' total value) but accounting for three-quarters (75.8%) of all gifts. *Cash or Check* accounted for just 14.1% of physician gifts. Figure 20 shows the percent of total dollar amount compared to percent of frequency for each *Nature of Payment* category.

Figure 20
Individual Physician Recipients: Nature of Payment
% of Total Value (Left) vs. % of Frequency (Right)



For gifts to Physicians, nearly three-quarters of payment value was in the form of Cash or Check, while over three-quarters of payments were in the form of Food.

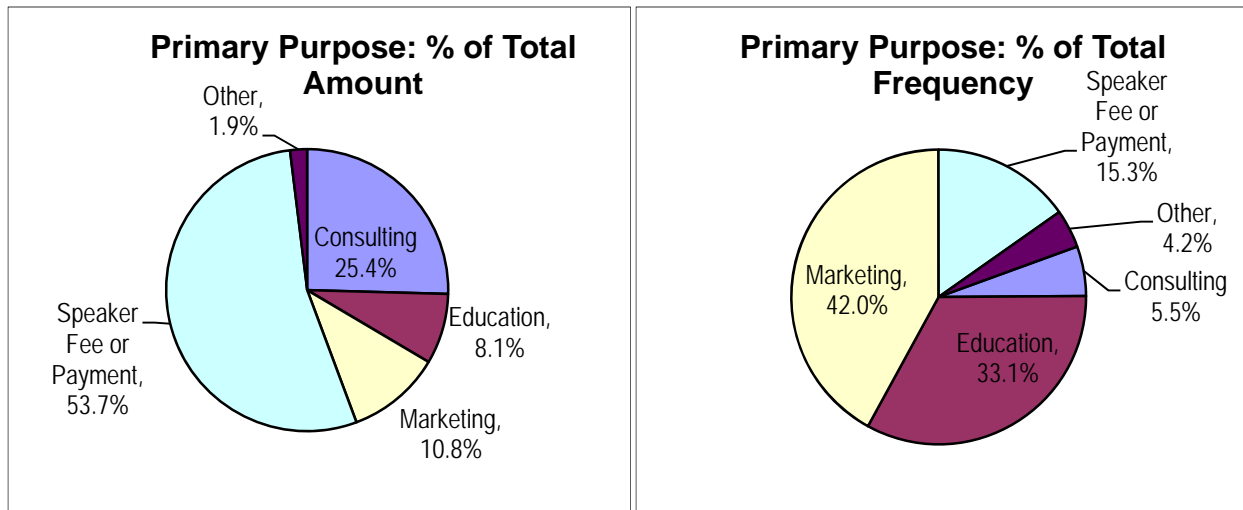
Note: The "Other" slice includes payments identified as Other (1.1% of value, 2.0% of frequency) as well as those listed as Book, which represented less than 1% of the total. The "Cash or Check" slice includes payments listed as Cash and/or Check as well as those listed as Grant, Honoraria, and Speaker Fee.

Because food gifts are generally linked to visits from pharmaceutical sales representatives (detailers), it is worth examining the number of food payments individual physicians receive. More than one out of every ten physicians (444 of nearly 3,400 physicians who received a food gift in 2011) received 10 or more meals from pharmaceutical companies over the year. Thirty-three physicians received 52 or more food gifts in one year, averaging one or more free meal per week from a pharmaceutical company. Although fewer physicians received meal gifts in 2011 – approximately 3,400 rather than nearly 4,700 – the number of physicians receiving 52 or more meal gifts per year more than doubled, from 14 to 33.

Speaker Fee or Payment was the *Primary Purpose* accounting for the greatest share of the total value of gifts: \$4.0 million, or 53.7% of the total \$7.5 million. Gifts with the *Primary Purpose* of *Consulting* totaled \$1.9 million, or 25.4%; gifts for the purpose of *Marketing* totaled \$805,424, or 10.8%; and *Education* gifts totaled \$602,312, or 8.1%. When considering the frequency of gifts to physicians, 42.0% were for the *Primary Purpose* of *Marketing*, 33.1% were for the purpose of *Education*, 15.3% for *Speaker Fee or Payment*, and 5.5% for *Consulting*.

Figure 21 depicts the percent of total dollar value versus the percent of frequency for each *Primary Purpose* category.

Figure 21
Individual Physician Recipients: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



Speaker fees accounted for more than half the value of gifts to Physicians, but only 15.3% of the gifts took this form. Marketing was most frequently listed as the Primary Purpose.
 Note: The “Other” slice includes purposes that were identified as Other (1.9% of total value, 4.1% of frequency), as well as purposes identified as Meal Cost and Transportation, each of which represented less than 1% of the total.

Physician Speaker Fees

Because speaker fees accounted for such a large proportion of the total value of gifts given to physicians, they were investigated further. More than half (51.8%) of physicians who were paid speaker fees did not receive more than one speaker payment. Single speaker payments to physicians ranged from less than \$1 to \$8,972, with a mean value of \$810. The median speaker fee payment equaled \$205 per speaking fee instance, which is significantly less than the mean payment value – demonstrating that while a few physicians receive large speaking fees, many receive smaller payments.

Examining total receipts by individual physicians rather than individual speaking fees, the average amount received by physician speakers was \$8,363, with a range from less than \$1 to \$139,019. The median total amount received for speaking fees was only \$298, again indicating that the distribution of speaking-fee totals was heavily positively skewed. Four physicians received speaker fees totaling between \$100,000 and \$200,000. In 2011, three physicians received more than 100 speaking fee payments, and 12 physicians received more than 50 – suggesting that they are speaking on behalf of pharmaceutical companies about once a week.

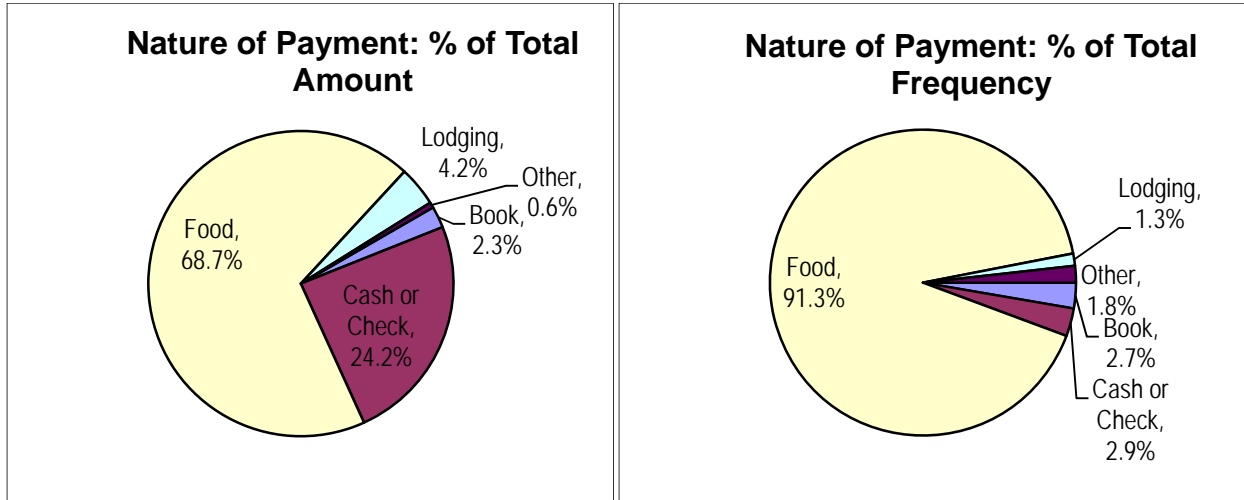
While physicians overall received less gift money in 2011 than in 2010 (\$7.5 million, down from \$8.5 million), gifts in the form of speaker fees remained relatively steady, declining only from \$4.1 million to \$4.0 million.

Nurses

As with doctors, the identification of individual recipients as nurses was based on credential entries – in this case, RN, NP, APRN, or “Nurse.” (Although “Nurse” was not one of the options given for the credentials field, some submissions included it there.) Gifts to nurses totaled \$158,175, which represents only 1.7% of the value of gifts to all Individual Recipients and is a reduction from 2010, when gifts to nurses totaled \$230,699. In 2011, nurse gifts ranged in value from less than \$1 to \$4,319, with a median of \$57. This is in contrast to physicians, whose gifts accounted for 81.4% of the value of all gifts to individuals and had a median value of \$74 and maximum value of \$27,500.

Nurse gifts for which the *Nature of Payment* was *Food* totaled \$107,616, or 68.7% of the \$158,175 this group received. Another \$38,347, or 24.2%, took the form of *Cash or Check*. When considering gift frequency, 91.3% of gifts to nurses took the form of *Food*, and only 2.9% the form of *Cash or Check*. Figure 22 shows the percent of total dollar amount compared to percent of frequency for each *Nature of Payment* category.

