

Pharmaceutical Marketing Expenditures in the District of Columbia, 2009

Prepared by

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**for the
District of Columbia Department of Health**

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**Summary of Pharmaceutical Marketing Expenditures
in the District of Columbia, Calendar Year 2009**

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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 eighteen pharmaceutical manufacturers and labelers completed reports of their 2009 District of Columbia marketing expenditures and submitted them to the DC Department of Health. Their reported expenditures totaled \$96.09 million – a decrease from the \$136.6 million reported by 105 companies in 2008, which was itself a decrease from the \$158.2 million reported by 113 companies in 2007.

The quality of 2009 submissions was comparable to that of 2008 and 2007 submissions. Beginning with the reporting year of 2007, companies were provided by the District’s Department of Health with a standardized spreadsheet and instructions on how to report their expenses in the spreadsheet format. In all three years, a minority of companies failed to submit reports in the required format or omitted required information.

This report presents findings from an analysis of 2009 pharmaceutical marketing expenditure submissions in aggregate format, and compares 2009 figures to those of 2006 - 2008. 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 the previous three years of reporting, expenses for employees and contractors engaged in advertising and marketing (including “detailers”) – termed *Aggregate Expenses* – constituted the largest share of total expenditures: \$66.48 million, or 69.2% of total expenditures.

Gift Expenses – which include grants, speaker fees, product samples, food, and promotional items – totaled \$22.03 million, or 22.9% of all expenditures. As in previous years, physicians were the recipients who received the largest number of payments, and food was the type of gift most frequently given. However, while food was by far the most frequently given gift, it accounted for a relatively small share of the gift expenditure total. This trend is similar to what was found in 2008 and 2007. By contrast, a smaller percentage of the number of gifts took the form of cash or check, but cash or checks accounted for half of the dollar value of all gifts.

Non-individual recipients of gifts (including hospitals, clinics, universities, and organizations) received \$13.68 million. Individual recipients (including doctors, nurses, other healthcare providers, and pharmacists) received \$8.36 million, and recipients with MD credentials received 90% of that, or \$7.48 million. The majority of gifts to physicians were described as being speaker fees paid by cash or check.

Forty-eight percent of all companies (57 out of 118) reported District-specific *Advertising Expenses*, which totaled \$7.57 million. The remaining companies simply reported no District-specific advertising expenses.

Specific findings related to overall expenditures include the following:

- In 2009, a total of 118 pharmaceutical manufacturers and labelers disclosed payments totaling \$96.09 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, \$7.57 million was reported for advertising expenses (7.9%), \$22.03 million was gift expenses (22.9%), and \$66.48 million was aggregate expenses (69.2%).
- Total expenditures in all categories decreased from 2008, with the greatest percentage drop in *Aggregate* expenditures:
 - *Advertising* expenditures decreased by more than half a million dollars, from \$8.1 million to \$7.57 million (a 6.7% drop);
 - *Gift* expenditures decreased by \$5.07 million, from \$27.1 million to \$22.03 million (an 18.7 % drop);
 - *Aggregate* expenditures decreased by \$34.92 million, from \$101.4 million to \$66.48 million (a 34.5% drop); and
 - Total expenditures decreased by \$39.7 million, from \$136.6 million to \$96.09 million (a 29.7% drop).
- Twenty-three companies reported over \$1 million apiece in total expenses; their expenditures represent 78% of the total reported expenses.
- Aggregate expenses represent the majority of total marketing expenses in the District; this was also the case in 2006-2008.

Findings from our analysis of gifts include the following:

- The majority of gifts, 81.4%, took the form of *Food*, but *Food* only accounted for 11.4% of the total dollar amount spent (\$2.50 million).
- Although 8.4% of gifts were given in the form of *Cash or Check*, this category accounted for \$11.24 million, or approximately half of the total dollar value of all gifts.

- *Education* was reported most frequently as the primary purpose of gifts (48.7% of the time), and it accounted for 38.8% of the total dollar value of all gifts (\$8.55 million).
- Non-individual recipients (hospitals, organizations, etc.) received a total of \$13.68 million in gifts, while individual recipients received \$8.36 million.
- The top ten Professional Organizations (representing health professionals in a specific specialty or demographic group) received a total of \$3.86 million, with a median gift value of \$15,000.

Findings about gifts to physicians include the following:

- The 10 physicians to whom pharmaceutical companies gave the greatest total dollar amount of gifts received a combined total of \$1.7 million, or nearly one-fourth of the total payments received by all physicians.
- Out of approximately 9,000 physicians who received a food gift, 675 physicians received 10 or more food gifts from pharmaceutical companies in 2009; 49 physicians received 52 or more food gifts in one year. Food gifts are generally accompanied by a visit from a pharmaceutical detailer, so these physicians are likely having frequent interactions with detailers who are promoting specific drugs.
- Physicians received a total of \$4 million in the form of speaking fees or related gifts. Five physicians received speaking payments that totaled over \$100,000 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. Beginning January 1, 2012, 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 fails to capture much of the information that the District collects through AccessRx requirements, such as *Aggregate* and *Advertising* expenditures and gifts given to nurses, organizations, and clinical sites that are not teaching hospitals. In 2009, gifts to District physicians totaled \$7.48 million, and gifts to teaching hospitals \$813,576. This \$8.3 million (the amount that would be reported under the new federal law) represents only 37.7% of the total gifts and only 8.6% of the total marketing expenditures reported in 2009 under the AccessRx Act.

The federal law will preempt state laws that require manufacturers to report the type of information the federal law requires to be reported, but it will not preempt requirements for disclosure of other types of information. The law and its implications for the District are discussed further in Sections IX and X.

II. SUMMARY OF PHARMACEUTICAL MARKETING EXPENDITURES

In 2009, 118 pharmaceutical manufacturers and labelers spent a reported total of \$96.09 million on marketing in the District of Columbia. This figure includes expenditures for advertising; gifts to healthcare professionals; and “aggregate expenses,” or the costs associated with employees and contractors engaging in advertising and promotional activities in the District. Excluding companies that reported spending \$0, the total amounts reported ranged from \$98.39 to \$10.45 million, with a median value of \$194,433.

Total Expenses

Table 1 shows the total reported amounts spent in each category in 2009 and the previous three years, and Table 2 shows the percentage of the total spent in each category during that same time period.

Table 1

2009, 2008, 2007, and 2006 Total Pharmaceutical Marketing Expenses in DC by Type of Expense in Dollars				
Type of Expenditure	Total Value Reported for 2009 (\$)	Total Value Reported for 2008 (\$)	Total Value Reported for 2007 (\$)	Total Value Reported for 2006 (\$)
Advertising Expenses	7,569,035.74	8,108,052	10,254,533	10,892,163
Gift Expenses	22,034,979.44	27,090,335	31,382,109	34,431,608
Aggregate Expenses	66,483,621.77	101,425,020	116,573,964	100,141,658
Grand Total	\$96,088,376.10	\$136,623,408	\$158,210,607	\$145,495,429

Table 2

2009, 2008, 2007, and 2006 Total Pharmaceutical Marketing Expenses in DC by Type of Expense as Percent of Total Expenditure				
Type of Expenditure	% of Grand Total (2009)	% of Grand Total (2008)	% of Grand Total (2007)	% of Grand Total (2006)
Advertising Expenses	7.9%	5.9%	6.5%	7.5%
Gift Expenses	22.9%	19.8%	19.8%	23.7%
Aggregate Expenses	69.2%	74.2%	73.7%	68.8%
Grand Total	100.0%	100.0%	100.0%	100.0%

The total of reported District marketing expenditures was highest in 2007 and has declined substantially since then. Spending has declined in each of the three categories; the greatest decline from 2008 to 2009 came in the *Aggregate Expenses* category, but that category continues to account for the majority of the reported spending.

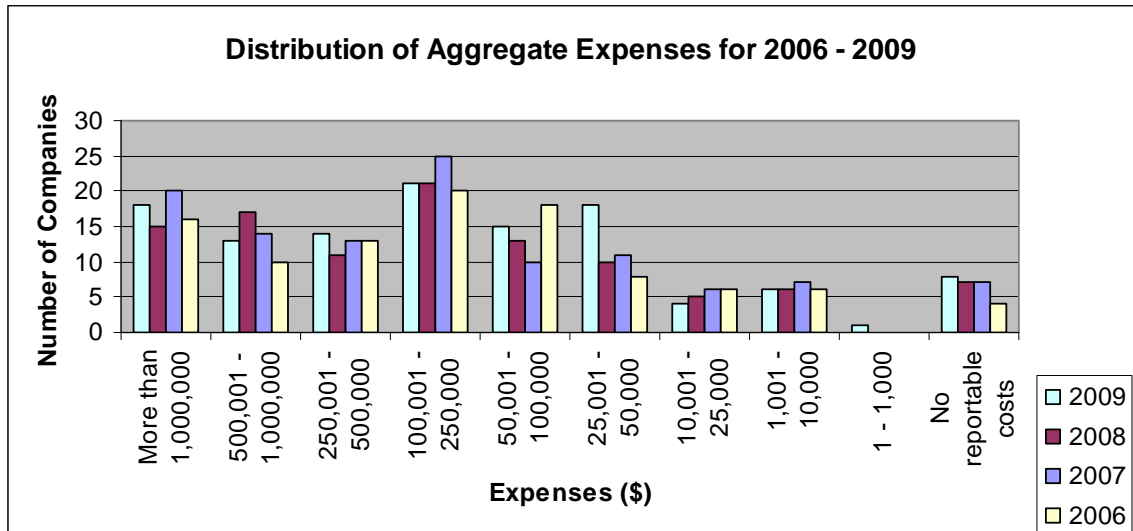
Aggregate Expenses

In 2009, pharmaceutical manufacturers and labelers spent a reported total of \$66.48 million on *Aggregate Expenses* – that is, costs associated with employees and contractors, such as “detailers,” engaging in advertising and promotional activities in the District. This amount represents a drop of 34.5% from the 2008 *Aggregate Expenses* total of \$101.43 million. Table 3, which reports the distribution of 2009 *Aggregate Expenses* totals, shows that 18 companies spending more than \$1 million each in this category accounted for 71.3% of all *Aggregate Expenses* spending, or \$47.38 million. Although in 2008 only 15 companies spent more than \$1 million on *Aggregate Expenses*, their combined total was far higher that year, at \$80.87 million. Much of the drop in the total expenditures for this category is due to reduced spending by the companies that report the highest level of spending on employees and contractors engaged in marketing.

Table 3

Distribution of 2009 Pharmaceutical Total Aggregate Expenses in DC				
Total Aggregate Expenses (\$)	Number of Companies	% of Total	Total Value (\$)	% of Total
More than 1,000,000	18	15.3%	47,375,262.78	71.3%
500,001 - 1,000,000	13	11.0%	8,693,584.64	13.1%
250,001 - 500,000	14	11.9%	5,091,186.93	7.7%
100,001 - 250,000	21	17.8%	3,589,252.68	5.4%
50,001 - 100,000	15	12.7%	952,067.28	1.4%
25,001 - 50,000	18	14.4%	652,650.56	1.0%
10,001 - 25,000	4	4.2%	90,118.22	0.1%
1,001 - 10,000	6	5.1%	39,400.29	0.1%
1 - 1,000	1	0.9%	98.39	0.0%
No reportable costs	8	7%	0.00	0.0%
Total	118	100%	\$66,483,621.77	100.0%

Figure 1



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

Of the 110 companies that reported *Aggregate Expenses* (eight reported no *Aggregate Expenses* at all), 38 voluntarily provided spreadsheets that included titles and compensation for individual employees or contractors and indicated whether those working as detailers had obtained license numbers. However, only two of the 18 companies that reported *Aggregate Expenses* of over \$1 million provided these details about this category of expenditures.

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

Salaries, benefits, and commission varied widely across the 38 companies that provided spreadsheets, but in general total 2009 compensation per person ranged from approximately \$4,000 to over \$350,000. The median total compensation figure was nearly \$175,000. The percentage of time spent in the District also demonstrated wide variation, ranging from less than 1% to 100% of the time.

Table 4

Unique Employee Titles from 38 Companies	
Area Sales Manager	Sales Consultant
Regional District Manager	Specialty Sales Representative
Sales Representative	Hospital Sales Rep
Senior Director of Marketing	Deputy Director of Sales
Inside Sales Representative	Pharmaceutical Sales Rep.
Pharmacy Systems Specialist	Interim Area Sales Director
Sr. Critical Care Oncology Acct. Specialist	Field Sales Representative
National Account Reimbursement Manager	District Manager, Lymphoma
Deputy Director Public Health	Sr. Medical Scientist
HCC Specific Representative	Area Sales Director
Oncology District Sales Manager	Critical Care Business Mgr
HCC Specific Sales Manager	Interim Area Sales Director
Senior Territory Manager	District Manager, Lymphoma
Oncology Sales Representative	Sr. Medical Sales Specialist
Territory Manager	Regional Business Director
National Account Manager	Medical Sales Specialist
Area Manager Trainer	Sr. Medical Sales Specialist
Deputy Director Division Sales	Regional Sales Director
Biological Product Specialist	Oncology Sales Specialist

Advertising Expenses

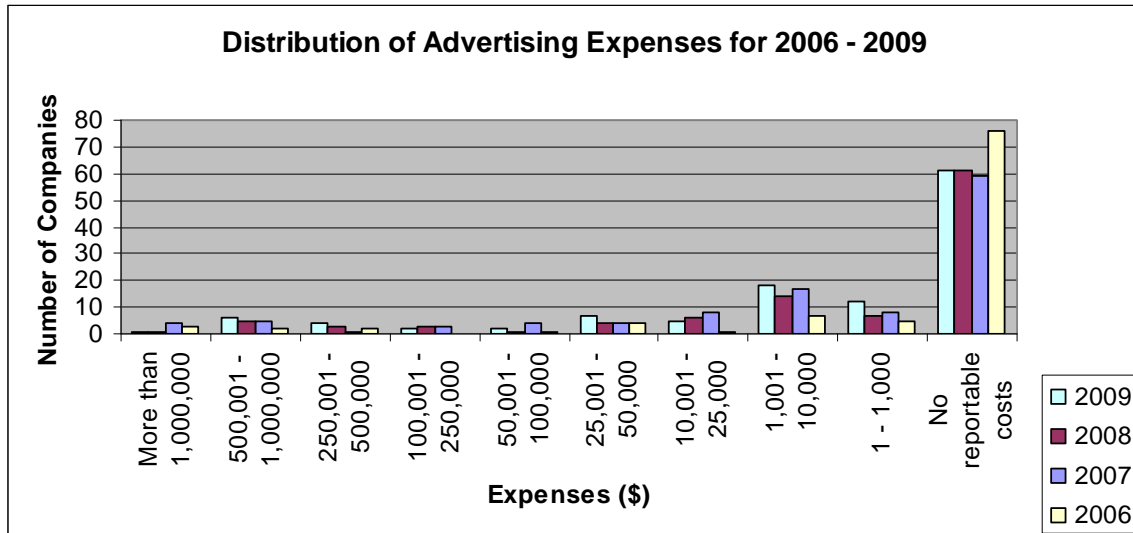
Since 2006, the first year for which manufacturers and labelers were required to report marketing expenditures to the District, *Advertising Expenses* have accounted for less than 10% of reported totals. The relatively small size of this share may be due, at least in part, to the fact that national advertising campaigns are exempt from the reporting requirements, so the *Advertising Expenses* category captures only expenses associated with District-specific advertising campaigns. In 2009, 57 pharmaceutical manufacturers and labelers spent a reported total of \$7.57 million on *Advertising Expenses*; this accounted for 7.9% of all spending. Although the percentage devoted to advertising was greater than the 5.9% of 2008 expenditures, the total amount dropped from \$8.11 million, a decrease of 6.7%.