Figure 22
Individual Nurse Recipients: Nature of Payment
% of Total Value (Left) vs. % of Frequency (Right)



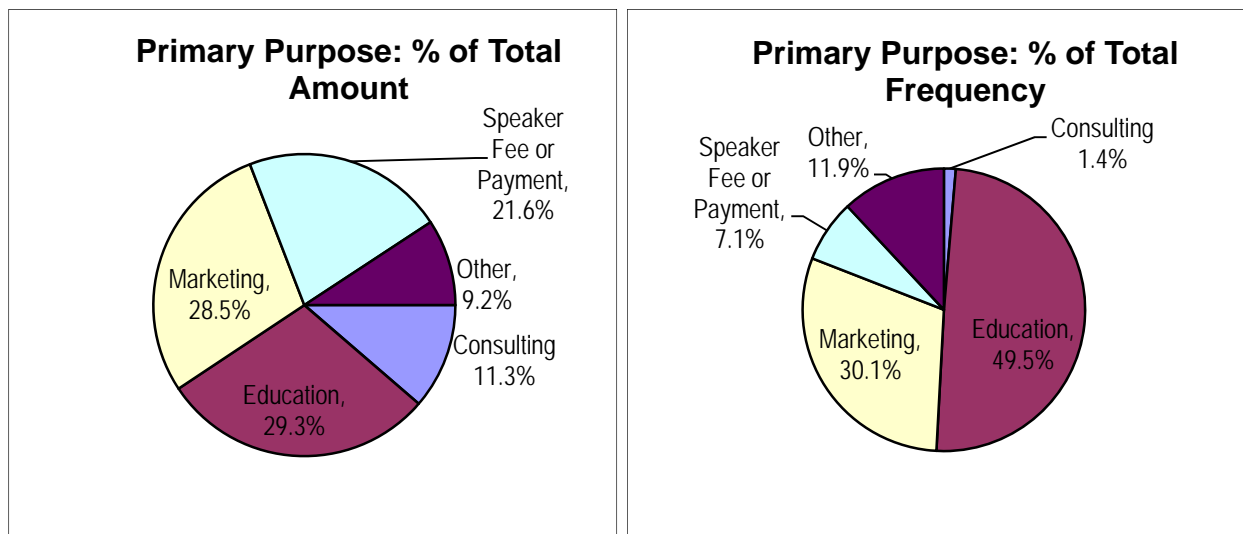
Gifts to Nurses usually took the form of Food (91.3% of gifts), and Food accounted for more half of the value of gifts to this group.

Note: The category “Other” includes payments identified as Other (0.3% of total value, 1.1% of frequency), as well as those listed as Educational Items and Transportation, each of which accounted for less than 1% of the total.

Of the total amount of nurse gifts, \$46,401, or 29.3%, was classified as being for the *Primary Purpose* of *Education*. Gifts to nurses for the purpose of *Marketing* totaled \$45,028, or 28.5%; *Other* gifts totaled \$14,621, or 9.2%; and *Speaker Fee or Payment* gifts totaled \$34,201. *Education* was listed as the *Primary Purpose* most frequently, accounting for 49.5% of gifts to nurses. Gifts for *Marketing* accounted for 30.1% of all nurse gifts; gifts designated as *Other* for 9.2%; and gifts for *Speaker Fee or Payment* for 7.1%.

Figure 23 depicts the percent of total dollar value versus percent of frequency for each *Primary Purpose* category.

Figure 23
Individual Nurse Recipients: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



Education was the Primary Purpose accounting for the largest share of both the value and frequency of gifts to nurses.

V. Subgroup Analysis

Additional analyses were conducted on two subgroups: the companies with the highest reported gift expenditures (based on total *Gift Expenses* rank), and the companies whose gift expenditures placed them near the median of reported gift expenditures.

Gift Expenses: Subgroup A

Subgroup A includes the four companies that reported the largest expenditure totals in the *Gift Expenses* category. Their total *Gift Expenses* equaled \$7.1 million, or 37.8% of all *Gift Expenses* reported. This figure is substantially lower than the 2010 *Gift Expenses* total of \$10.1 million for Subgroup A. Because subgroup selection is based on the current year's reported expenditures, the composition of this subgroup varies from year to year; three of the four companies in the 2011 Subgroup A were also in the 2010 Subgroup A.

Recipient Type

For Subgroup A, *Physicians* were the most frequently named *Recipient Type*, being listed 71.3% of the time – a lower percentage than the reported 83.2% in 2010 and continuing a downward trend from the 88.5% reported in 2009. The *Recipient Type* accounting for the highest total dollar amount was *Organization*, with \$4.9 million (68.8% of the total value). *Physicians* were the *Recipient Type* that accounted for the second most gift dollars, totaling \$2.0 million, or 28.0% of the total reported by this subgroup, while *Organizations* received only the third-highest number of gifts, at 10.6%. *Other* recipients got 10.8% of the number of gifts, with the third-highest proportion of dollar amount, at \$202,325 (2.8%).

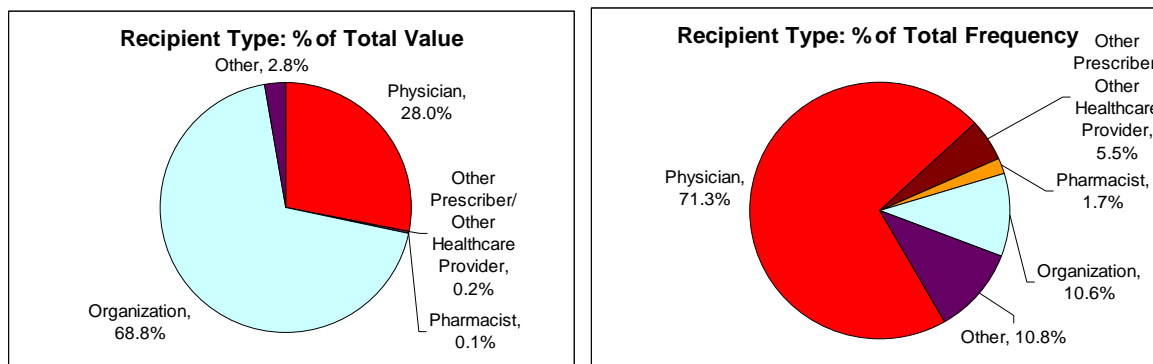
The other *Recipient Types* receiving gifts from Subgroup A companies included *Other Prescriber/Other Healthcare Provider* (5.5% of the total number of gifts but only 0.2% of the total value) and *Pharmacist* (1.7% of the number of gifts but only 0.1% of the total value).

For the top recipient types, the median value and range of payments was calculated:

- **Organization:** median payment of \$142.74, with payments ranging from \$25.02 to \$500,000
- **Physician:** median payment of \$60.79, ranging from \$0.02 to \$10,875

Figure 24 shows the percent of total dollar amount received versus percent of total frequency.

Figure 24
Subgroup A, High Gift Expenditures: Recipient Type
% of Total Value (Left) vs. % of Frequency (Right)



Physicians received the largest number of payments, but Organizations received the largest dollar amount from companies in Subgroup A.

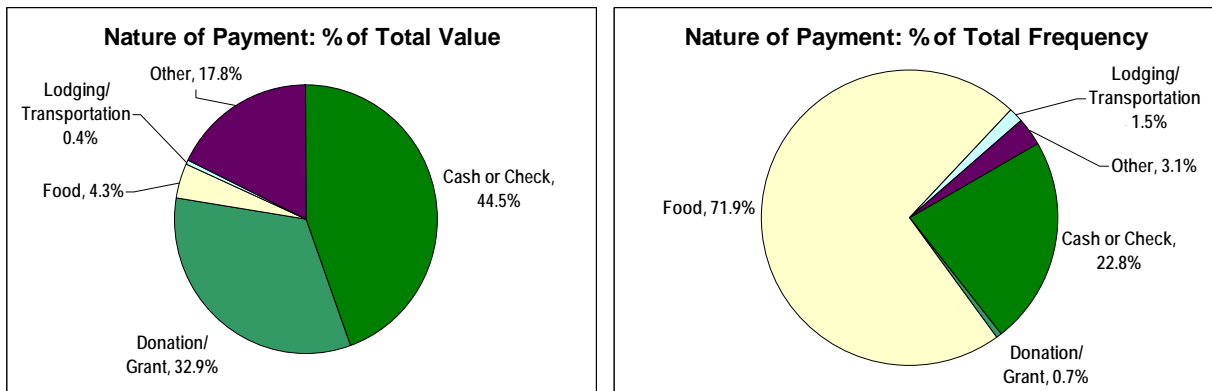
Note: The category “Other” includes payments identified as Other (2.8% of total value, 10.6% of frequency), as well as those not identified and those listed as Pharmacy.

Nature of Payment

Gift Expenses for Subgroup A were classified into five *Nature of Payment* categories: *Cash or Check*, *Donation/Grant*, *Lodging/Transportation*, and *Other*. Payments in the form of *Cash or Check* accounted for the highest dollar amount, \$3.2 million (44.5% of the total), and payments in the form of *Donation/Grant* accounted for the second-highest amount, with \$2.3 million (32.9%). *Food* was listed most frequently – 71.9% of the time – as the *Nature of Payment*, but it accounted for only 4.3% of the total gift expenses. *Cash or Check* was listed 22.8% of the time, and *Donation/Grant* only 0.7% of the time as a *Nature of Payment*. *Other* was listed 3.1% of the time and accounted for \$1.3 million (17.8% of the value).

The percent of total dollar amount compared to percent of frequency for each *Nature of Payment* category is depicted in Figure 25.

Figure 25
Subgroup A, High Gift Expenditures: Nature of Payment
% of Total Value (Left) vs. % of Frequency (Right)



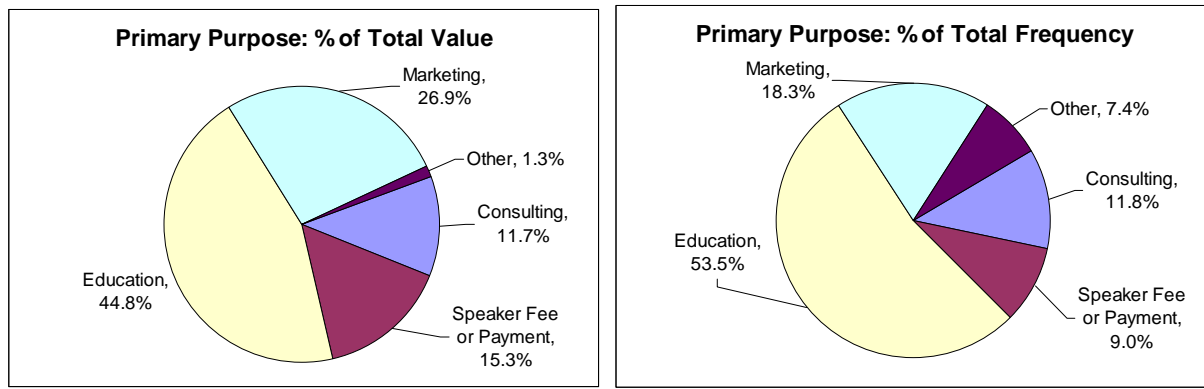
Payments in the form of Cash or Check represent 44.5% of the total dollar amount given by Subgroup A, but accounted for only 22.8% of the payments. While Food only accounted for 4.3% of the total dollar amount, it was listed 71.9% of the time as the Nature of Payment. *Note:* The category “Other” includes payments identified as Other (17.8% of total value, 2.6% of frequency), as well as those not identified and those listed as Book.

Primary Purpose

For Subgroup A, *Education* was listed most frequently as the *Primary Purpose*: 53.5% of the time, a decrease from 59.7% in 2010. Furthermore, *Education* accounted for the largest dollar amount, at \$3.2 million (44.8% of the total amount). *Marketing* was the second most commonly listed *Primary Purpose*, at 18.3%, as well as the second largest value, at \$1.9 million (26.9% of the total amount). The third most commonly listed *Primary Purpose* was *Consulting*, which was listed for 11.8% of gifts and accounted for nearly \$831,792 (11.7%). *Speaker Fee or Payment* was listed less commonly than *Consulting*, at 9.0%, but accounted for a larger share of the total gift value, at \$1.1 million (15.3%). The final category, *Other*, accounted for 1.3% of the total value and 7.4% of the number of gifts.

Figure 26 depicts the percent of total dollar value versus percent of frequency for each *Primary Purpose* category.

Figure 26
Subgroup A, High Gift Expenditures: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



For gifts' Primary Purpose, Education accounted for both the highest percentage of total dollars and the highest number of expenditures by Subgroup A.

Gift Expenses: Subgroup B

Subgroup B, which represents pharmaceutical companies with mid-level gift spending, consists of three companies that reported *Gift Expenses* centered around the median value for all *Gift Expenses* greater than zero, which equaled \$16,395. The three companies' *Gift Expenses* totaled \$49,234. This represents a decrease from the 2010 median value of \$21,557, as well as a decrease in the combined expenditures of Subgroup B from 2010 (\$67,424). None of the three 2010 Subgroup B companies appeared in the 2011 Subgroup B.

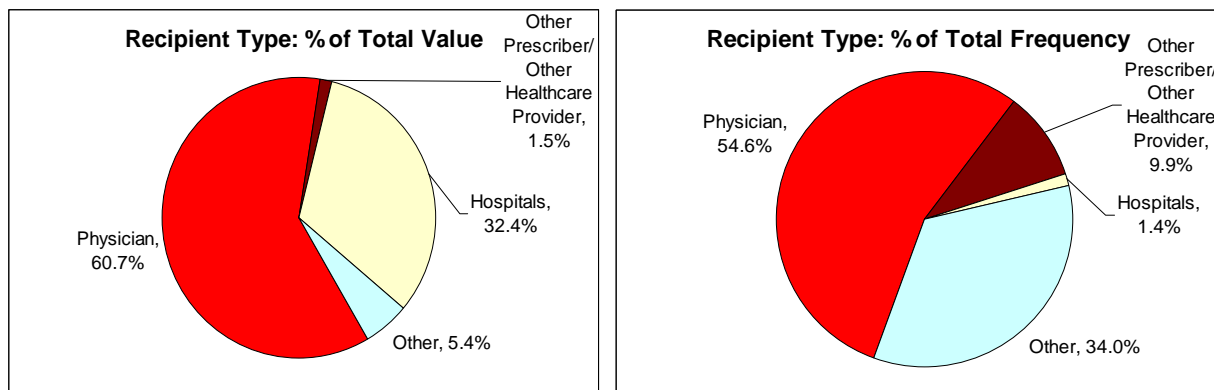
Recipient Type

For Subgroup B, *Physicians* received both the greatest number of payments (54.6%) and the largest total dollar amount (\$29,900, or 60.7% of the total). *Hospitals* received 32.4% of the total value given by Subgroup B (\$15,942) and only 1.4% of the total number of gifts. Recipients listed as *Other* received \$2,671, or 5.4% of the total amount given by this subgroup, but payments to *Other* accounted for 34.0% of the total number of payments given. Most of the payments classified as *Other* were further explained as a variety of non-provider job titles, including "Medical Assistant," "Office Manager," and "Front Desk." *Other Prescriber/Other Healthcare Providers* received 9.9% of gifts, but only 1.5% of the total value.

Two payments were given by Subgroup B to *Hospitals*, for a median value of \$7,971. The median value of payments listed for *Physicians* was \$99.39 and ranged from \$25.49 to \$3,000.

Figure 27 depicts the percent of the total dollar amount versus the percent frequency for each *Recipient Type* category.

Figure 27
Subgroup B, Mid-Level Gift Expenditures: Recipient Type
% of Total Value (Left) vs. % of Frequency (Right)



For Subgroup B, the Physician category represents both the highest-paid type and the Recipient Type listed with the greatest frequency.

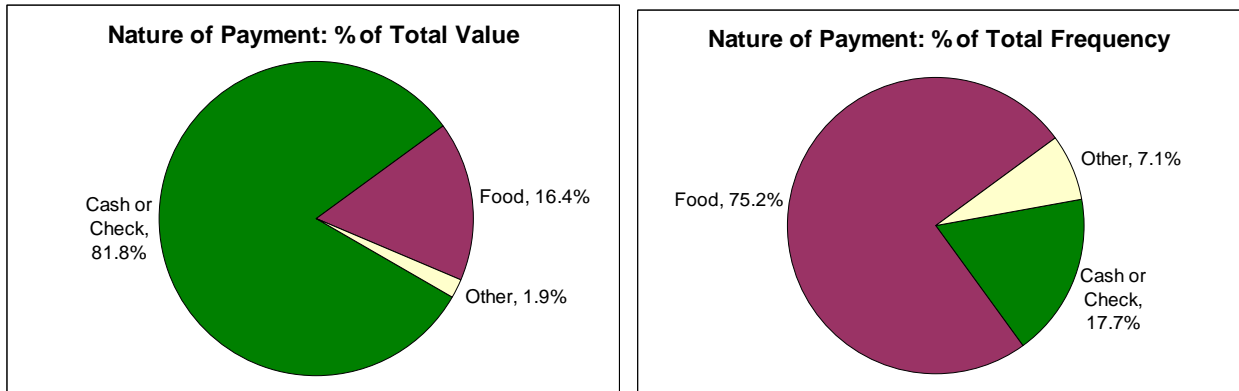
Nature of Payment

For Subgroup B, *Cash or Check*, *Food*, and *Other* are the only three categories of *Nature of Payment* listed. *Cash or Check* accounted for \$40,249, or 81.8% of the total gift dollar amount, and was listed as the *Nature of Payment* for 17.7% of the listed expenses. *Food* was listed as the *Nature of Payment* for 75.2% of the expenses, but accounted for only 16.4% of the total value. *Other* was listed for 7.1% of gifts, accounting for only 1.9% of the total value.

The percent of total dollar amount compared to the percent of frequency for each *Nature of Payment* category is shown in Figure 28.

Figure 28

**Subgroup B, Mid-Level Gift Expenditures: Nature of Payment
% of Total Value (Left) vs. % of Frequency (Right)**



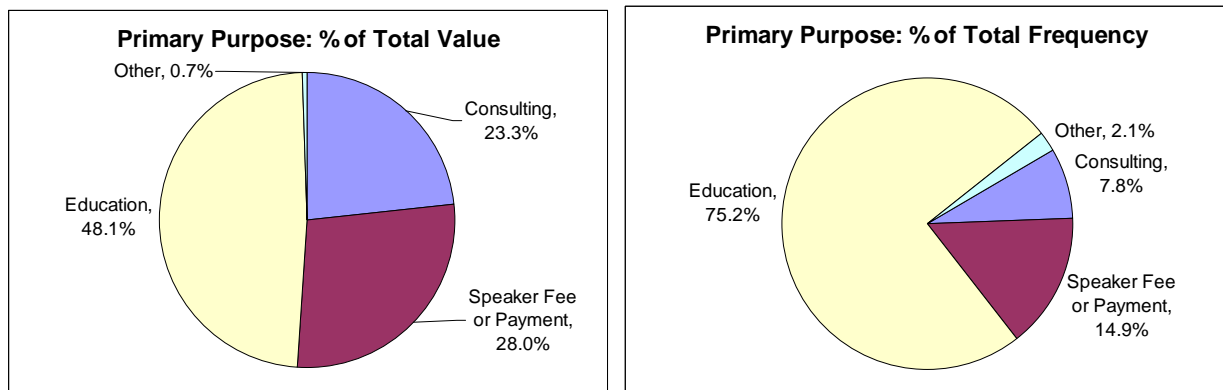
For Subgroup B, Cash or Check represented the highest value (81.8%) Nature of Payment while Food was the most commonly listed category (75.2%).