Fewer than half of all the companies that submitted information on their 2009 marketing expenditures reported spending on advertising. Table 5 shows the distribution of 2009 *Advertising Expenses* totals, and Figure 2 compares the 2009 distribution with those of the previous three years.

Table 5

Distribution of 2009 Pharmaceutical Total Advertising Expenses in DC				
Total Advertising Expenses (\$)	Number of Companies	% of Total	Total Value (\$)	% of Total
More than 1,000,000	1	0.8%	1,162,916.00	15.4%
500,001 - 1,000,000	6	5%	399,1222.92	52.7%
250,001 - 500,000	4	3.4%	1,466,507.00	19.4%
100,001 - 250,000	2	1.7%	421,091.00	5.6%
50,001 - 100,000	2	1.7%	124,608.00	1.6%
25,001 - 50,000	7	5.9%	237,959.85	3.2%
10,001 - 25,000	5	4.2%	94,615.76	1.2%
1,001 - 10,000	18	15.1%	64,956.00	0.8%
1 - 1,000	12	10.1%	5,159.00	0.1%
No reportable costs	61	52.1%	0	0%
Total	118	100%	\$7,569,035.74	100%

Figure 2



Gift Expenses

Reported expenses for gifts (including cash or check payments and educational grants as well as gifts such as food and travel) given by pharmaceutical manufacturers and labelers totaled \$22.03 million in 2009, a drop of 18.7% from the 2008 total of \$27.09 million. Six companies reported 100% of their expenses as *Gift Expenses*, yet 83% of companies had gift expenses accounting for less than 50% of their total expenditures. *Gift Expenses* accounted for a larger share of total expenses in 2009 – 22.9%, compared to 19.8% in 2008. A more in-depth analysis of *Gift Expenses* appears in Section III.

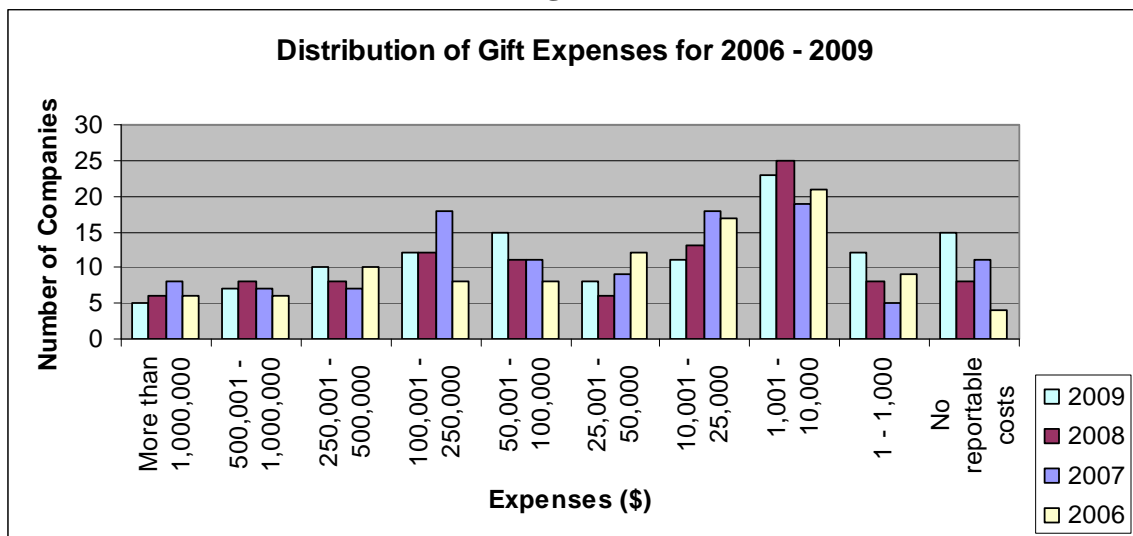
In 2009, the number of companies reporting \$0 in *Gift Expenses* was larger than in past years, and the number of companies reporting totals that fell into the lowest spending category (\$1 - \$1,000) also grew.

Table 6 shows the distribution of 2009 *Gift Expenses* totals, and Figure 3 compares the 2009 distribution with those of the previous three years.

Table 6

Distribution of 2009 Pharmaceutical Total Gift Expenses in DC				
Total Gift Expenses (\$)	Number of Companies	% of Total	Total Value (\$)	% of Total
More than 1,000,000	5	4.2%	9,818,026.79	44.6%
500,001 - 1,000,000	7	5.9%	5,122,787.90	23.3%
250,001 - 500,000	10	8.5%	3,563,916.33	16.2%
100,001 - 250,000	12	10.2%	1,947,250.82	8.8%
50,001 - 100,000	15	12.7%	1,049,763.49	4.8%
25,001 - 50,000	8	6.8%	257,682.61	1.2%
10,001 - 25,000	11	9.3%	167,040.74	0.8%
1,001 - 10,000	23	19.5%	102,148.34	0.5%
1 - 1,000	12	10.2%	6,362.41	0.03%
No reportable costs	15	12.7%	0	0%
Total	118	100%	22,034,979.44	100%

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*.

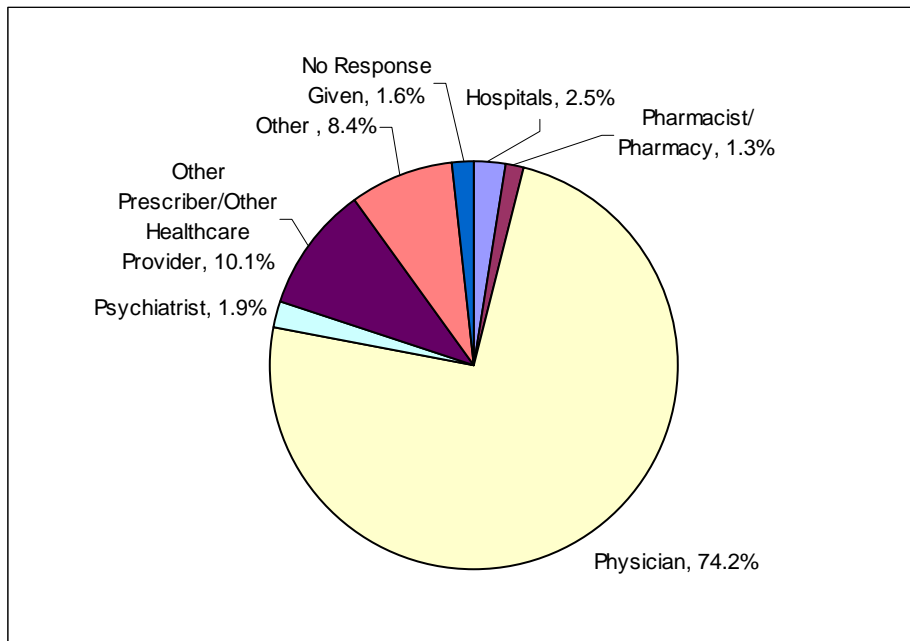
Gift Recipient Type Analysis: Frequency and Total Amount

A basic filter was run in the database to identify expenses by *Recipient Type*, and a *Recipient Type* Excel spreadsheet was created in order to analyze both the frequency and dollar amount for each *Recipient Type* category. *Recipient Types* were broken down into nine categories, which include *Clinic*, *Hospitals*, *Pharmacist/Pharmacy*, *Physician*, *Other*, *Organization*¹, *Other Healthcare Provider/Other Prescriber*, *Psychiatrist*, *Other/Unknown*, and *University*. For those companies that listed *Other* for *Recipient Type* and also provided information in the *Other Type* category, recipients were classified by their *Other Type* category into other recipient categories if the recipient could clearly be identified as one of the other primary recipient types.

¹ The Organization category includes organizations, associations, foundations, and societies.

Among the recipient types, *Physicians* received gifts most frequently, accounting for 74.2% of all gifts reported. In 2007 and 2008, *Physicians* also received gifts far more often than any other type of recipient. Figure 4 reflects the frequency of payments to each recipient type.

Figure 4
Recipient Type (% of Total Frequency)



Note: The "Other" slice includes recipients that were identified as Other (7.8%), as well as recipients identified as Universities and Clinics, each of which represented less than 1% of the total.

103 Total Companies with Reported Gift Expenses

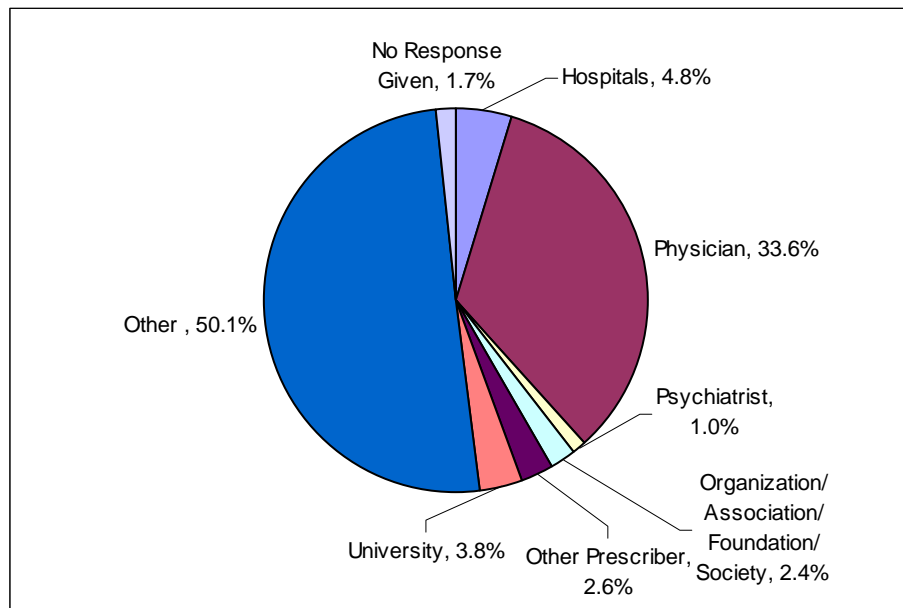
The picture changes when the total amount of gifts, rather than their frequency, is considered. Gifts to *Physicians* accounted for only 33.6% (\$7.41 million) of the total dollar amount of gift expenditures, while 49.4% went to recipients classified by companies as *Other* (\$10.89 million).

Companies selecting *Other* as a *Recipient Type* were instructed to provide further details in the *Other Type* column. For the \$10.89 million classified as going to *Other* recipients, the entries in the *Other Type* category included 105 unique titles, from Technician to Meeting Organizer. The *Other Types* accounting for the largest shares of gift values included Organization, with \$1.69 million; Medical Specialty Society, with \$1.48 million; Professional Organization, with \$1.40 million; Patient Advocacy Organization, with \$1.11 million; and Association, with \$1.0 million. Together, these five types received \$6.67 million.

It is evident that organizations received a relatively small number of high-value gifts from pharmaceutical companies, while physicians received a relatively large number of gifts with lower values. (More details on gifts to physicians are in Section IV.)

Figure 5 shows the percent of total dollar amounts that each *Recipient Type* received.

Figure 5
Recipient Type (% of Total Dollar Amount)



Note: The “Other” slice includes recipients that were identified as Other (49.4%), as well as Clinics, Pharmacist/Pharmacy, and Psychiatrist, each of which represented less than 1% of the total.

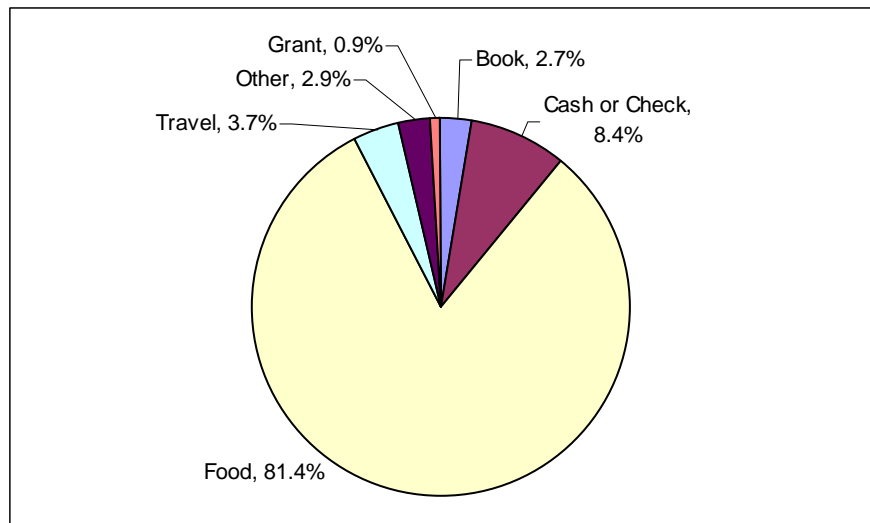
103 Total Companies with Reported Gift Expenses

Gift Nature of Payment Analysis: Frequency and Total Amount

A basic filter was run in the *Gift Expenses* Access database to identify expenses by *Nature of Payment*, and a *Nature of Payment* Excel spreadsheet was created in order to analyze both the frequency and dollar amount for each *Nature of Payment* category. 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 – including *Advertising*, *Display*, or *Doctor* – 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 81.4% of all payments. *Cash or Check* accounted for 8.4%, and all other categories for less than 4%. The frequency of *Nature of Payments* categories is depicted in Figure 6.