Primary Purpose

The four *Primary Purposes* listed for Subgroup B were *Consulting*, *Education*, *Speaker Fee or Payment*, and *Other*. *Education* accounted for the largest proportion of the total dollar value, \$23,688 (48.1%), and the largest number of payments (75.2%). *Speaker Fee or Payment* had the second-highest dollar value with \$13,768 (28.0%) and the second-highest frequency, being listed 14.9% of the time. *Consulting* accounted for \$11,455 (23.3%) of the total dollar amount and 7.8% of the frequency. *Other* accounted for only 0.7% of the total value, while accounting for 2.1% of the total frequency of gifts.

The percent of total dollar amount versus percent of frequency for each *Primary Purpose* is shown in Figure 29.

Figure 29
Subgroup B Mid-Level Gift Expenditures: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



Education accounted for the greatest percentage of the total dollar amount of Subgroup B's gifts (48.1%), as well as the largest percentage of the frequency (75.2%).

Gift Expenses Subgroup Comparison

Subgroups A and B appeared to follow similar marketing strategies with regard to gift payments. Physicians were the primary targets of gifts by both high-spending companies and median-level spending companies. However, Subgroup A spent a greater proportion of its gift spending on gifts to *Organizations*. Both subgroups most commonly provided food as gifts, but direct payments in the form of cash or checks accounted for the largest financial share of the total gift amounts given.

For Subgroups A (high) and B (mid-level), *Physicians* were the most frequently listed recipient of gifts; this is also the case for companies as a whole. Unlike companies as a whole, however, Subgroup A gave the greatest share of gift value to *Organizations*. This is perhaps surprising, given that the companies that compose Subgroup A together account for nearly 40% of all gift spending by all companies. It is notable that this deviation of Subgroup A from companies as a whole comes in a year in which Subgroup A accounted for a smaller proportion of total gift spending than in previous years. It may be the case that the largest companies are targeting more of their gift spending at organizations rather than individuals. From Subgroup B, *Physicians* received the highest total dollar amount, and the largest share of frequency. Overall, there was much consistency in certain areas when comparing across subgroups as well as in comparison to the overall company analysis.

Both subgroups listed *Cash or Check* as the payment form for the majority of expenditures, while *Food* was the most commonly listed *Nature of Payment*. This is similar to the figures for companies as a whole, where *Cash or Check* accounted for 53.1% of the total value, whereas *Food* composed 76.3% of the frequency of *Natures of Payment*.

The major area in which Subgroups A and B differed from companies as a whole was in the *Primary Purposes* listed by these companies. The primary purpose most commonly listed by all companies was *Marketing*, whereas companies at both the high- and mid-levels were more likely to list *Education* as the primary purpose.

Table 8 summarizes characteristics of the *Gift Expenses* of Subgroups A and B.

Table 8

Comparison of Companies as a Whole to Subgroups A and B							
	Total Amount Spent (\$)	Most Frequent Recipient Type	Recipient Type Receiving Most Money	Most Frequent Nature of Payment	Nature of Payment Receiving Most Money	Most Frequent Primary Purpose	Primary Purpose Receiving Most Money
Companies as a whole	18,859,946	Physician	Physician	Food	Cash or Check	Marketing	Education
Subgroup A	7,125,998	Physician	Organization	Food	Cash or Check	Education	Education
Subgroup B	49,234	Physician	Physician	Food	Cash or Check	Education	Education

VI. Advertising Expenses

An analysis was performed on all companies that reported advertising expenses and also on a subgroup of the three companies that spent the most on advertising. Both the *Type of Activity* and *Medium Type* were compared.

Advertising Expenses: Companies as a Whole

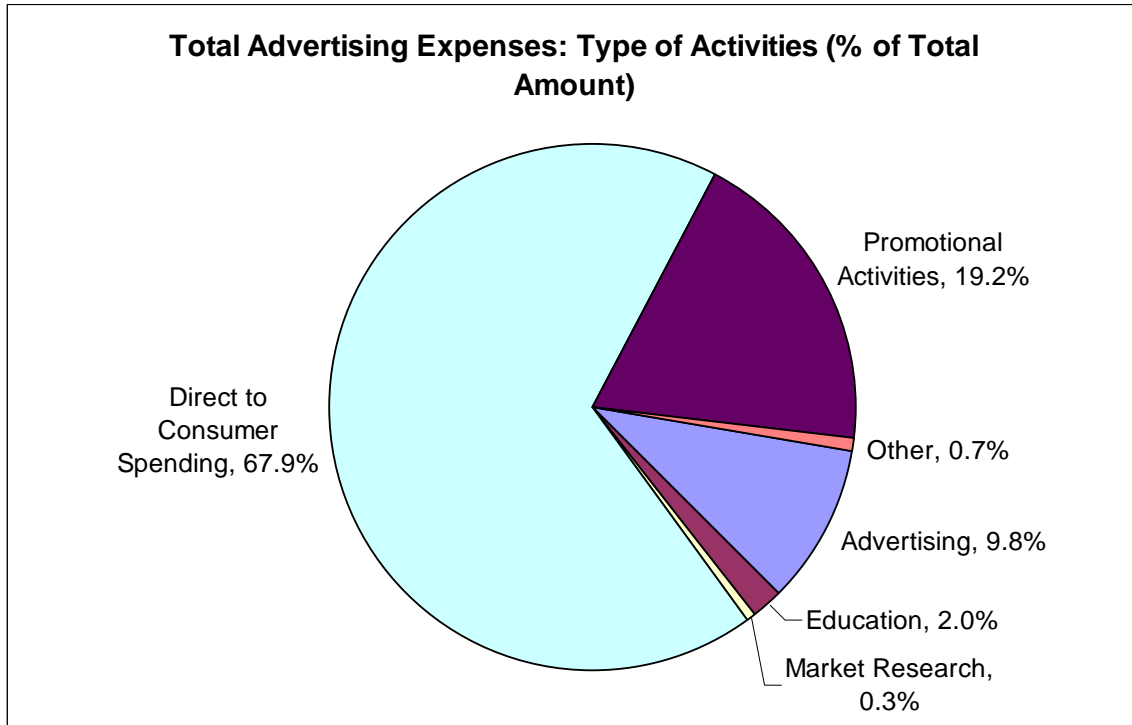
As stated previously, 71 of the 158 companies reported 2011 *Advertising Expenses* totaling \$6.9 million. Advertising activities listed varied considerably among companies but could be sorted into six general categories: *Advertising*, *Direct to Consumer Spending*, *Education*, *Market Research*, *Promotional Activities*, and *Other*.

The *Direct to Consumer Spending* category accounted for the greatest dollar amount, with \$4.7 million, or 67.9% of all *Advertising Expenses*, while *Advertising* was the most frequently listed at 36.4% of reported advertising activities. *Promotional Activities* had the second-highest dollar value, with \$1.3 million, or 19.2% of the total value. Advertising costs classified as *Advertising* totaled \$681,478, or 9.8%; those classified as *Education* totaled \$137,822, or 2.0%.

When considering the frequency of different types of *Advertising Expenses*, those classified as *Advertising* still account for the largest share, 36.4% of all expenditures. *Promotional Activities* expenses were the second most frequently reported, accounting for 29.8%. *Direct to Consumer Spending* accounted for 27.3% of the gifts.

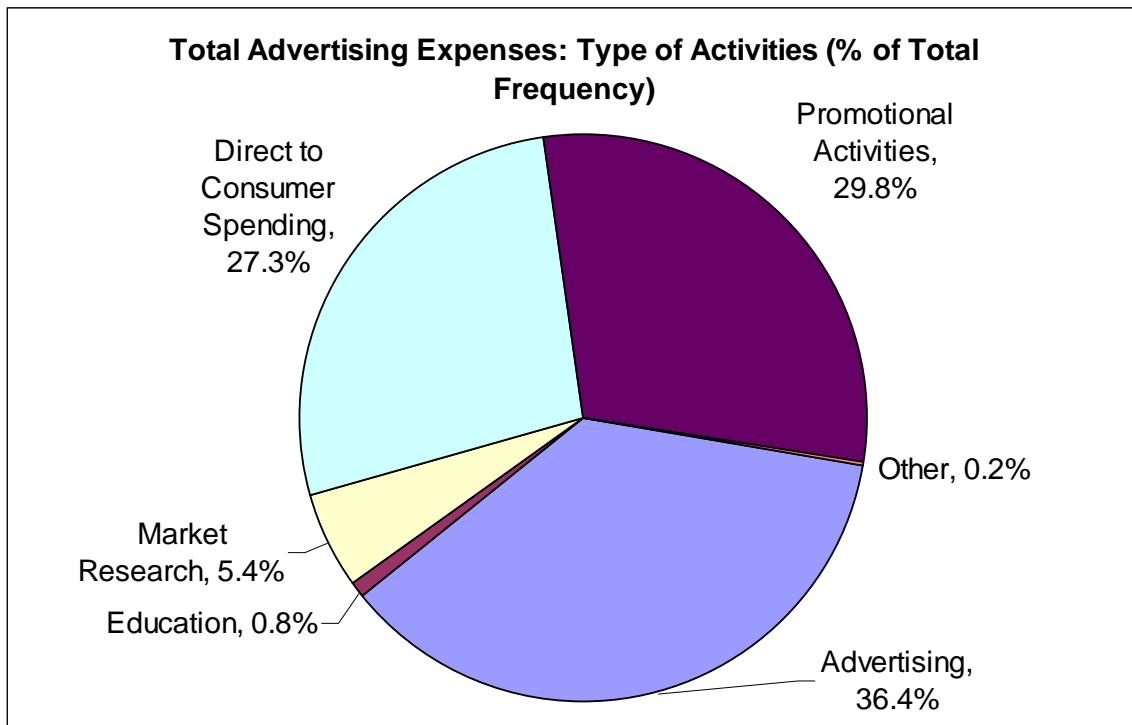
Figure 30 depicts the dollar amount breakdown for *Type of Activities* for companies as a whole. Figure 31 depicts the frequency breakdown for all companies.

Figure 30



71 Total Companies with Reported Advertising Expenses

Figure 31



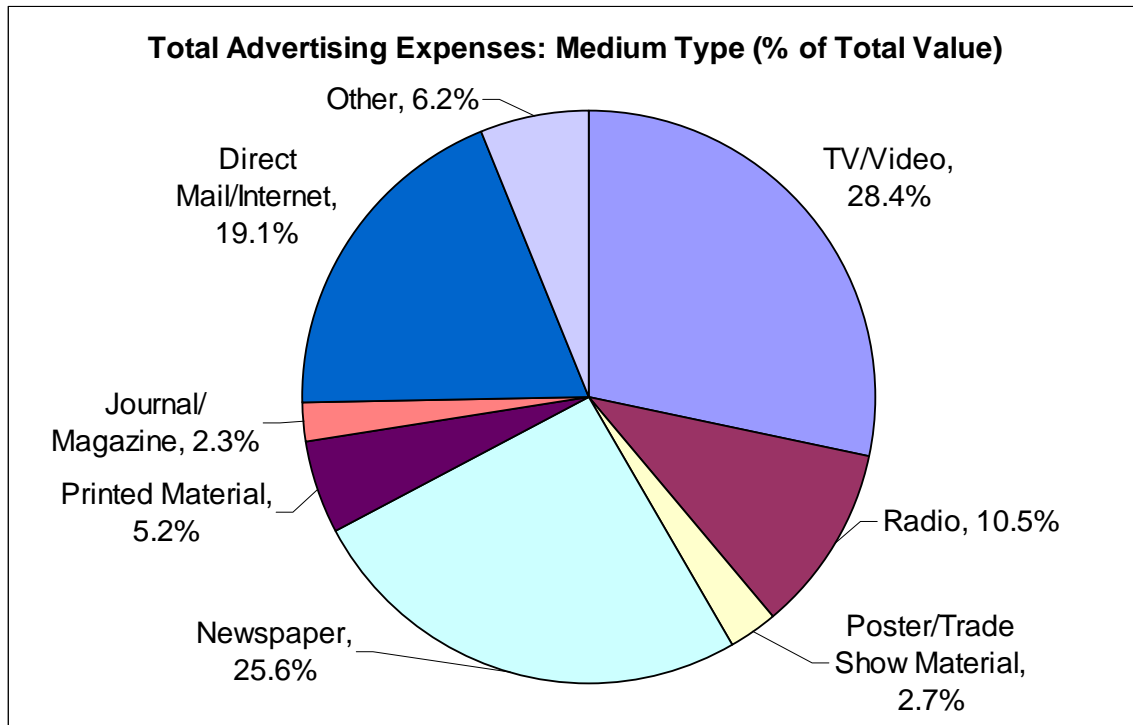
71 Total Companies with Reported Advertising Expenses

Medium Type responses also varied considerably among companies; 50 unique responses were submitted, and these were classified into eight general categories: *Direct Mail/Internet*, *Journal/Magazine*, *Newspaper*, *Poster/Trade Show Material*, *Printed Material*, *Radio*, *TV/Video*, and *Other*. The largest share of advertising dollars, \$2.0 million (28.4% of the total), was spent on *TV/Video*. Companies spent \$1.8 million, or 25.6% of their advertising dollars, on *Newspaper* advertising; \$1.3 million (19.1%) on *Direct Mail/Internet* advertising; and \$727,774 (10.5%) on *Radio*.

When considering the frequency of expenditures, the picture changes. *TV/Video* accounted for only 5.2% of the expenditures, while *Printed Materials* accounted for the largest share at 24.3%, *Direct Mail/Internet* for 18.9%, and *Newspaper* advertising for 18.4%.

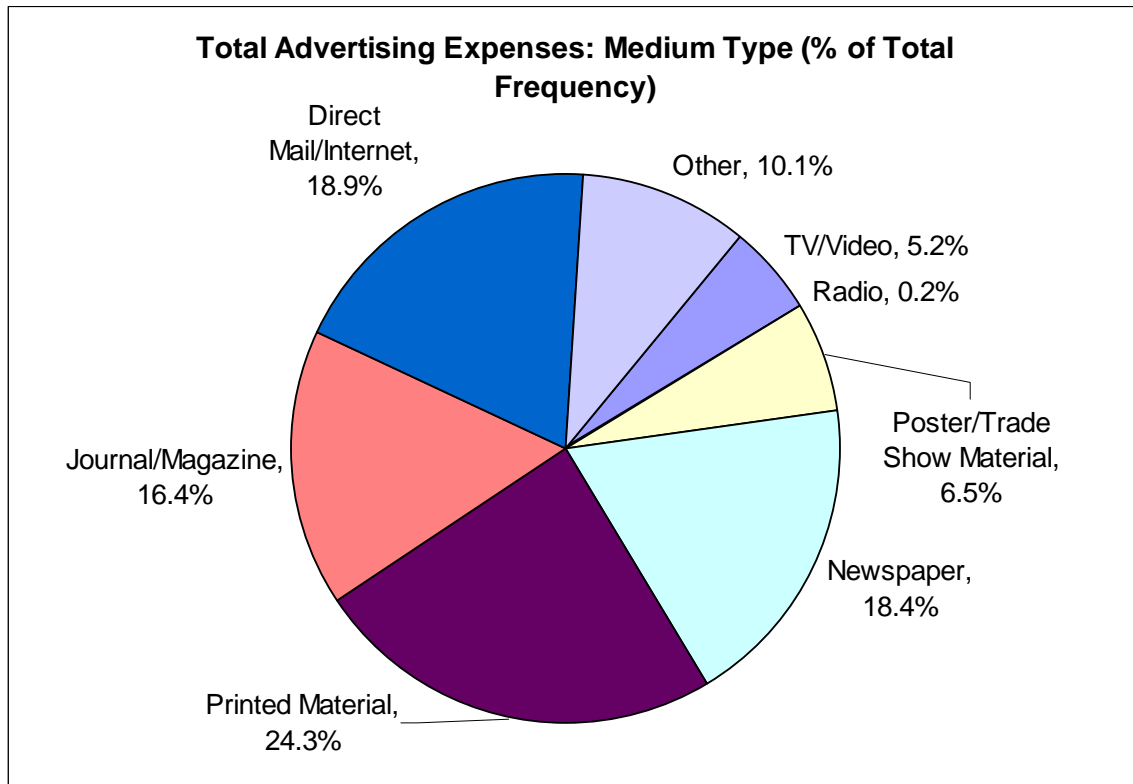
Figure 32 depicts the dollar amount breakdown for *Medium Types*, and Figure 33 depicts the frequency for companies as a whole.

Figure 32



71 Total Companies with Reported Advertising Expenses

Figure 33



71 Total Companies with Reported Advertising Expenses

Advertising Subgroup

An analysis was also conducted on a subgroup of the three companies that reported the highest *Advertising Expenses* totals. Together, the three companies spent a total of \$3.9 million, or an average of \$1.3 million each.

This group's activities were classified into only two categories, based upon the responses provided by the companies: *Advertising Placement* and *Other Promotional Activity*. Expenditures classified as *Advertising Placement* accounted for the greatest share of both the value and frequency: \$3.0 million, or 78.5% of the group's *Advertising Expenses* sum, and 90.2% of all the expenditures. The remainder (\$830,980; 21.5% of the total value) was classified as *Other Promotional Activity* by the companies composing the subgroup. *Other Promotional Activity* accounted for 9.8% of reported activities.

Figure 34 depicts the percent of total dollar amount for the Large Advertising Expenditure subgroup's *Activity Types*, and Figure 35 reflects frequency.