Figure 6
Nature of Payment (% of Total Frequency)

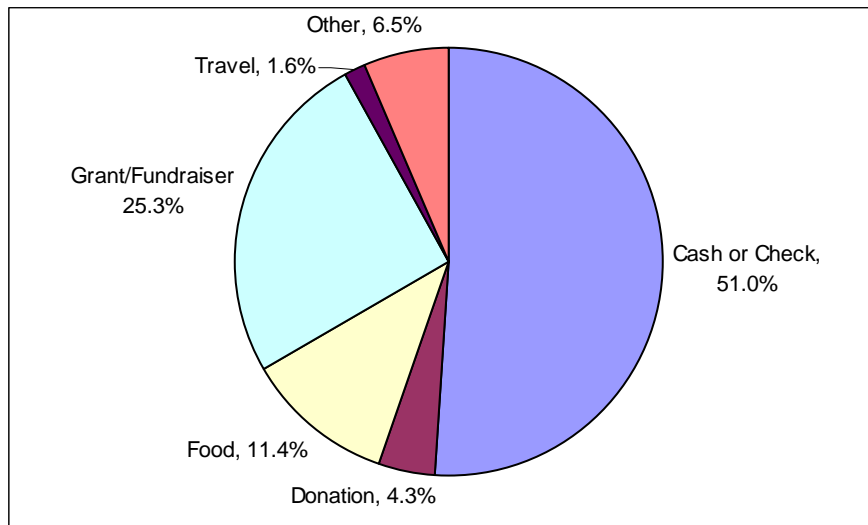


Note: The "Other" slice includes payments that were identified as Other (2.7%), as well as Donation and No Response, each of which represented less than 1% of the total.

103 Total Companies with Reported Gift Expenses

When considering the *Nature of Payment* by total dollar amount received, the picture is dramatically different. While only 8.4% of payments were classified as *Cash or Check*, this category accounted for 51.0% of the total dollar amount of gifts (\$11.24 million). The next-largest category, *Grant*, accounted for 25.3% of the total gift amount (\$5.56 million). While *Food* was listed 81.4% of the time as the *Nature of Payment*, it only accounted for 11.4% (\$2.50 million) of the total dollar amount spent. Figure 7 shows the percent of the total dollar amounts for each category of *Nature of Payment*.

Figure 7
Nature of Payment (% of Total Amount)



Note: The “Other” slice includes payments that were identified as Other (6.1%) as well as Books and No Response, each of which represented less than 1% of the total.

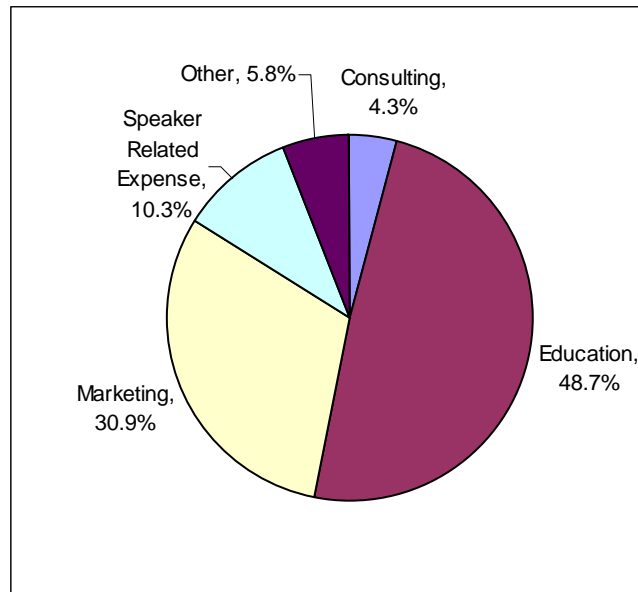
103 Total Companies with Reported Gift Expenses

Gift Primary Purpose Analysis: Frequency and Total Amount

For this analysis, we used the same procedure to determine the frequency and total dollar amounts for the *Primary Purpose* that we used for *Recipient Type* and *Nature of Payment*. *Primary Purpose* was broken down into the following categories: *Consulting*, *Education*, *Marketing*, *Speaker Related Expense*, and *Other*. In this case, the *Other* category is composed not only of those payments listed as *Other*, but terms that were provided by the company but not on the list of options for *Primary Purpose* of payment.

Education was the *Primary Purpose* listed most frequently, accounting for 48.7% of reported gift expenditures, and *Marketing* was the second-most frequent, accounting for 30.9%. Although these same two categories were also the most frequently listed *Primary Purpose* categories in 2008, *Education*'s percentage rose in 2009 (from 44% in 2008), while *Marketing*'s fell (from 40%). *Speaker-related Expenses* accounted for 10% of gifts in 2009, compared to 9% in 2008. Figure 8 shows the frequency of the *Primary Purpose* categories.

Figure 8
Primary Purpose (% of Total Frequency)



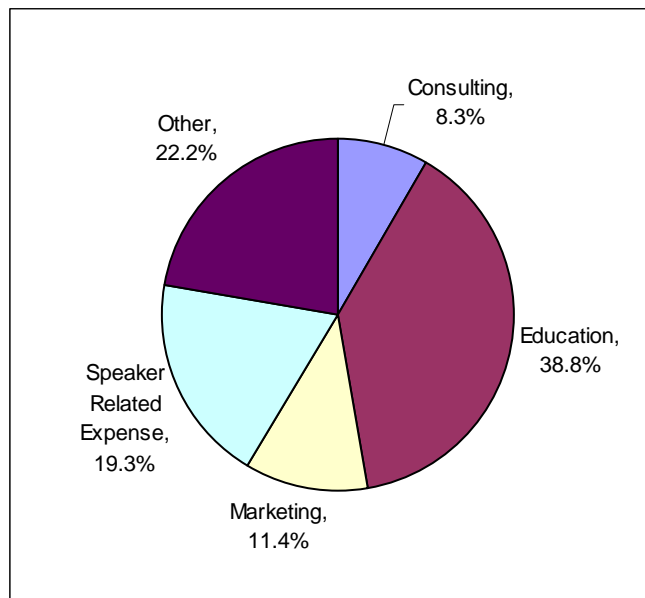
Note: The “Other” slice includes purposes that were classified as Other (5.7%) as well as those for which no response was given, which represented less than 1% of the total.

103 Total Companies with Reported Gift Expenses

Education was also the *Primary Purpose* that accounted for the greatest percentage of gift dollars: 38.8% of the total gift amount, or \$8.55 million. However, this amount represents a drop in value from 2008, when *Education* accounted for 54% of all gift dollars, at \$14.6 million. This drop can be explained by a jump in the dollar value of gifts for which the *Primary Purpose* was designated as *Other*; these accounted for 22.2% of the total gift value, or \$4.87 million, up from 9% of total gift expenses in 2008. *Speaker-Related Expenses* accounted for 19.3% of the total gift value (compared to 20% in 2008), or \$4.26 million. *Marketing* was the *Primary Purpose* for 11.4% of the gift value (an increase from 9% in 2008), or \$2.51 million.

The percentage of the total gift dollar amount spent on each *Primary Purpose* category is depicted in Figure 9.

Figure 9
Primary Purpose (% of Total Amount)



The "Other" slice includes purposes that were identified as Other (22.1%) as well as those for which no response was given, which represented less than 1% of the total.

103 Total Companies with Reported Gift Expenses

IV. ANALYSIS OF GIFT RECIPIENTS

Overview

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. We found that organizations and institutions (hereafter referred to as “non-individual recipients”) received \$13.68 million in gifts, and individuals received \$8.36 million.

In the group of 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.

In 2009, the top ten Professional Organizations received the largest total amount from pharmaceutical companies: \$3.86 million. The top ten Disease-Specific Organizations received \$1.57 million, while gifts to the top eleven Clinical Organizations totaled \$1.00 million. (Eleven, rather than ten, Clinical Organizations were analyzed because the 10th and 11th organizations received the same total amounts.)

The *Nature of Payment* most frequently reported for the top ten Professional Organizations was *Grant*; for the top ten Disease-Specific Organizations it was *Cash or Check*; and for the top eleven Clinical Organizations it was *Food*. For the top organizations in all categories, *Grant* was the *Nature of Payment* that accounted for the largest share of the total dollar value received. However, when considering the entire group of non-individual recipients, the *Nature of Payment* accounting for the greatest share of the dollar value was *Cash or Check*.

In examining gifts given to individuals, we analyzed gifts where the recipient’s credentials were listed as MD to identify physicians and those where the recipient’s credentials matched the nursing profession (RN, NP, APRN) to identify nurses. Physicians received a total of \$7.48 million, which represents 89.5% of the gifts given to individuals. Nurses received the much lower total amount of \$233,387. For both physicians and nurses, the *Nature of Payment* was most frequently reported as *Food*; however, for physicians the *Nature of Payment* accounting for the greatest share of the gifts’ dollar value was *Cash or Check*.

The median value for gifts given to physicians was \$55, compared to \$35 for nurses. The top value of a single gift to a physician was \$40,000, while for nurses the top value was just \$5,722.

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

Table 7

Recipients of Gifts from Pharmaceutical Companies, 2009							
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	13,677,849.05	175.85	2-335,000	Food	Cash or Check	Marketing	Education
Top Eleven Clinical Organizations	1,004,834.78	228.00	6.70-249,846.40	Food	Grant	Marketing	Education
Top Ten Disease-Specific Organizations	1,566,937.00	25,000	51.00-250,000	Cash or Check	Grant	Other	Education
Top Ten Professional Organizations	3,862,507.34	15,000	26.00-309,000	Grant	Grant	Education	Education
All Individual Recipients	8,357,130.38	53.13	0.21-40,000	Food	Cash or Check	Education	Speaker Fees and Related Expenses
Physicians	7,483,403.58	54.97	0.21-40,000	Food	Cash or Check	Education	Speaking
Nurses	233,387.06	35.43	0.79-5,722.79	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 eleven Clinical Organizations, ten Disease-Specific Organizations, and ten Professional Organizations that received the largest total gift amounts were then analyzed further.

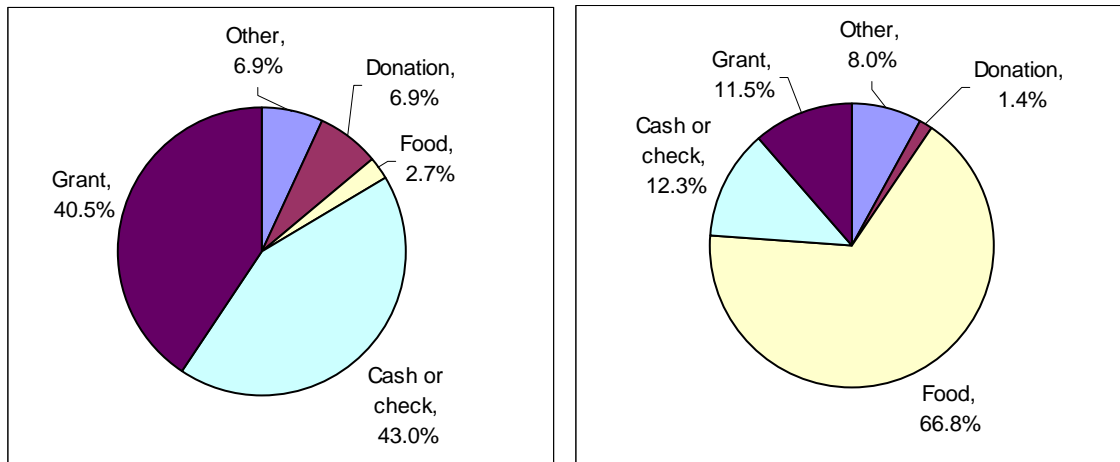
Non-Individual Recipients as a Whole

As noted, Non-Individual Recipients received a total of \$13.68 million in gifts. Single payments to Non-Individual Recipients ranged from \$2 to \$335,000, and the median value of all payments to this group was \$176.

Cash or Check was the *Nature of Payment* that accounted for the largest share of the total dollar value of gifts to Non-Individual Recipients, at 43%; *Grant* accounted for another 41%. The categories of *Donation* and *Other* accounted for 6.9% each, and *Food* for only 2.7%. However, when considering the frequency of gifts, *Food* was the *Nature of Payment* listed for 66.8% of gifts to Non-Individual Recipients, while *Cash or Check* and *Grant* were each listed for only 12%. This shows that Non-Individual Recipients received many relatively inexpensive food gifts and a smaller number of high-dollar 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)



Grants and Cash or Check represent the largest total dollar amounts, collectively accounting for 85% of the money given to Non-Individual Recipients. Food was the category listed most frequently.

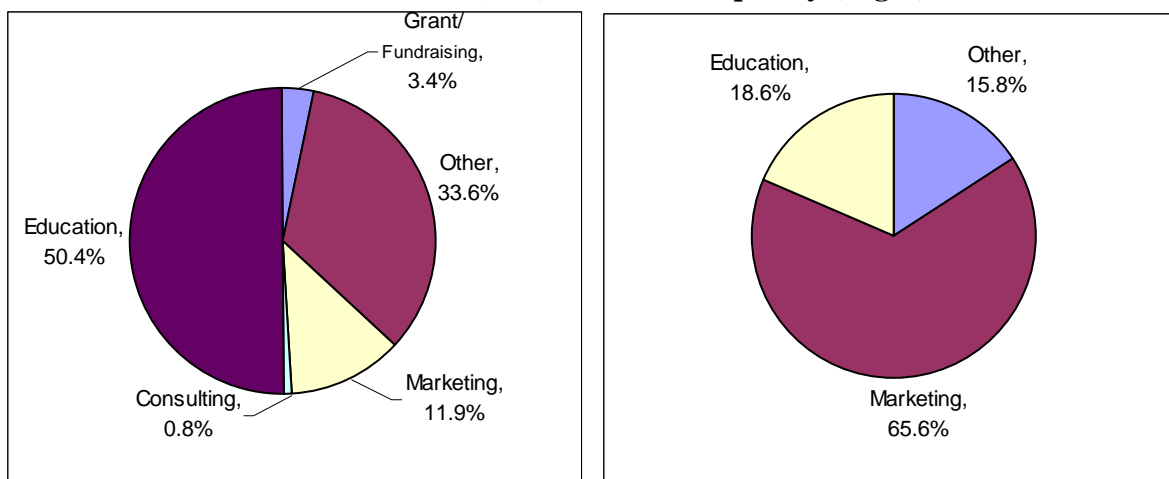
Note: The "Other" slice includes recipients identified as Other (6.9% of value, 8% of frequency) as well as Transportation and No Response, each of which represented less than 1% of the total.

Education was identified as the *Primary Purpose* for the highest dollar amount of gift payments to Non-Individual Recipients: \$6.89 million. This accounts for half of the total value of gift payments to this group. Gifts with the *Primary Purpose* of *Other* accounted for 33.6%, or \$4.59 million, and those for the purpose of *Marketing* for 11.9%, or \$1.63 million. In terms of frequency, though, 65.6% of the gifts to Non-Individual Recipients were reported as having the *Primary Purpose* of *Marketing*. *Education* was the purpose of 18.6% of the gifts to this group, and *Other* the purpose of another 13.6%.

The share of value of the *Non-Individual Recipient* gifts for which *Education* was listed as the *Primary Purpose* dropped noticeably between 2008, when *Education* gifts accounted for 75%, and 2009, when they accounted for only 50%. This is likely due at least in part to gifts that would previously have been identified as having the purpose of *Education* now being classified as having the purpose of *Other* or *Marketing*. Gifts whose *Primary Purpose* was listed as *Other* grew from 11% of total value in 2008 to 33.6% in 2009, and from 6% of frequency in 2008 to 13.6% in 2009. *Marketing* also increased as a share of both the total value – from 5% in 2008 to 11.9% in 2009 – and the frequency – from 39% in 2008 to 65.6% in 2009.

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 accounted for the greatest dollar amount as a Primary Purpose, it was listed only 18.6% of the time. *Marketing* represented a small portion of the total dollar amount but was listed almost 65.6% of the time as the Primary Purpose.

Note: In the total value chart, the "Other" slice includes purposes identified as Other (33.6%) as well as Speaker Fees and No Response, each of which represented less than 1% of the total. In the frequency chart, "Other" includes purposes identified as Other (13.6%) as well as Speaker Fees, Grant/Fundraising, Consulting, and No Response, each of which represented less than 1% of the total.

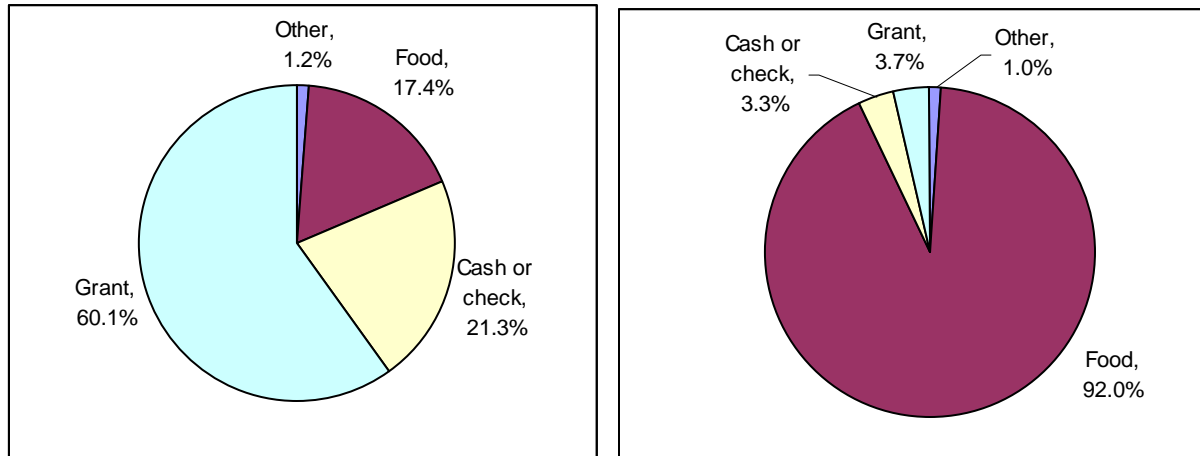
Clinical Organizations

The top eleven Clinical Organizations analyzed, which included hospitals and local health clinics, received a total of \$1.00 million from pharmaceutical companies in 2009. Eleven organizations were included in this analysis because when the organizations' total gift amounts were ranked in descending order, the 10th and 11th amounts were the same. The median value for all individual payments made to these organizations was \$228, and the payments ranged from \$6.70 to \$249,846. Four clinical organizations received gifts totaling more than \$100,000 each in 2009. Unlike the top Disease-Specific Organizations and Professional Organizations, the top Clinical Organizations group saw gift amounts increase, and this would have been the case even without the inclusion of the 11th organization. The top Clinical Organizations' median gift value increased by \$28 from 2008's median of \$200, the size of the largest gift more than doubled (from \$100,000 to \$249,846), and the overall total rose by more than \$200,000 (from \$793,489 in 2008).

Grant was the *Nature of Payment* accounting for the largest dollar amount given to the top eleven Clinical Organizations, with \$603,527, or 60.1%; *Cash or Check* had the second-highest total, at \$214,225, or 21.3%. *Food* accounted for \$174,749, or 17.4%. When considering the frequency of gifts falling into different *Nature of Payment* categories, however, 92.0% of all gifts took the form of *Food*. Just 3.7% of all gifts took the form of *Grant*, and 3.3% *Cash or Check*. Like Non-Individual Recipients as a whole, the top eleven Clinical Organizations received a large number of relatively inexpensive food gifts and a smaller number of high-value grants and checks.

The top eleven Clinical Organizations were unlike the top ten Professional Organizations and top ten Disease-Specific Organization in that food gifts make up a significant percentage of both the number and value of gifts to the top eleven Clinical Organizations. Figure 12 depicts the percent of total dollars versus percent of frequency for *Nature of Payment* categories.

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



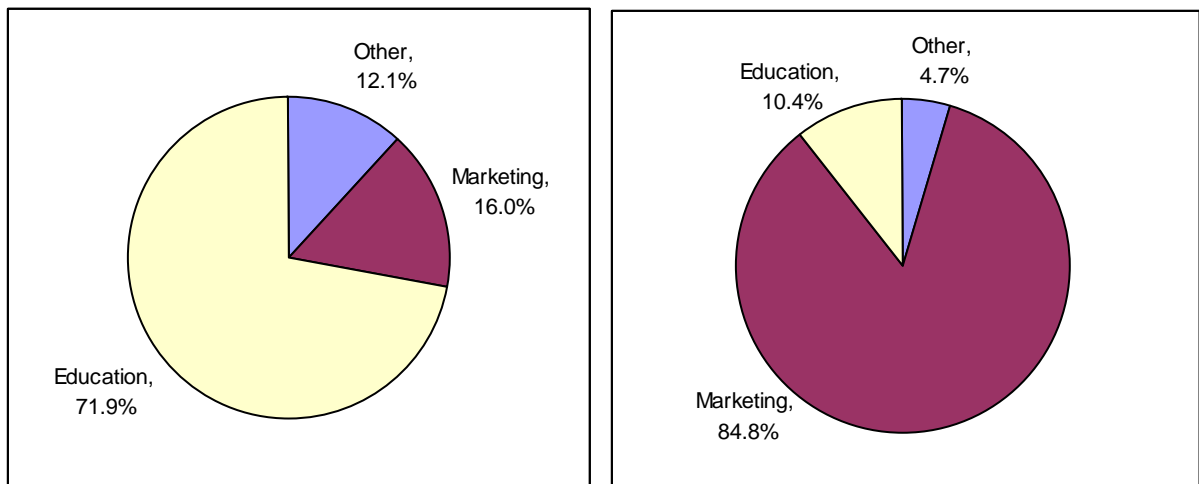
Grant was the *Nature of Payment* category that accounted for the largest share of the dollar amount given to Clinical Organizations, while Food was the most frequently listed. Note: The "Other" slices include payments identified as Other (1.1% of value, 0.6% of frequency), as well as Donations and No Response, each of which represented less than 1% of the total.

Education was the top *Primary Purpose* for gifts given to the top eleven Clinical Organizations. Gift payments whose purpose was classified as *Education* totaled \$722,839, accounting for 71.9% of the value of gifts to this group. *Marketing* had the second-highest dollar total, accounting for \$160,736, or 16.0%; *Other* gifts totaled \$105,429, or 10.5%. The positions of the top two categories flipped when frequency was considered; *Marketing* was the most frequently listed *Primary Purpose*, accounting for 84.8% of all gift payments to the top Clinical Organizations, while just 10.4% of the gifts had the *Primary Purpose* of *Education*.

Compared to 2008, *Education* as a *Primary Purpose* accounts for a greater share of the total value of all gifts given to the top eleven Clinical Organizations in 2009 (increasing from 46% to 71.9%), and *Marketing* accounts for a greater share of the frequency (increasing from 40% to 84.8%).

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 71.9% of the dollar value of gifts to Clinical Organizations, but only 10.4% of the gift payments. Marketing was listed as the Primary Purpose most frequently, 84.8% of the time.

Note: The “Other” slices include purposes that were identified as Other (10.5% of value, 2.9% of frequency), as well as Education, Ads, Grant, and No Response, each of which represented less than 1% of the total.

Disease-Specific Organizations

The top ten Disease-Specific Organizations in our database collectively received \$1.57 million. Single gifts to these organizations ranged from \$51 to \$250,000, and the median value was

\$25,000. Each of the top ten Disease-Specific Organizations received more than \$100,000 from pharmaceutical companies in 2009.

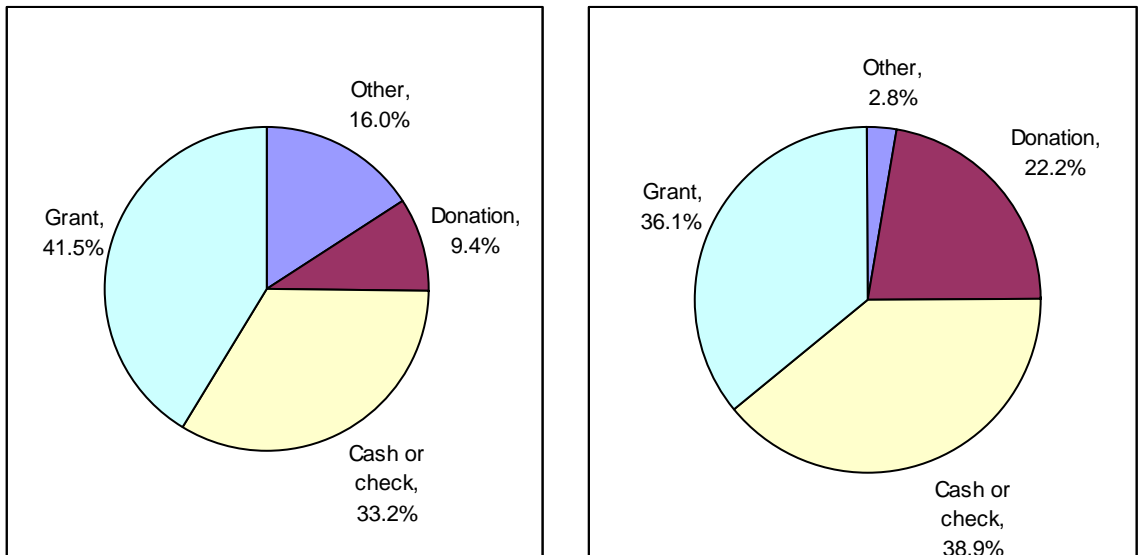
The largest portion of the \$1.57 million given to the top ten Disease-Specific Organizations had the *Nature of Payment* listed as *Grants*; these gifts totaled \$649,500 million and accounted for 41.5% of the value of all gifts given to this group. Another \$520,437, or 33.2%, took the form of *Cash or Check*, and gifts in the form of *Donation* totaled \$147,000, or 9.4%. For this group, *Nature of Payment* frequency corresponds to the total dollar amount. *Grant* was listed 36.1% of the time, *Cash or Check* 38.9% of the time, and *Donation* 22.2% of the time as the *Nature of Payment*.

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

Compared to 2008, gifts to the top ten Disease-Specific Organizations in 2009 were less likely to take the form of *Grant*, which accounted for 59% of the value of gifts to this group in 2008 but only 41.5% in 2009; in terms of frequency, 54% of the 2008 gifts took the form of *Grant*, but that percentage dropped to 36.1% in 2009. In 2009, gifts in the form of *Donation* accounted for a larger share of the dollar value of gifts to Disease-Specific Organizations (3% in 2008, 9.4% in 2009), and gifts in the form of *Cash or Check* accounted for a larger number of the gifts (23% in 2008, 38.9% in 2009).

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)



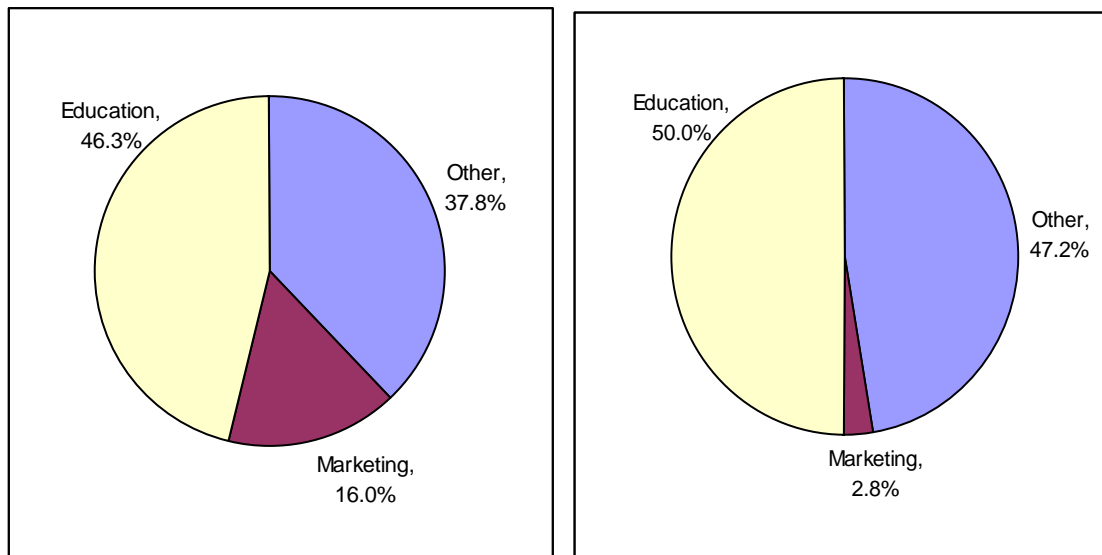
Grant was the Nature of Payment category that accounted for the largest share of the dollar amount given to Disease-Specific Organizations (41.5%) and Cash/Check the greatest number of gift payments (38.9%).

For the top ten Disease-Specific Organizations, 46.3% of the total dollar amount, or \$724,937, was classified as having the *Primary Purpose* of *Education*. *Other* as a *Primary Purpose* accounted for the second-highest dollar amount, with \$592,000, or 37.8% of total dollars. *Marketing* accounted for \$250,000, or 16.0% of the value of gifts. For this group, 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 50.0% of the gift payments. *Other* was listed for 47.2% of the payments, and *Marketing* for just 2.8%.

Compared to 2008, gifts with the *Primary Purpose* of *Education* represented a smaller percentage of the total value and the frequency of gifts given to the top ten Disease-Specific Organizations (69% of the value and 86% of the frequency in 2008, falling to 46.3% of the value and 50.0% of the frequency in 2009). Gifts classified as *Other* represented a larger percentage (17% of the value and 7% of the frequency in 2008, increasing to 37.8% of the value and 47.2% of the frequency in 2009).

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)



Payments with the Primary Purpose of Education accounted for 46.3% of the dollars given to Disease-Specific Organizations and 50% of the payments. Payments listed for the purpose of Other accounted for approximately 38% of total dollars and were listed nearly 47% of the time.

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. The ten Professional Organizations that received the largest dollar amounts received more money than either the top eleven Clinical Organizations or the top ten Disease-Specific Organizations. Gifts to the top ten Professional Organizations totaled \$3.86 million, which represents 28.2% of all money received by Non-Individual Recipients. This total value has dropped significantly over the past two years; in 2007, the top ten Professional Organizations received payments totaling \$9 million, and in 2008 the total was \$5.1 million. However, it still represents a similar percentage of all gifts given to Non-Individual Recipients.