Figure 34

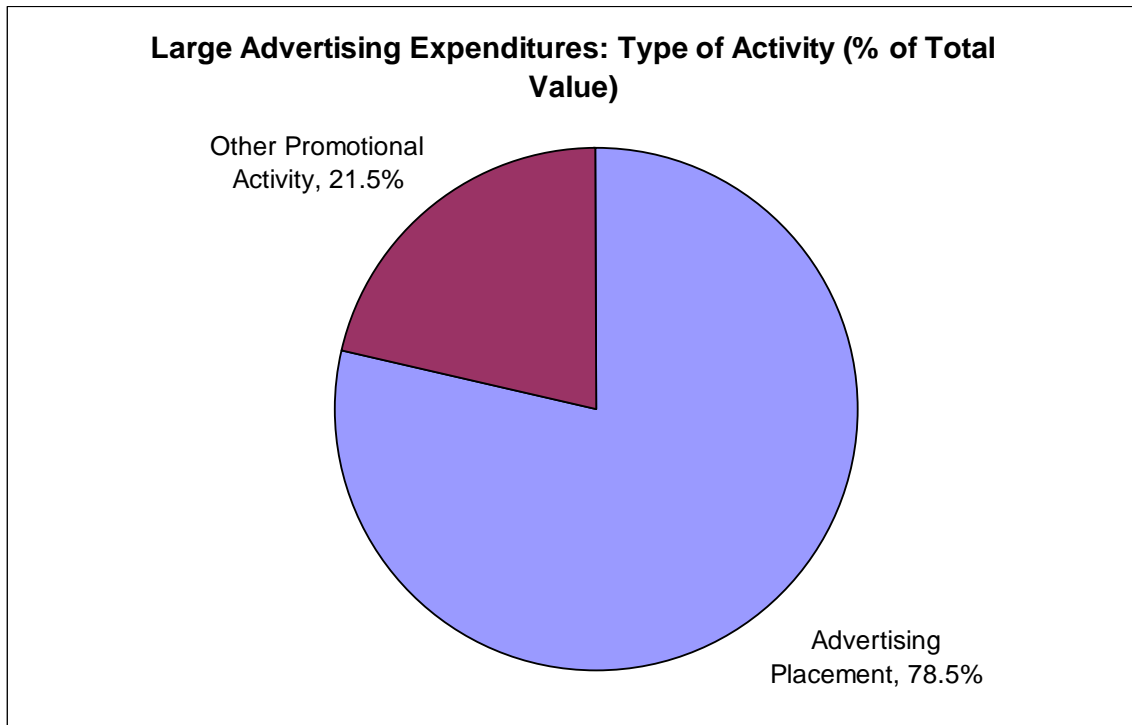
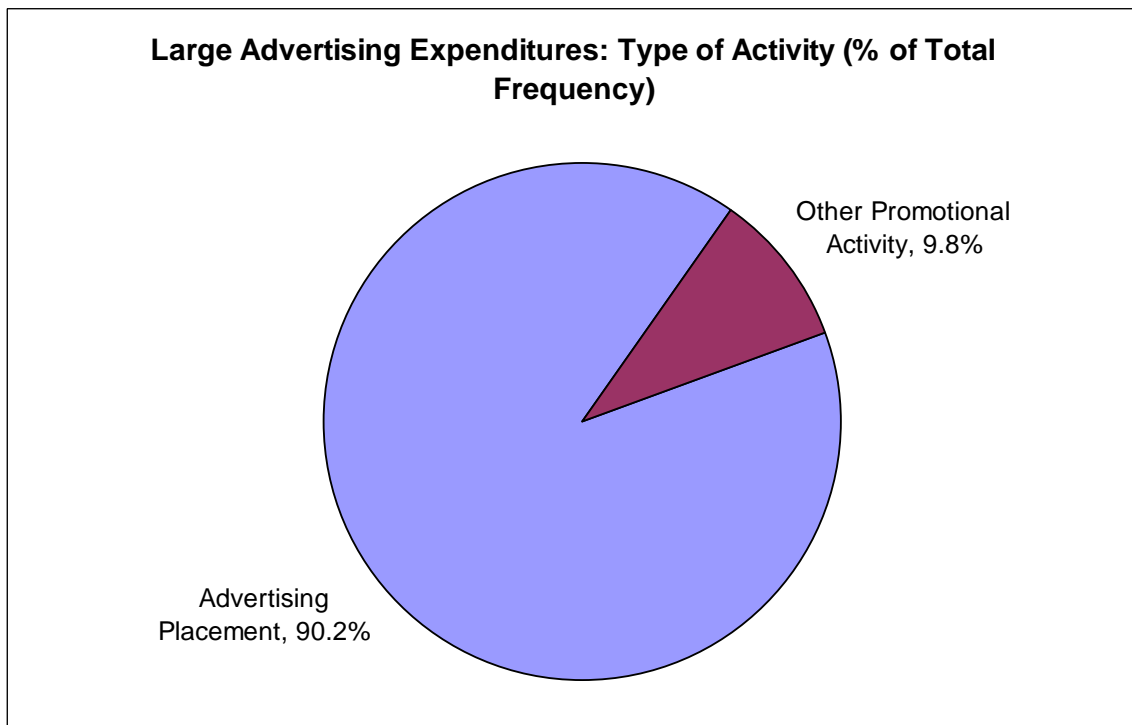


Figure 35



The Large Advertising Expenditures subgroup reported *Medium Types* that were grouped into five categories: *Direct Mail/Internet*, *Newspaper/Magazine*, *Medical Journal*, *TV/Video*, and *Other*. The group spent the largest amount on *TV/Video*: \$1.3 million, or 34.3% of the group's total *Advertising Expenses*. Another \$1.3 million, or 32.8%, went to *Newspaper/Magazines*. *Direct Mail/Internet* accounted for another 28.9% of the total, or \$1.1 million, while *Medical Journal* and *Other* accounted for 2.1% and 1.8%, respectively. In terms of frequency, 53.2% of the expenditures were for *Newspaper/Magazine*, 23.7% were for *Medical Journal*, and 14.1% were for *Direct Mail/Internet*.

Figure 36 depicts the percent of total dollar amount for the Subgroup's *Medium Types*, and Figure 37 shows the frequency.

Figure 36

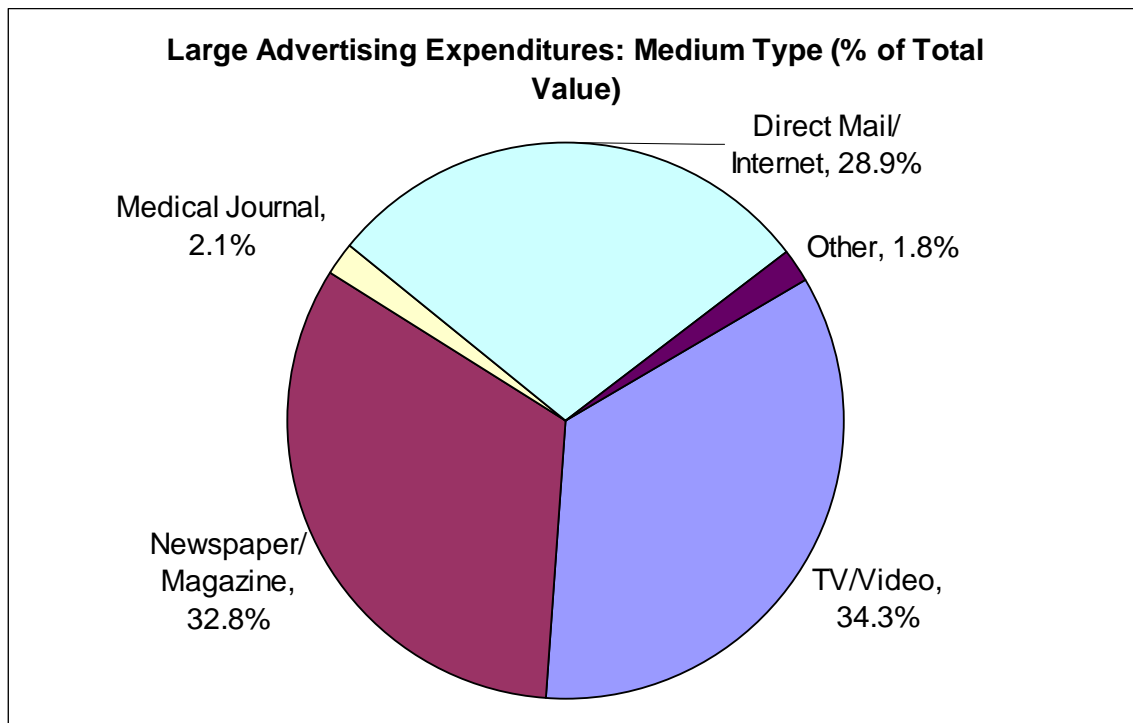
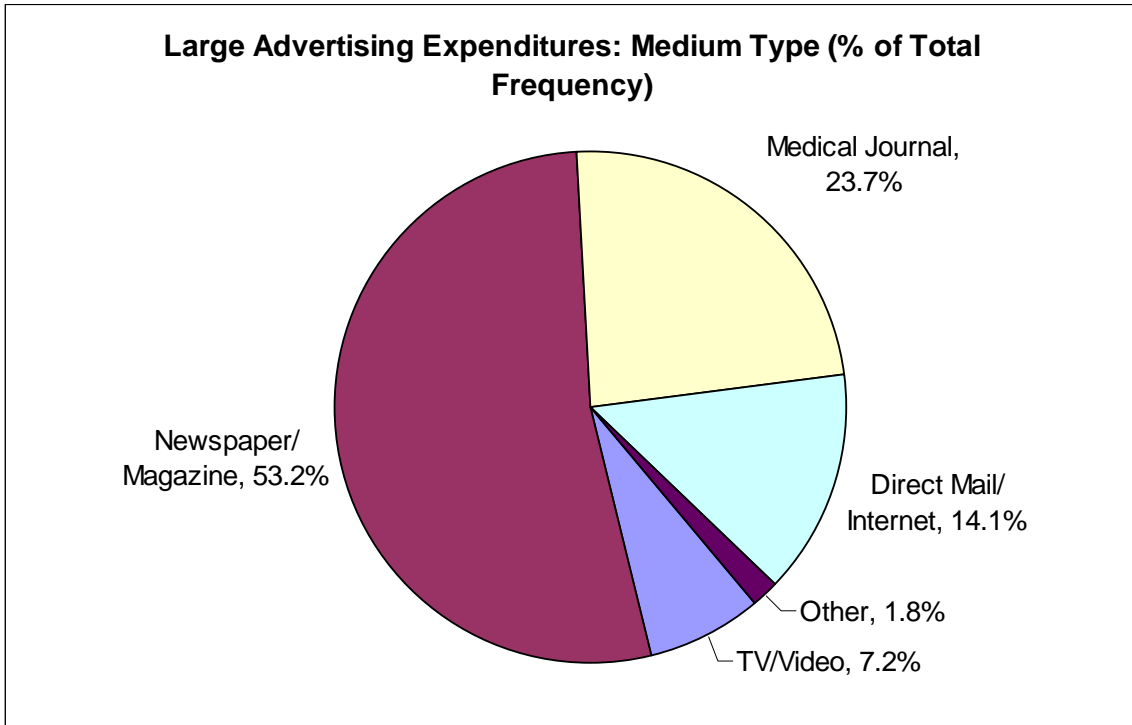