In 2009, single payments to the top ten Professional Organizations ranged from \$26 to \$309,000, with a median value of \$15,000.

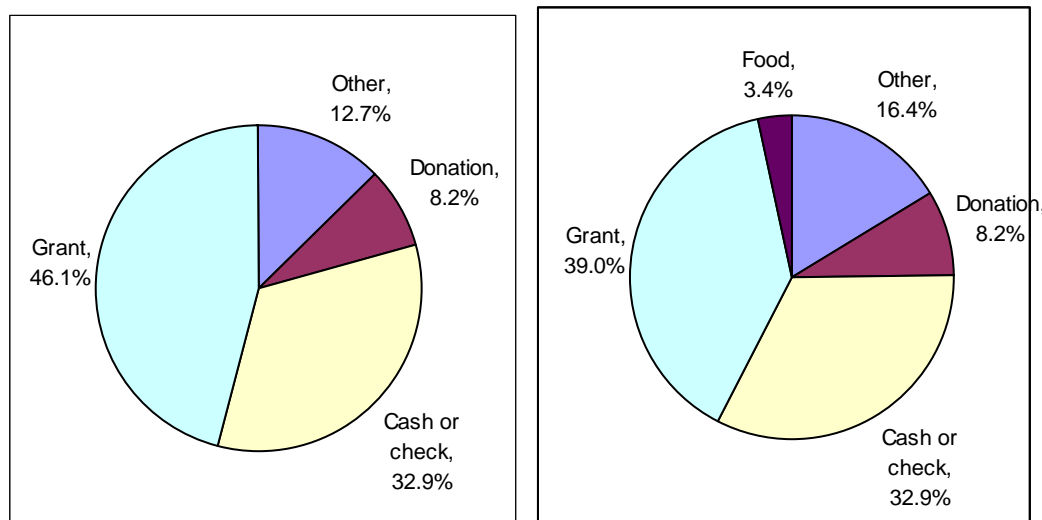
The Nature of Payment accounting for the largest share of the dollar value of gifts to the top ten Professional Organizations was *Grant*; the total value for this category was \$1.78 million, or 46.1%. *Cash or Check* accounted for \$1.27 million, or 32.9%; *Other* for \$492,190, or 12.7%; and *Donation* for \$317,500, or 8.2%. In terms of frequency, 39% of the gifts to this group took the form of *Grants*, 32.9% took the form of *Cash or Check*, 16.4% took the form of *Other*, and 8.2% took the form of *Donation*.

Food was the *Nature of Payment* reported for 3.4% of the gifts, but these gifts represented only 0.005% of the total value of the gifts given to the top ten Professional Organizations. This is in contrast to the top eleven Clinical Organizations and Non-Individual Recipients as a whole, which received significantly more food gifts.

Compared to 2008 gifts to the top ten Professional Organizations, 2009 gifts in the form of *Grant* accounted for a much smaller share of the value and frequency. *Grant* gifts dropped from 72% of the value in 2008 to 46.1% of the value in 2009, and while 72% of gifts took the form of *Grant* in 2008, only 39.0% of the gifts did in 2009. Far more of the 2009 gifts to the top ten Professional Organizations, 16.4%, were identified as having the *Nature of Payment* of *Other*, which accounted for less than 1% of 2008 gifts to this group. It is unclear as to why this shift in the *Nature of Payment* occurred.

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)

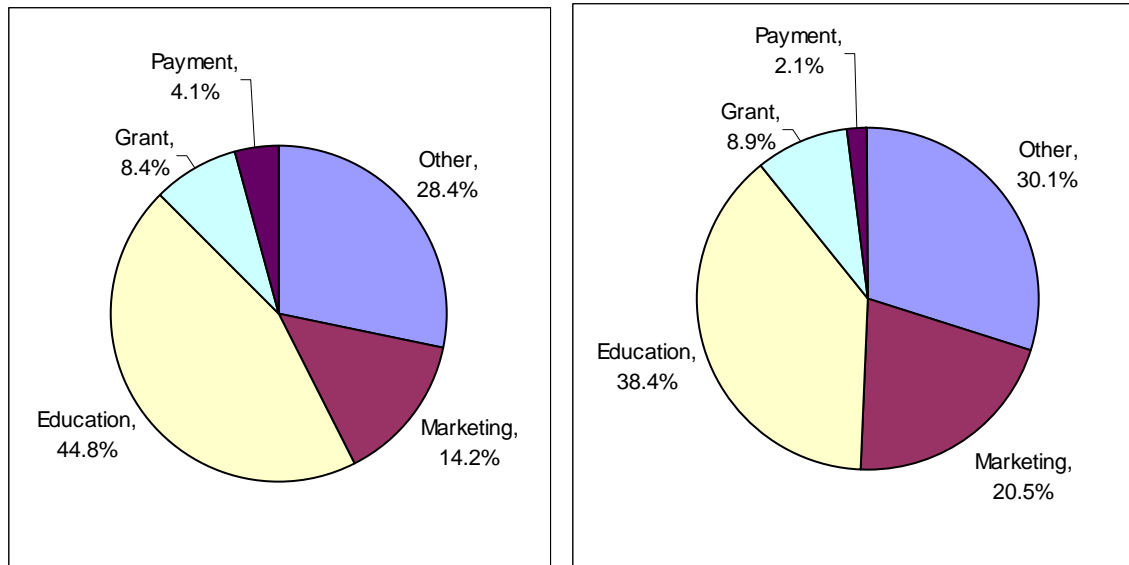


Grants were the primary form of payment to Professional Organizations, accounting for 46.1% of the total amount received and being listed 39.0% of the time. Cash or Check constituted 32.9% of the total dollar amount and 32.9% of the gifts listed.

For the top ten Professional Organizations, *Education* as a *Primary Purpose* accounted for \$1.73 million, or 44.8%, of the total value of the gifts. The *Other* category accounted for another \$1.1 million, or 28.4%; *Marketing* for \$548,881, or 14.2%; and *Grant* for \$326,000, or 8.4%. In terms of the frequency of gifts to this group, 38.4% were identified as being for the purpose of *Education*, 30.1% for *Other*, 20.5% for *Marketing*, and 8.9% for *Grant*. This represents a significant shift from 2008, when *Education* as a *Primary Purpose* accounted for the vast majority of both the total value and the frequency of gifts given to the top ten Professional Organizations – 98% of the value and 90% of the frequency.

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)



Payments with Education listed as the Primary Purpose accounted for 44.8% of the total dollar amount given to Professional Organizations and were also listed with the greatest frequency, accounting for 38.4% of all payments.

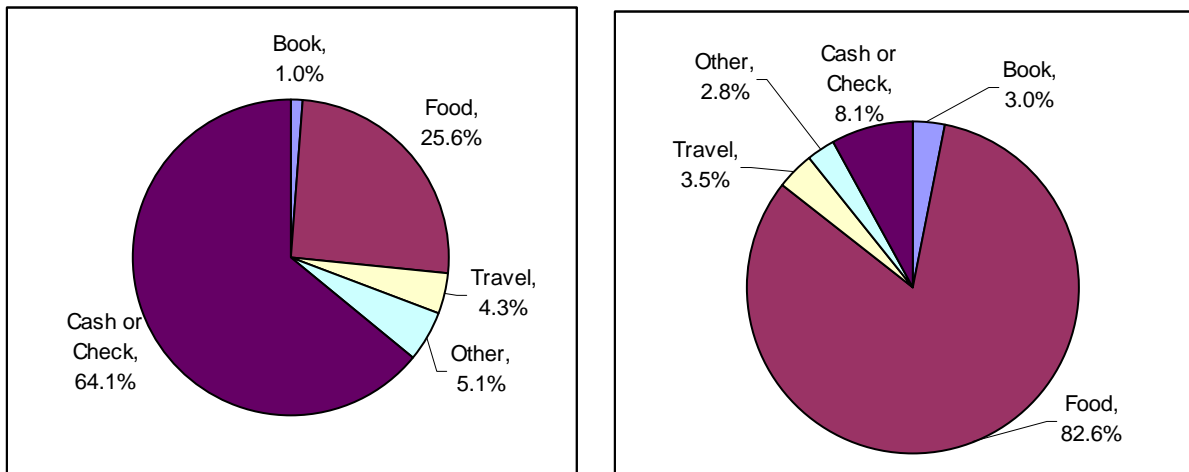
Payments to Individual Recipients

In 2009, Individual Recipients received a total of \$8.36 million. Single gifts ranged from less than \$1 to \$40,000, with a median value of \$53.13. Nine individuals, all of them physicians, received gifts totaling more than \$100,000 per person; this group's total gifts accounted for 21.3% of all gifts given to physicians.

When considering the *Nature of Payment* for gifts to Individuals, gifts with *Cash or Check* as the *Nature of Payment* accounted for \$5.36 million, or 64.1% of the dollar value of all gifts to Individuals, and gifts in the form of *Food* accounted for \$2.14 million, or 25.6%. When considering gift frequency, *Food* accounted for 82.6% of all gifts and *Cash or Check* for only 8.1%. 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)



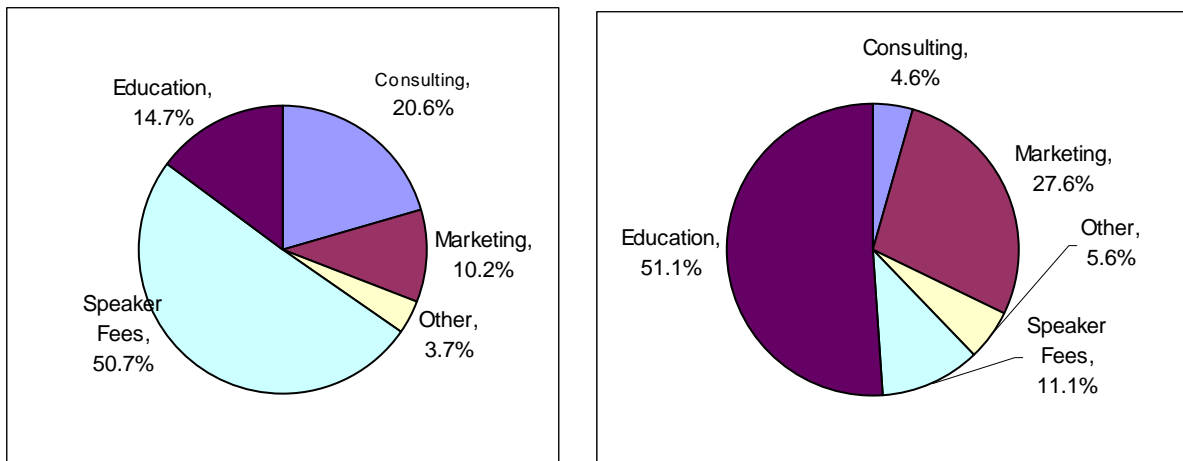
For Individual Recipients as a whole, the largest dollar amount was paid by Cash or Check, which accounted for 64.1% of total dollars given. Payment in the form of Food accounted for 25.6% of the total amount but was listed with the most frequency, representing 82.6% of all payments.

Note: The "Other" slices include recipients that were identified as Other (3.9% of value, 2.5% of frequency), as well as Speaker Fees, Marketing, Honoraria, Grants, and No Response, each of which represented less than 1% of the total.

Gifts for which the *Primary Purpose* was *Speaker Fees* (including gifts described as having the purpose of “Speaker Fees and related expenses”) accounted for \$4.23 million, or 50.7% of the total value of all gifts to Individuals; gifts for the purpose of *Consulting* totaled \$1.73 million, or 20.6% of the total value; gifts for the purpose of *Education* totaled \$1.23 million, or 14.7%; and gifts for the purpose of *Marketing* totaled \$856,157, or 10.2% of the total value. In terms of frequency, *Education* was the *Primary Purpose* of 51.1% of gifts to Individuals, *Marketing* the purpose of 27.6%, *Speaker Fees* the purpose of 11.1%, and *Consulting* the purpose of 4.6%.

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)



More than 50% of the dollars given were for Speaker Fees, but Speaker Fees only accounted for 11.1% of all payments. Education and Marketing collectively accounted for approximately 25% of total dollars given, but Education was listed 51.1% of the time and Marketing 27.6% of the time. *Note:* For total value, the “Other” slice includes recipients identified as Other (3.0%) as well as Grant/Honoraria, Advertising, Food, and No Response, each of which represented less than 1% of the total. For frequency, “Other” includes recipients identified as Other (4.8%), as well as Grant/Honoraria, Advertising, and No Response, each of which represented less than 1% of total value.

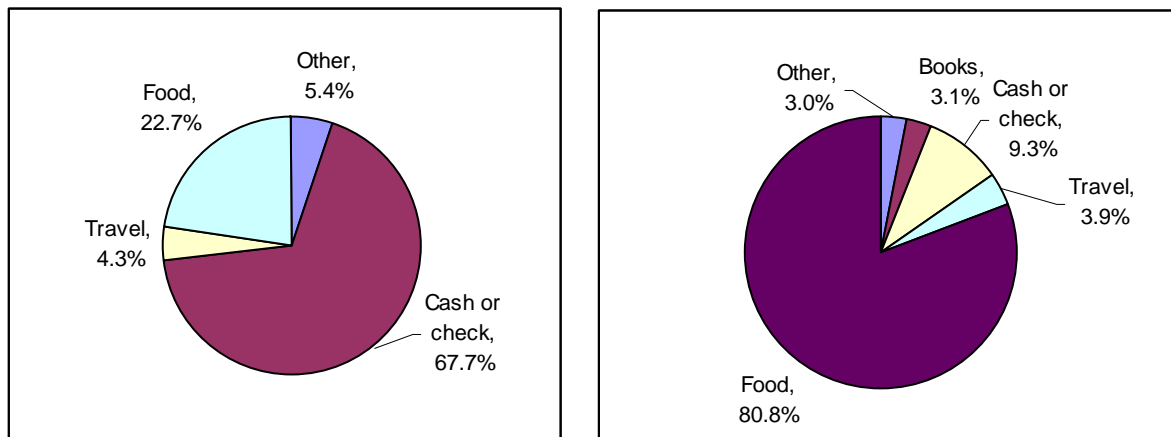
Physicians

Gifts to individuals with MD credentials were classified as gifts to physicians and analyzed as a group. Physicians received a total of \$7.48 million in gifts from pharmaceutical companies in 2009; this represents 89.6% of payments to individual recipients. Payments to physicians ranged in value from less than \$1 to \$40,000, and the median payment value was \$55. The three physicians who received the largest total amounts of gifts from pharmaceutical companies together received a total of \$704,917 in 2009. The top ten physician recipients received a total of \$1.7 million, or nearly one-fourth of the total payments received by all individuals with MD credentials.

The *Nature of Payment* accounting for the largest share of physician gifts' total value was *Cash or Check*; gifts in this form totaled \$5.07 million and represented 67.7% of the value of gifts to physicians. The value of *Food* gifts to physicians totaled \$1.7 million, or 22.7% of the physician gifts' total value. When considering frequency, gifts in the form of *Food* accounted for 80.8% of all gifts, while *Cash or Check* accounted for just 9.3%. In 2009, pharmaceutical companies gave physicians a large number of relatively inexpensive food gifts and a smaller number of high-value cash or check payments.

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)



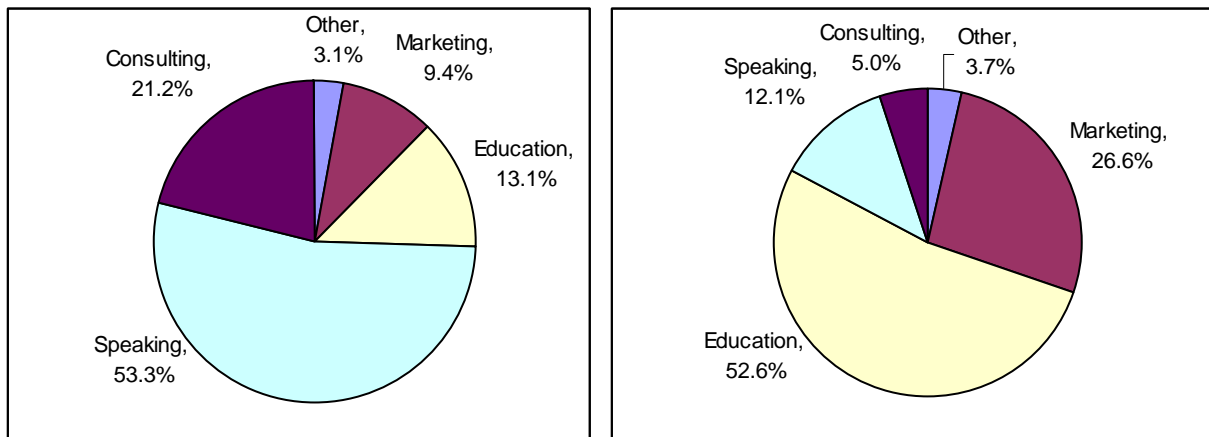
A majority of the gifts given to physicians took the form of Cash or Check, which accounted for 67.7% of the total dollar amount. However, Cash or Check was only listed as the form of payment 9.3% of the time. Food was listed with the most frequency, for 80.8% of payments, but it only accounted for 22.7% of the total dollar amount.
Note: The "Other" slices include payments that were identified as Other (4.2% of value, 2.7% of frequency), as well as Honoraria, Marketing, and No Response, each of which represented less than 1% of the total.

Because food gifts are generally accompanied by a visit from a pharmaceutical detailer, it is worth examining the number of food payments individual physicians receive. Out of approximately 9,000 physicians who received a food gift in 2009, 675 individuals received 10 or more meals from pharmaceutical companies over the course of the year. In other words, approximately 8% of the physicians identified in pharmaceutical company reports received 10 or more free meals from pharmaceutical companies. Forty-nine physicians received 52 or more food gifts in one year, which means they and/or their staffs are receiving an average of one free meal or more per week from a pharmaceutical company.

For the *Primary Purpose* of gifts to physicians, *Speaking* was the purpose accounting for the greatest share of the gifts' total value: \$4.0 million, or 53.3% of the total \$7.5 million. Gifts with the *Primary Purpose* of *Consulting* totaled \$1.58 million, or 21.2%; gifts for the purpose of *Education* totaled \$979,902, or 13.1%; and gifts for *Marketing* \$704,414, or 9.4%. When considering the frequency of gifts to physicians, 52.6% were for the *Primary Purpose* of *Education*, 26.6% were for the purpose of *Marketing*, 12.1% for *Speaking*, and 5.0% 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)



Over 53% of the total dollar amount given to physicians was for Speaker Fees, but these were listed as the Primary Purpose only 12.1% of the time. Education and Marketing had the highest frequencies, but together accounted for only 22.5% of the total dollar amount. *Note:* The "Other" slices include purposes that were identified as Other (2.5% of value, 3.7% of frequency), as well as Food, Honoraria, Advertising, and No Response, each of which represented less than 1% of the total.

Physician Speaker Fees

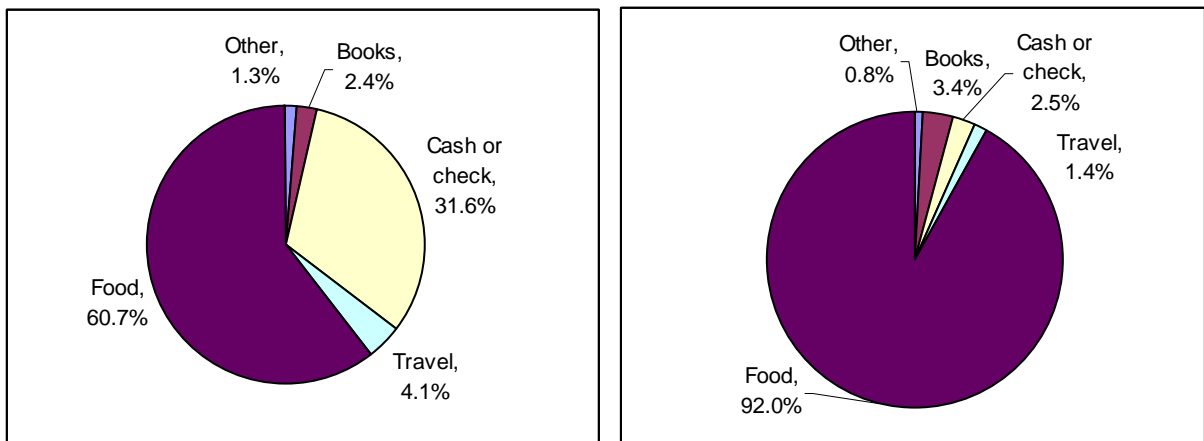
Because speaker fees accounted for such a large proportion of the total value of gifts given to physicians, they were investigated further. Generally, physicians who were paid speaker fees did not receive more than one speaker payment from a single company. Total speaker fee payments received by individual doctors ranged from \$26 to \$168,000, with a mean value of \$4,255. The median speaker fee payment equaled \$126, which is significantly less the amount of the mean payment value. Five physicians received over \$100,000 in speaker fees alone, while none received more than \$200,000. Three of these physicians received 98 or more payments from a single company (a different company in each physician’s case).

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 \$233,387, which represents only 2.8% of the value of gifts to all Individual Recipients. Nurse gifts ranged in value from less than \$1 to \$5,723, with a median of \$35.43. This is in contrast to physicians, whose gifts accounted for 90% of the value of all gifts to individuals and had a median value of \$55 and maximum value of \$40,000.

Nurse gifts for which the *Nature of Payment* was *Food* totaled \$141,607, or 60.7% of the \$233,387 this group received. Another \$73,790, or 31.6%, took the form of *Cash or Check*. When considering gift frequency, 92.0% of gifts to nurses took the form of *Food*, and only 2.5% 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)



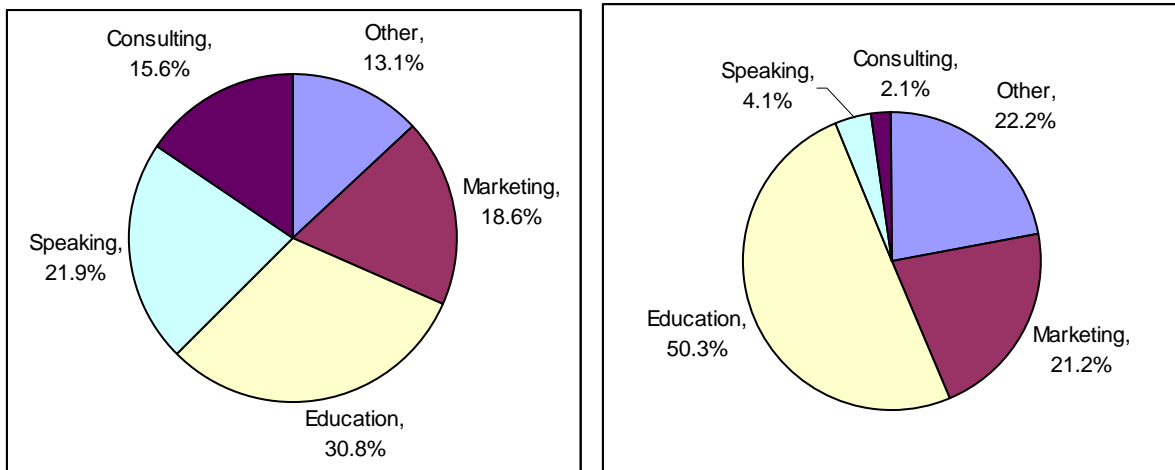
Food accounted for the majority of total dollars given to nurses, 60.7%, and was listed most frequently, 92.0% of the time. *Cash or Check* represented 31.6% of the total amount, but was listed only 2.5% of the time.

Note: The "Other" slices include recipients that were identified as Other (1.2% of value, 0.6% of frequency), as well as No Response, which represented less than 1% the totals.

Of the total amount of nurse gifts, \$71,942, or 30.8%, was classified as being for the *Primary Purpose* of *Education*. Gifts to nurses for the purpose of *Speaking* totaled \$51,086, or 21.9%; *Marketing* gifts totaled \$43,464, or 18.6%; and *Other* gifts totaled \$29,407, or 12.6%. *Education* was listed as the *Primary Purpose* most frequently, accounting for 50.3%. Gifts for *Other* accounted for 21.8% of all nurse gifts; gifts for *Marketing* for 21.2%; and gifts for *Speaking* for 4.1%.

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 accounted for 30.8% of the total dollar amount given to nurses and was listed as the *Primary Purpose* 50.3% of the time. Marketing accounted for 18.6% of the total dollar amount and was listed 21.2% of the time as the *Primary Purpose*.
Note: The “Other” slices include purposes that were identified as Other (12.6% of value, 21.8% of frequency), as well as Advertising, Food, and No Response, each of which represented less than 1% of the total.

V. SUBGROUP ANALYSIS

Gift Expenses Subgroups

Additional analyses were conducted on three subgroups representing different expenditure levels to obtain further information on patterns of 2009 gift expenses. Based on total *Gift Expenses* rank, the three subgroups represent three to four pharmaceutical manufacturers whose levels of spending were high, medium, and low.

Gift Expenses: Subgroup A

Subgroup A includes the three companies that reported the largest expenditure totals in the *Gift Expenses* category. Their total *Gift Expenses* equaled \$7.0 million, which represents 31.8% of the total *Gift Expenses* reported by all companies. This figure is a decrease from the 2008 Gift Expenses total of \$10.8 million for Subgroup A. (The companies constituting each subgroup vary from year to year, since subgroup selection is based on the current year's reported expenditures.)

Recipient Type

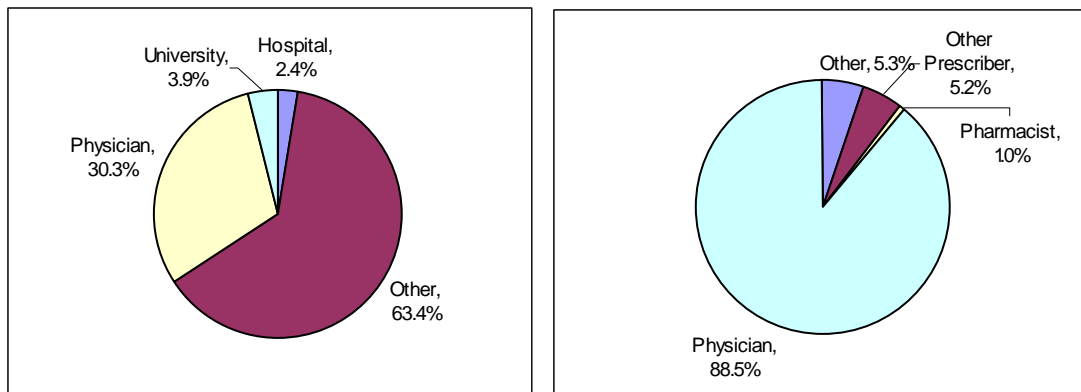
For Subgroup A, *Physicians* constituted the most frequently named *Recipient Type*, being listed 88.5% of the time – a similar percentage to 2008. However, *Other* was the *Recipient Type* accounting for the most gift dollars, totaling \$4.36 million. The *Other Type* consisted primarily of Medical Specialty Societies, which received a total of \$1.48 million; Professional Organizations, which received \$895,875; and Patient Advocacy Organizations, which received \$866,750. In total, these three types of organizations accounted for \$3.24 million, or 46.3%, of the gifts given by Subgroup A.

The *Recipient Type* accounting for the second-highest total dollar amount was *Physicians*, with \$2.12 million. *University* recipients received \$270,000, while *Hospitals* received \$170,500. The other categories – *Other Healthcare Providers*, *Other Prescribers*, *Clinics*, and *Pharmacists* – collectively received less than 2% of the total dollar amount and were listed as the recipients for fewer than 6% of the gifts. For the top recipient types, the median value and range of payments was calculated:

- **Other:** median payment of \$31.02, with payments ranging from \$0.79 to \$259,720
- **Physicians:** median payment of \$30.65, ranging from \$0.21 to \$8,000

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)

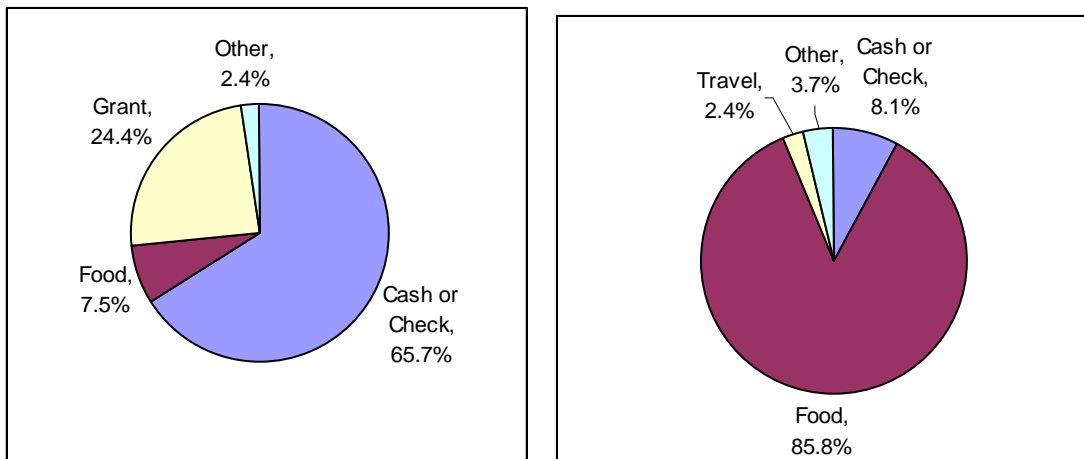


While Physicians received the largest number of payments from Subgroup A, recipients classified as Other - including Medical Specialty Societies, Professional Organizations, and Patient Advocacy Organizations - received the highest dollar amount, followed by Physicians. *Note:* For total value, the "Other" slice includes recipients identified as Other (62.3%), as well as Other Provider, Other Prescriber, Pharmacist, and Clinic, each of which represented less than 1% of the total. For frequency, the "Other" slice includes recipients identified as Other (5.3%), as well as University, Hospital, Clinic, and Other Provider, each of which represented less than 1% of the total.