Figure 37



VII. Overview of Company Submissions

Method of Submission

For the 2011 reporting period, pharmaceutical companies disclosed reportable marketing expenses using the Excel worksheet found on the District Department of Health website.

Trade Secret Declaration

Chapter 18 of Title 22 of the DCMR, "Prescription Drug Marketing Costs," defines a trade secret as follows:

Trade secret- information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

- (A) Derives actual or potential independent economic value, from not being generally known to, and not being readily ascertainable by, proper means by another who can obtain economic value from its disclosure or use; and
- (B) Is the subject of reasonable efforts to maintain its secrecy.¹

Of the 158 companies that submitted 2011 expenditure reports, a minority, 16.4%, declared their reports as trade secrets, whereas the majority, 83.5%, did not declare their reports as trade secrets. This is a reduction in trade-secret declarations from 2010 reports, in which 29.5% of companies declared their reports as trade secrets. To investigate whether there was a difference between companies with higher expenditures versus those with lower expenditures, we compared companies above the median in gift expenditures to those below the median. Companies reporting 2011 gift expenditures above the median were 7.7 times more likely to designate their reports as trade secrets than those below the median.

Trade secret explanations were similar across pharmaceutical companies. An example of one company's justification for designating their report as a trade secret mirrors many others:

The information being disclosed pertaining to marketing activity in the State, including the name of the entity/physician, the amount of the payment, and the date the activity took place, qualifies as a trade secret for the following reasons:

¹ §1899.1 of Chapter 18 of Title 22 of the DCMR

1) Company makes this designation because it derives independent economic value from the information in that the information is not generally known to, or readily ascertainable by, other entities or individuals who could obtain economic value from its disclosure, and Company takes reasonable efforts to maintain its secrecy.;

2) Contains detailed business information about customer relationships which gives Company an opportunity to obtain business advantage over competitors who do not know it or use it.,

3) Proprietary Information

Quality of Submissions

The quality of company submissions was evaluated based on overall completeness and compliance with disclosure requirements. Submissions were classified as follows:

- *Complete*: All required information is provided
- *Almost Complete*: Most required information is provided
- *Incomplete*: Required information is missing
- *N/A*: No marketing expenses were reported

Using these general categorizations, 87.3% of all companies provided complete submissions, an increase from 84.1% in 2010. These reports included all the information specifically required in §1802 (e.g., date of payment, full names and credentials of recipient, type of recipient, nature of payment, primary purpose of payment, and value of payment).

Another 3.2% of companies provided almost-complete submissions. These reports contained most of the information required in §1802, but were missing information – recipient type details, for example – for a relatively small number of the items they reported. The number of submissions falling into this category decreased from 2010, when 9.1% of companies had almost-complete submissions.

Finally, 3.2% of companies provided incomplete submissions; that percentage decreased from 2010 (when it was 6.1%). Some important required information was absent from these annual reports, the most common being recipient type or primary purpose.

Notably, ten companies provided complete reports despite indicating they had \$0 marketing expenses in the District in 2011.

As in previous years, submissions did not contain sufficient information to fully determine whether companies were using Generally Accepted Accounting Principles, but we found no indications that companies were failing to use them.

VIII. Benchmarks

Because the District's AccessRx law includes reporting requirements that were similar to those in the law Vermont had in place at the time, we have for several years used Vermont's reported marketing figures as a benchmark for comparison. Changes to Vermont law since then have affected pharmaceutical marketing in the state, and Vermont's reported marketing figures now offer a demonstration of how a gift ban can affect pharmaceutical marketing trends.

In 2009, Vermont amended its law to prohibit gifts (including food) from pharmaceutical manufacturers to healthcare providers; to require reporting by manufacturers of biologics and medical devices, as well as by pharmaceutical companies; and to require reporting of clinical-trial and research expenditures. Companies may still pay honoraria and expenses to "a health care professional who serves on the faculty at a bona fide significant educational, medical, scientific, or policy-making seminar," provided that a contract spells out deliverables restricted to medical issues (not marketing activities) and the healthcare professional determines the content of the presentation.² The amendments also eliminated the trade secret exemption that had kept some information from Vermont's public disclosure of pharmaceutical marketing expenditures.

Vermont now also requires companies to report on the distribution of samples of prescribed products, although they need only report on the quantity, not the value, of these samples. An amendment that went into effect in January 2012 also requires information about distribution of over-the-counter products to be reported; companies may have voluntarily reported this information for 2011, but this change will not be reflected in Vermont's reports until next year.

The report on 2011 marketing expenditures from Vermont's Attorney General³ is the second report since the gift ban went into effect. (Note that in previous years, Vermont's reports were by July 1 – June 30 fiscal years, but the state switched to calendar-year reporting in 2011 in anticipation of calendar-year reporting that will be required under the Affordable Care Act.) Companies reported the following:

- Total expenditures, including those for biologics and devices: \$7.5 million
- Total pharmaceutical expenditures: \$5.1 million
- Pharmaceutical expenditures, excluding clinical trials and research: \$3 million

Spending in all of these categories has increased markedly since FY2010. That year, 58 companies reported total pharmaceutical expenditures of \$4.0 million, or \$1.8 million when excluding clinical trials and research. In fact, non-research pharmaceutical spending in Vermont appears to have returned to

² General Assembly of the State of Vermont, 2009-2010 session. S.48, No. 59: An act relating to the marketing of prescribed products. <http://www.leg.state.vt.us/docs/2010/Acts/ACT059.PDF>

³ Prescribed Product Disclosures January 1, 2011 – December 31, 2011: Report of Vermont Attorney General William H. Sorrell. October 2012. <http://www.atg.state.vt.us/assets/files/2011%20Prescribed%20Products%20Disclosure%20Report.pdf>

pre-gift-ban spending levels. This suggests that after initially reducing gift-giving to healthcare providers, pharmaceutical companies have adapted to the law’s requirements and are giving providers more gifts (and/or more high-value gifts) that conform to the law’s limitations. For instance, they may be paying large honoraria to physicians delivering medical (not marketing) presentations determined by the physician at bona fide scientific meetings.

Because the District does not require reporting of clinical-trial expenses or expenditures by biologics and device manufacturers, the Vermont expenditure total for pharmaceutical expenditures excluding clinical trials (\$3 million) is the most relevant for comparison purposes to the \$83.7 million of expenditures in the District of Columbia.

Table 9

Pharmaceutical Marketing Expenses, 2006-2011, District of Columbia and Vermont						
	2011	2010	2009	2008	2007	2006
District of Columbia	\$83,674,207 (158 reports)	\$85,361,185 (132 reports)	\$96,088,376 (118 reports)	\$136,623,408 (105 reports)	\$158,210,607 (113 reports)	\$145,495,429 (101 reports)
Vermont	\$2,980,770 (77 reports)	\$1,835,102 (58 reports)	\$2,599,589 (85 reports)	\$2,943,321 (78 reports)	\$3,139,584 (86 reports)	\$2,367,604 (83 reports)

In past years, we have reported per-physician gift spending in Vermont and the District of Columbia. We are unable to include those figures this year because Vermont’s 2011 report does not specify the total amount given to physicians for purposes other than research and clinical trials.

IX. Recommendations

Based on this analysis of 2011 data and knowledge of related federal legislation, we are making the following recommendations to allow for more useful analyses of future data submissions and to conform with federal law.