Gift Expenses for Subgroup A were classified as falling into seven *Nature of Payment* categories: *Book*, *Cash or Check*, *Food*, *Grant*, *Honoraria*, *Lodging/Transportation*, and *Other*. Payments in the form of *Cash or Check* accounted for the highest dollar amount, \$4.60 million, and payments in the form of *Grants* accounted for the second-highest amount, with \$1.71 million. *Food* was listed most frequently – 85.8% of the time – as the *Nature of Payment*, but it accounted for only 7.5% of the total gift expenses. *Cash or Check* was listed 8.1% of the time, and *Grants* only 0.4% of the time as a *Nature of Payment*. *Other* was listed 3.2% of the time and accounted for \$92,142, a significant increase from 2008, when it accounted for approximately \$10,000 of the gifts to Subgroup A.

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 Checks represent 65.7% of the total dollar amount given by Subgroup A, but accounted for only 8.1% of the payments. Grants accounted for 24.4% of the total value but were listed less than 1% of the time. While Food only accounted for 7.5% of the total dollar amount, it was listed 86% of the time as the Nature of Payment.

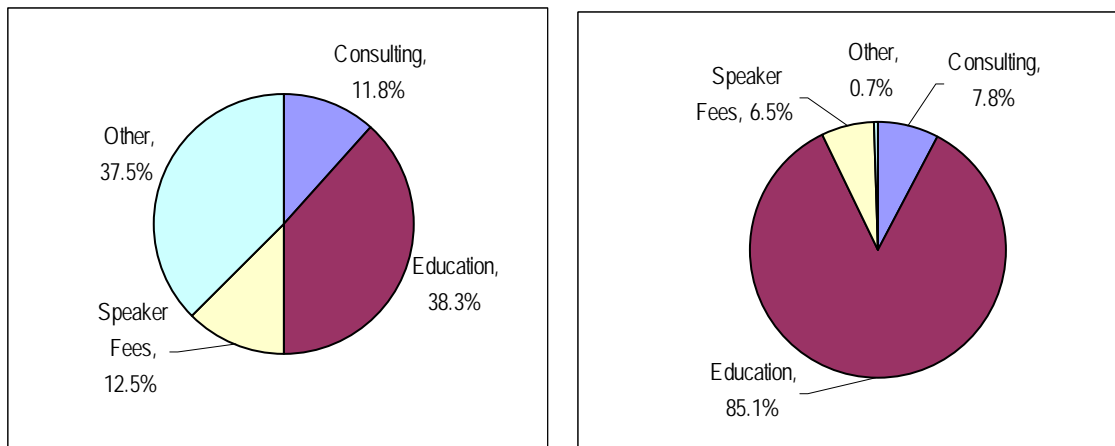
Note: For total value, the "Other" slice includes payments identified as Other (1.3%), as well as Travel, Honoraria, and Book, each of which represented less than 1% of the total. For frequency, the "Other" slice includes payments identified as Other (3.2%), as well as Honoraria, Grant, and Book, each of which represented less than 1% of the total.

Primary Purpose

For Subgroup A, *Education* was listed most frequently as the *Primary Purpose*, 85.1% of the time, and it accounted for the largest dollar amount, at \$2.68 million (38.3% of the total amount). Payments classified as being for the purpose of *Other* accounted for \$2.62 million and were listed 0.7% of the time. In the *Other Primary Purpose* category, companies specified Charitable Donations, which accounted for \$902,310; Continuing Medical Education, which accounted for \$827,280; and Independent Scientific Exchange, which accounted for \$410,700. *Speaker Fee* accounted for 6.5% of all payments and totaled \$872,594. *Consulting* accounted for the lowest dollar amount, \$823,788, but had the second-highest frequency, being listed 7.8% of the time.

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. Speaker Fees accounted for 12.5% of the total gift dollars and was listed 6.5% of the time.

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 \$30,087. The three companies' *Gift Expenses* totaled \$88,920. This represents an increase from the 2008 median value for all companies of \$29,911 and a slight decrease in the 2008 total gift expenses from Subgroup B of \$90,833.

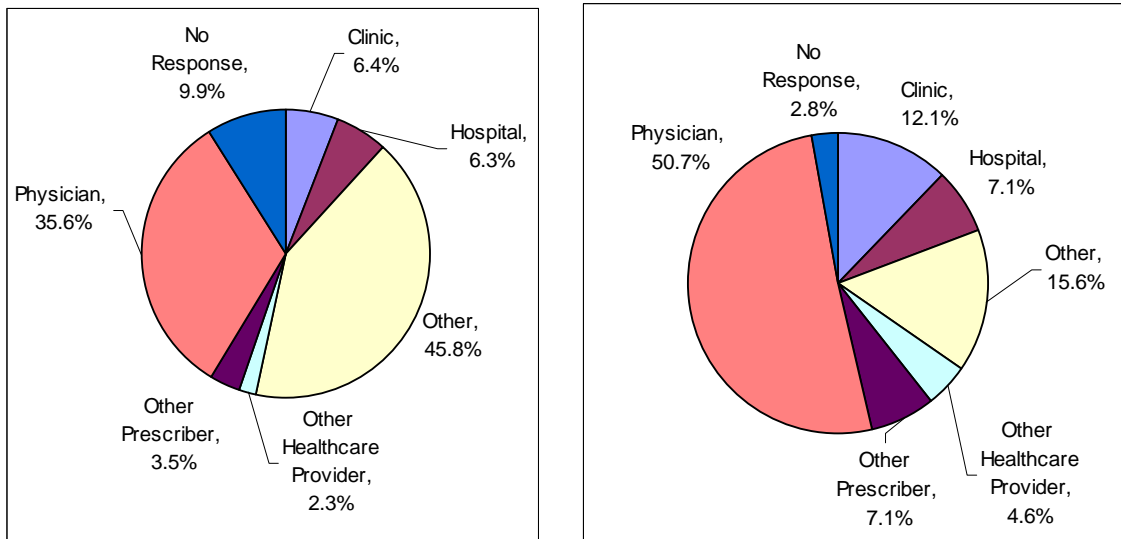
Recipient Type

For Subgroup B, the *Recipient Type* that received the greatest number of payments was *Physicians*, while the *Other* category received the largest dollar amount. Recipients classified as *Other* received \$37,096 and were listed 15.6% of the time. After *Other*, *Physician* recipients received \$28,826 yet accounted for 50.7% of the payments. Recipients for which no type was listed received the third-largest share of payments, accounting for \$7,995 and being listed 2.8% of the time. The remaining *Recipient Types* – *Other Healthcare Providers*, *Other Prescriber*, *Clinic*, and *Hospital* – each received no more than \$5,500 and were listed 5%, 7%, 12%, and 7% of the time, respectively. The only *Recipient Type* listed in the *Other Type* category was Medical Offices, which accounted for \$8,096.

The median value for payments made by Subgroup B to *Hospitals* was \$101 and ranged from \$37 to \$360. The median value of payments listed for *Physicians* was \$75 and ranged from \$11 to \$2,000.

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)



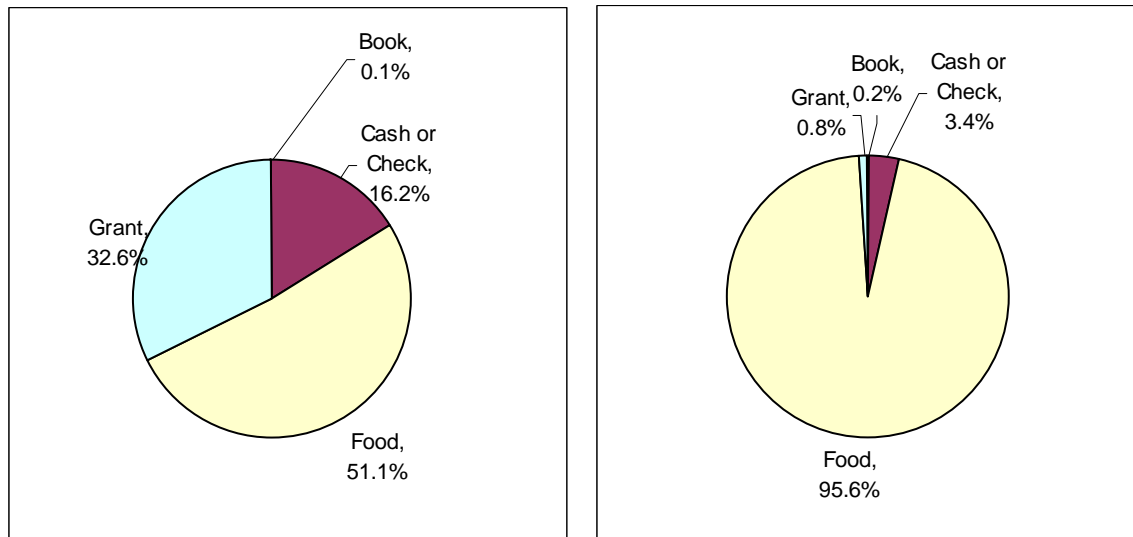
For Subgroup B, the *Other* category represents the highest-paid type, and the *Recipient Type* listed with the greatest frequency is *Physicians*. *Physicians* also received the second-largest value of payments.

Nature of Payment

For Subgroup B, *Food* and *Grant* are the two categories of *Nature of Payment* accounting for the largest dollar amount, but *Food* is by far the most frequently listed. *Grants* accounted for approximately one-third of the total gift dollar amount, but this type was listed for only 0.8% of the payments. The next-highest-ranking *Nature of Payment* was *Cash or Check*, which accounted for 16.2% of the total dollar amount but was listed only 3.4% of the time.

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)



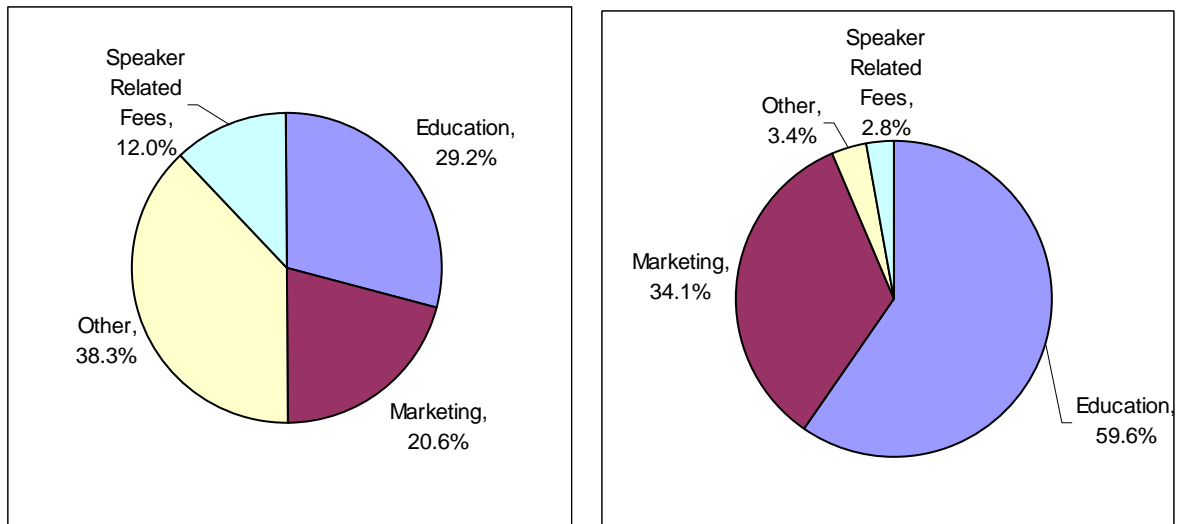
The two largest Nature of Payment categories for Subgroup B were Food and Grant, but Food was listed 95.6% of the time while Grant was only listed 0.8% of the time.

Primary Purpose

The four *Primary Purposes* listed for Subgroup B were *Education*, *Marketing*, *Speaker Fee*, and *Other*. *Other* accounted for the largest proportion of the total dollar value, \$34,024, but was only listed 3.4% of the time. *Education* had the second-highest dollar value with \$25,937, and had the highest frequency, being listed 59.6% of the time. *Marketing* accounted for \$18,332 and was listed with the second-highest frequency, 34.1% of the time. *Speaker Fees* accounted for \$10,626 of the total dollar amount and 2.8% of the frequency. The companies reporting gifts for which the *Primary Purpose* was *Other* generally failed to provide additional information on the purpose (leaving the *Other Primary Purpose* column empty), but the largest gifts in this category took the form of *Grants*.

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)



The Other category accounted for the greatest percentage of the total dollar amount of Subgroup B's gifts (38.3%), yet only 3.4% of the frequency. Education accounted for 29.2% of the total dollar amount and 59.6% of the total frequency. Speaker fees represented 12.0% of the total dollar amount but were listed only 2.8% of the time.

Gift Expenses: Subgroup C

Subgroup C, which represents pharmaceutical companies with low-level (but nonzero) spending, consists of four companies that submitted complete reports and had *Gift Expenses* centered around the median value of all *Gift Expenses* less than \$50,000 and greater than zero. The median *Gift Expenses* total for the \$1 - \$50,000 group was equal to \$4,191; this represents a decrease from the corresponding 2008 value, which was \$6,395.

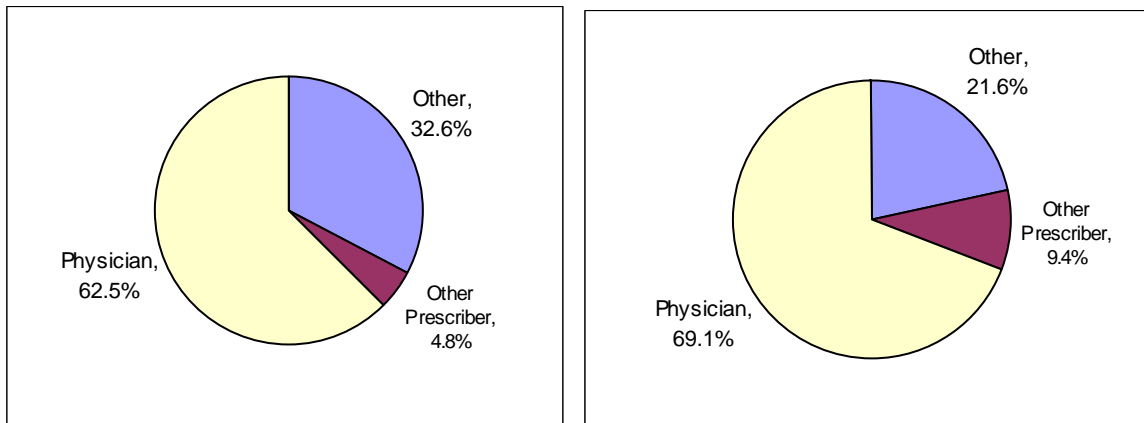
The total *Gift Expenses* of Subgroup C companies equaled \$15,018 in 2009, compared to \$23,745 in 2008.