1. Use the opportunity created by the Affordable Care Act to strengthen the District of Columbia's reporting requirements

Because an Affordable Care Act provision will soon require pharmaceutical companies to report to the federal government their gifts to physicians and teaching hospitals (and the federal government to pass that information to states and the District), the District will need to cease collecting this information through AccessRx reporting. The need to make this change presents an opportunity to update the AccessRx Act. We recommend that, in addition to eliminating requirements to report payments to physicians and teaching hospitals, the District revise reporting requirements to remove prohibitions on data disclosure and to collect more specific information that will assist with analysis. Information on the individual doctors and drugs that companies target with their marketing dollars will provide data that may be useful to the District's academic detailing efforts. The public would also benefit from having access to this information.

- **Make all reports submitted pursuant to the AccessRx Act publicly available:** In the interest of informed healthcare decisionmaking, patients should have access to information about how much money their healthcare providers receive from specific companies and about which drugs are targeted by marketing efforts. A database that combines information from all individual companies' reports in a standardized format should be made available to the public in a timely fashion. Such a database is currently developed each year for use solely by the Department of Health, but the AccessRx Act requires that it remain confidential.

Massachusetts, Minnesota, and Vermont already collect similar information and make the data on individual healthcare providers publicly available.⁴ ProPublica combines information on individual healthcare providers from 12 pharmaceutical companies into a user-friendly database available to the public.⁵ The Affordable Care Act will make data on gifts to physicians and teaching hospitals available to the public in the near future. Given that such information is or soon will be publicly available, it is only fitting that the District also disclose the information that pharmaceutical manufacturers and labelers report. Because the District collects significantly more information than the Affordable Care Act requires companies to report, the District has an opportunity to provide more data to the public than they will receive under the federal law, and to set an example of transparency to other states.

⁴ See "Show us the money: lessons in transparency from state pharmaceutical marketing disclosure law" by Susan Chimonas, Natassia M. Rozario, and David J. Rothman (*Health Services Research*, February 2010) for an overview of different states' laws on pharmaceutical marketing disclosure.

⁵ ProPublica's "Dollars for Docs" database is online at <http://projects.propublica.org/docdollars/>.

- **More detailed reporting of aggregate costs:** Although “aggregate expenses” (expenditures on employees and contractors engaged in promotional activities) account for by far the largest share of reported total expenditures (\$57.9 million, or 69.2% of the total), we have little information about how companies spend this money. Revising the law to require reporting of additional information – for example, salaries of employees engaged in marketing, or total FTEs devoted to marketing in the District – would allow the District to collect more information about how these large sums are being spent.
- **Unique recipient identifiers:** Without unique recipient identifiers, analyses may fail to identify all of the gifts that went to the same individual or entity if the recipient’s name is entered differently in different instances. A requirement that manufacturers and labelers report a unique identifier, such as a National Provider Identifier, for recipients would improve speed and accuracy of matching efforts.

The National Provider Identifier (NPI) may be a good choice of unique identifier, since all providers who bill Medicare are required to have one. The Affordable Care Act will require the NPI for each physician receiving gift payments to be reported to the Department of Health and Human Services. Other healthcare providers – nurses, pharmacists, clinics, nursing homes, etc. – also have NPIs, and these could be reported to the District.

- **“Product Marketed” information for gift expenses:** Chapter 18 requires reports of advertising/marketing expenses (TV ads, direct mail, etc.) to specify which product is being marketed during each activity. Reports of gift expenses (e.g., food or honoraria for physicians) are not required to specify which product is being marketed. Requesting “product marketed” information for gift expenses would help researchers determine how much companies are spending to market specific drugs. Vermont already requires reporting of this information, and the Affordable Care Act will require it for federal reporting in the near future. (The draft federal regulation requires that when a payment “is reasonably associated with a specific drug,” companies must report the product’s name.) Again, requiring this information to be reported to the District would become consistent with federal law.

The importance of preserving the District’s non-physician/teaching hospital reporting requirements is evident in the proportion of expenditures reported under AccessRx requirements that would be missed by federal reporting. The federal law will capture less than one-tenth of the marketing expenditures the District of Columbia captures under the AccessRx Act.

In 2011, gifts to District physicians totaled \$7.5 million. Using the definition of §415.152 of the Public Health Services Act, a teaching hospital is “a hospital engaged in an approved GME residency program in medicine, osteopathy, dentistry, or podiatry.” According to the Accreditation Council for Graduate Medical Education (ACGME), six District institutions have been reviewed by ACGME and are approved sponsors of graduate medical education programs. These six institutions received a total of \$678,116 in 2011. Therefore, the total of gifts to physicians and teaching hospitals alone in 2011 was \$8.1 million, which represents only 43.1% of the total gifts and only 9.7% of the total marketing expenditures reported in 2011 under the AccessRx Act. Thus, using only the reporting requirements of the Affordable

Care Act would result in the loss of information regarding 90.3% of all pharmaceutical marketing expenses in the District of Columbia in 2011 required under the AccessRx Act.

2. Improve compliance with acceptable values for reporting advertising expenses

Instructions to pharmaceutical manufacturers and labelers for submitting 2011 marketing reports included for the first time acceptable values for advertising type and medium. Many companies complied with these instructions, but several did not. In order to improve compliance, the Department of Health should again highlight these acceptable values for advertising expenses when communicating with companies about 2012 reports. This will improve the data quality and increase the utility of analyses.

3. Notify providers for whom large gift amounts are reported

Healthcare providers who are reported to be receiving large sums (e.g., over \$1,000 in total value of gifts) should be alerted to what the District's records show and notified of the appearance of potential conflicts of interest. While the data received pursuant to the AccessRx Act are not currently publicly reported, many payments are already publicly available in the ProPublica database, and physician payments from all pharmaceutical companies will be public soon under the Affordable Care Act. Providers may wish to consider the possibility that large gifts from pharmaceutical companies could create concerns about the appearance of biased prescribing choices among patients and others.

Appendix: AccessRx Requirements

Review of AccessRx Requirements

Title III of the AccessRx Act of 2004 requires that any “manufacturer or labeler of prescription drugs dispensed in the District that employs, directs, or utilizes marketing representatives in the District” annually report marketing costs for prescription drugs in the District. §48-833.03 describes the content of the annual report:

(a) Except as provided in subsection (b) of this section, the annual report filed pursuant to § 48-853.02 shall include the following information as it pertains to marketing activities conducted within the District in a form that provides the value, nature, purpose, and recipient of the expense:

(1) All expenses associated with advertising, marketing, and direct promotion of prescription drugs through radio, television, magazines, newspapers, direct mail, and telephone communications as they pertain to District residents;

(2) With regard to all persons and entities licensed to provide health care in the District, including health care professionals and persons employed by them in the District, carriers licensed under Title 31, health plans and benefits managers, pharmacies, hospitals, nursing facilities, clinics, and other entities licensed to provide health care in the District, the following information:

(A) All expenses associated with educational or informational programs, materials, and seminars, and remuneration for promoting or participating in educational or informational sessions, regardless of whether the manufacturer or labeler provides the educational or informational sessions or materials;

(B) All expenses associated with food, entertainment, gifts valued at more than \$ 25, and anything provided to a health care professional for less than market value;

(C) All expenses associated with trips and travel; and

(D) All expenses associated with product samples, except for samples that will be distributed free of charge to patients; and

(3) The aggregate cost of all employees or contractors of the manufacturer or labeler who directly or indirectly engage in the advertising or promotional activities listed in paragraphs (1) and (2) of this subsection, including all forms of payment to those

employees. The cost reported under this paragraph shall reflect only that portion of payment to employees or contractors that pertains to activities within the District or to recipients of the advertising or promotional activities who are residents of or are employed in the District.

(b) The following marketing expenses are not subject to the requirements of this subchapter:

(1) Expenses of \$25 or less;

(2) Reasonable compensation and reimbursement for expenses in connection with a bona fide clinical trial of a new vaccine, therapy, or treatment; and

(3) Scholarships and reimbursement of expenses for attending a significant educational, scientific, or policy-making conference or seminar of a national, regional, or specialty medical or other professional association if the recipient of the scholarship is chosen by the association sponsoring the conference or seminar.

The manufacturer or labeler must file the report by July 1st of each year, in the form and manner provided by the Department of Health. §48-833.04 describes the report that the Department must then provide to the City Council:

By November 30th of each year, the Department shall provide an annual report, providing information in aggregate form, on prescription drug marketing expenses to the Council and the Corporation Counsel. By January 1, 2005, and every 2 years thereafter, the Department shall provide a report to the Council and the Corporation Counsel, providing information in aggregate form, containing an analysis of the data submitted to the Department, including the scope of prescription drug marketing activities and expenses and their effect on the cost, utilization, and delivery of health care services, and any recommendations with regard to marketing activities of prescription drug manufacturers and labelers.

§48-833.04 addresses confidentiality:

Notwithstanding any provision of law to the contrary, information submitted to the Department pursuant to this subchapter is confidential and is not a public record. Data compiled in aggregate form by the Department for the purposes of reporting required by this subchapter is a public record as long as it does not reveal trade information that is protected by District, state, or federal law.

Chapter 18 of Title 22 of the District of Columbia Municipal Regulation specifies which information must be included in annual reports in each of the three categories (advertising expenses, marketing expenses, aggregate costs).