Recipient Type

Unlike Subgroups A and B, for Subgroup C *Physicians* represent both the highest-paid *Recipient Type* as well as the *Recipient Type* listed most often. *Physicians* received \$9,393 from Subgroup C and were listed as the *Recipient Type* for 69.1% of the gifts. Recipients that were either designated as *Other* or for which no type was specified received \$4,852 and were listed for 20.9% of the gifts. The *Other Recipient Type* receiving the largest total amount of gifts from Subgroup C was Professional Organizations, which accounted for \$1,695. Recipients classified as *Other Prescriber* received \$723 and were listed for 9.4% of the gifts from Subgroup C.

The median value for *Physician* payments from Subgroup C was just over \$56, and the payments ranged from \$25.39 to \$2,000. The percent of total dollar amount compared to percent of frequency for each *Recipient Type* is shown in Figure 30.

Figure 30
Subgroup C, Low-Level Gift Expenditures: Recipient Type
% of Total Value (Left) vs. % of Frequency (Right)



Physicians received 62.5% of the total dollar value of payments from Subgroup C, and were listed 69.1% of the time.

Note: The “Other” slices include recipients identified as Other (32.3% of value, 20.9% of frequency), plus Universities, which accounted for less than 1% of the total.

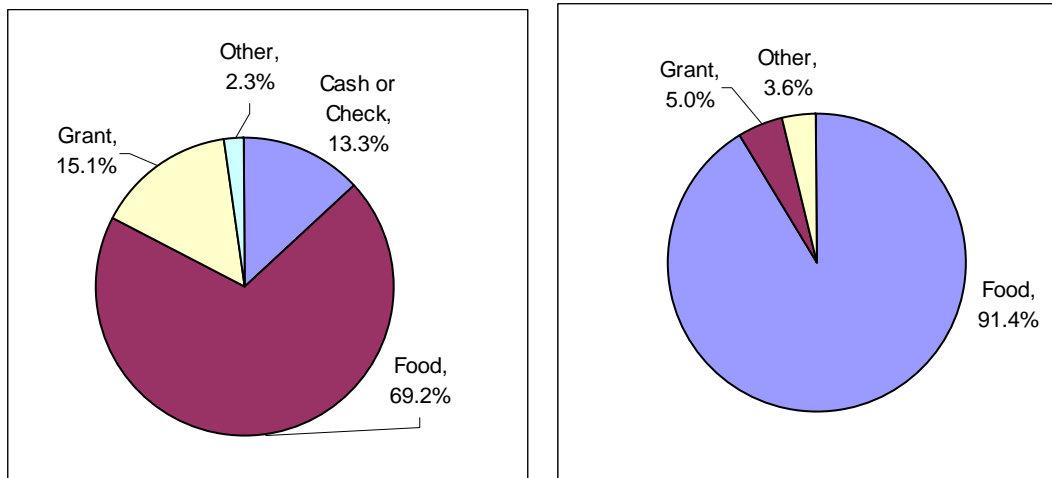
Nature of Payment

For the two smaller Subgroups, B and C, *Food* represents the category of *Nature of Payment* with the highest dollar total as well as frequency. This was in contrast to Subgroup A, in which a large number of payments take the form of food, but the category accounts for a smaller share of total gift value.

Food accounted for \$10,398, or 69.2%, of Subgroup C's total *Gift Expenses* and was listed 91.4% of the time. *Grant* had the second greatest dollar amount with \$2,275, but it was only listed 5.0% of the time. The two remaining categories, *Other* and *Cash or Check*, each accounted for \$2,000 or less. *Other* accounted for 2.9% of the payments, and *Cash or Check* for 0.7%.

The percent of total dollar amount versus percent of frequency for each *Nature of Payment* category is shown in Figure 31.

Figure 31
Subgroup C, Low-Level Gift Expenditures: Nature of Payment
% of Total Value (Left) vs. % of Frequency (Right)



For Subgroup C, gifts in the form of Food accounted for the majority of total expenditures and for the greatest number of gifts reported.

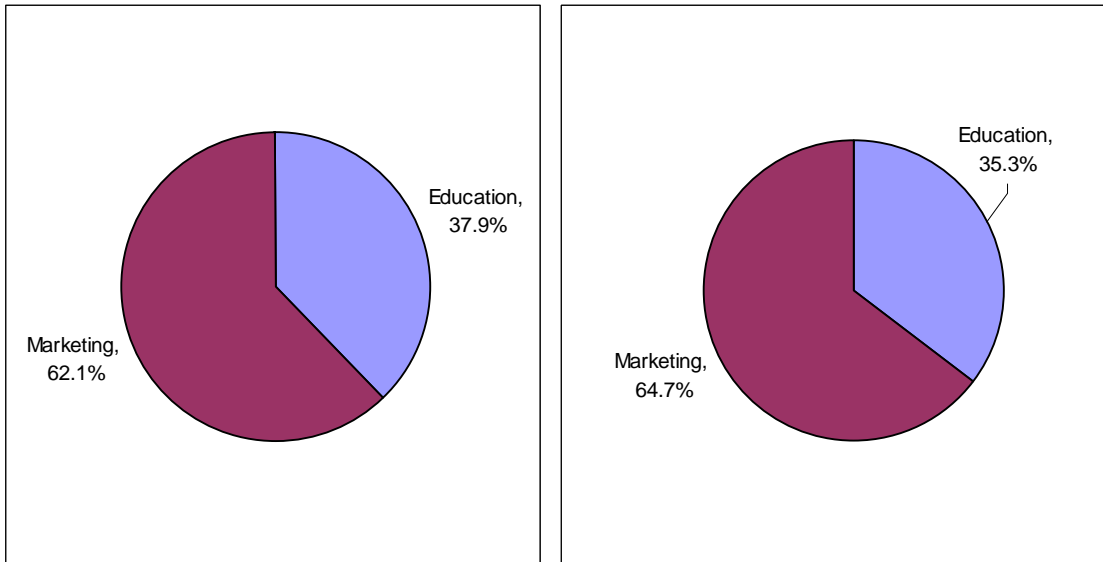
Note: In the frequency chart, the "Other" slice includes payments that were identified as Other (2.9%), as well as Cash or Check, which accounted for less than 1% of the total.

Primary Purpose

Marketing was the *Primary Purpose* that accounted for the largest total dollar value and the greatest number of payments for Subgroup C. *Marketing* accounted for 62.1% of the total value, with \$9,327, and was listed 64.7% of the time. *Education*, the only other category listed, accounted for 37.9% of the total value and 35.3% of the payments. This year, there were only two *Primary Purpose* categories for Subgroup C as opposed to four categories (including *Food* and *Other* as well as *Marketing* and *Education*) from 2008.

Figure 32 depicts the percent of total dollar amount compared to the percent of frequency for each *Primary Purpose* category.

Figure 32
Subgroup C, Low-Level Gift Expenditures: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



For Subgroup C, Marketing was the Primary Purpose that accounted for both the greatest dollar value and the largest number of payments. Education accounted for 37.9% of the total value and 35.3% of the payments.

Gift Expenses Subgroup Comparison

Comparing *Gift Expense* patterns between the individual subgroups and companies as a whole suggests correlations between the size of a company's marketing budget and the marketing strategies it pursues.

In terms of *Recipient Type*, for Subgroups A (high), B (mid-level), and C (low), *Physicians* were the most frequently listed type; this is also the case for companies as a whole. Subgroup A is similar to the overall company analysis (which is not surprising, considering that Subgroup A accounts for 31.8% of all *Gift Expenses*) in that the recipients in the *Other* category – including Medical Societies, Professional Organizations, and Advocacy Organizations – received the largest proportion of gift dollars. For Subgroup B, *Other* recipients (a group that included Medical Offices) received the highest total dollar amount, while *Physicians* received the largest share of Subgroup C's total gift expenditures.

The differences between subgroups' top *Recipient Types* corresponds to differences between their most common *Nature of Payment* categories. In the analysis of Subgroup A (high), *Cash or Check* is the *Nature of Payment* accounting for the largest share of the total gift value (65.7% of the total dollar amount), followed by *Grants* (24.4%) and then *Food* (7.5%). This is similar to the figures for companies as a whole, where *Cash or Check* accounted for 51.0%, *Grants* 25.3%, and *Food* 11.4%. For Subgroups B (mid-level) and C (low), *Cash or Check* and *Grants* account for much lower percentages, and organizations are not listed as recipients. For both of these groups, *Food* is the *Nature of Payment* accounting for both the greatest number of gifts and largest share of value.

Based on this subgroup comparison, it appears that pharmaceutical companies with small marketing budgets target their gift expenditures to physicians, and companies with medium-sized marketing budgets focus on hospitals/clinics, while also giving gifts to individual physicians. Companies with larger marketing budgets give gifts to physicians and hospitals, too, and all subgroups make numerous gifts that take the form of food. However, companies with larger budgets also devote large sums to giving gifts to organizations, which often take the form of checks or grants.

Cash or Check and *Grant* payments to organization recipients were generally made for the purpose of *Education*. For Subgroup A (high) and companies as a whole, *Education* as the *Primary Purpose* accounts for the majority of the total dollar amount (38.3% and 38.8%, respectively) and is also listed with the most frequency (85.1% and 48.7% of the time, respectively). For Subgroup B (mid-level), *Education* represents the *Primary Purpose* listed most frequently, 59.6% of the time. *Marketing* represents the largest portion of total dollars for Subgroup C (low) (62.1%) as well as the primary purpose listed most frequently (64.7%).

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

Table 8

Comparison of Companies as a Whole to Subgroups A, B, and C							
	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	22,034,979.47	Physician	Other	Food	Cash or Check	Education	Education
Subgroup A	6,999,488.97	Physician	Other	Food	Cash or Check	Education	Education
Subgroup B	88,920.54	Physician	Other	Food	Food	Education	Other
Subgroup C	15,018.37	Physician	Physician	Food	Food	Marketing	Marketing

V. ADVERTISING EXPENSES

An analysis was performed on all companies that reported advertising expenses and also on two subgroups: one subgroup of companies that spent the most on advertising and another subgroup of companies that represents the median value of advertising expenses.² Subgroups were drawn from the three companies with the highest advertising expenses and four companies that had advertising expenses centered on the median value for expenses more than zero, which equaled \$7,654. Only companies that submitted complete reports were used for subgroup analysis. Both the *Type of Activity* and *Medium Type* were compared.

Advertising Expenses: Companies as a Whole

As stated previously, 57 of the 118 companies reported *Advertising Expenses* totaling \$7.6 million. Advertising activities listed varied considerably among companies but could be sorted into nine general categories: *Advertising*, *Direct Costs of Other Marketing and Advertising*, *Direct to Consumer Spending*, *General Awareness*, *Marketing*, *Other*³, *Market Research*, *Education*, and *Promotional Activities*.

The *Advertising* category accounted for the greatest dollar amount, with \$5.35 million, or 70.7% of all *Advertising Expenses*, and was the most frequently listed. *General Awareness* had the second-highest dollar value, with \$746,108, or 9.9% of the total. Advertising costs classified as *Marketing* totaled \$510,433, or 6.7%; those classified as *Direct Costs of Marketing and Advertising* totaled \$437,420, or 5.8%.

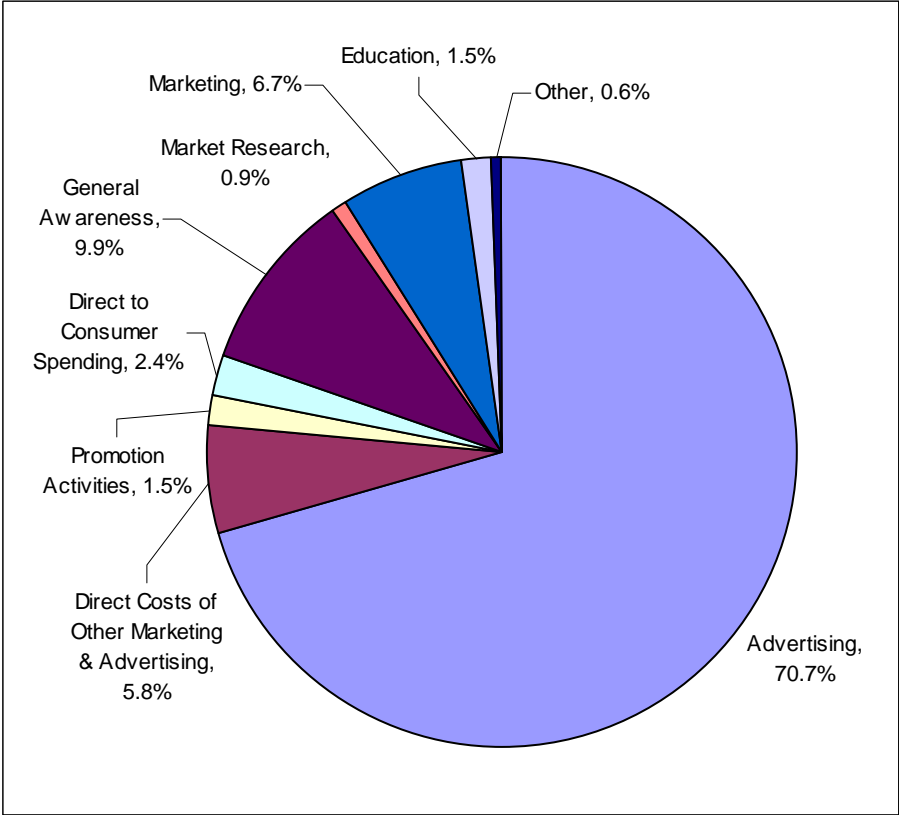
When considering the frequency of different types of *Advertising Expenses*, those classified as *Advertising* still account for the largest share, 69.0% of all expenditures. *Education* expenses were the second most frequently reported, accounting for 10.2%. *Market Research* and *Promotional Activities* accounted for 8.6% and 8.0% of the gifts, respectively.

Figure 33 depicts the dollar amount breakdown for *Type of Activities* for companies as a whole. Figure 34 depicts the frequency breakdown for all companies.

² Due to a smaller number of companies that reported advertising expenses, the median value for all companies with a value more than zero was a substantially smaller number than the value for the top three companies; therefore, the creation of subgroups was limited to these two groups.

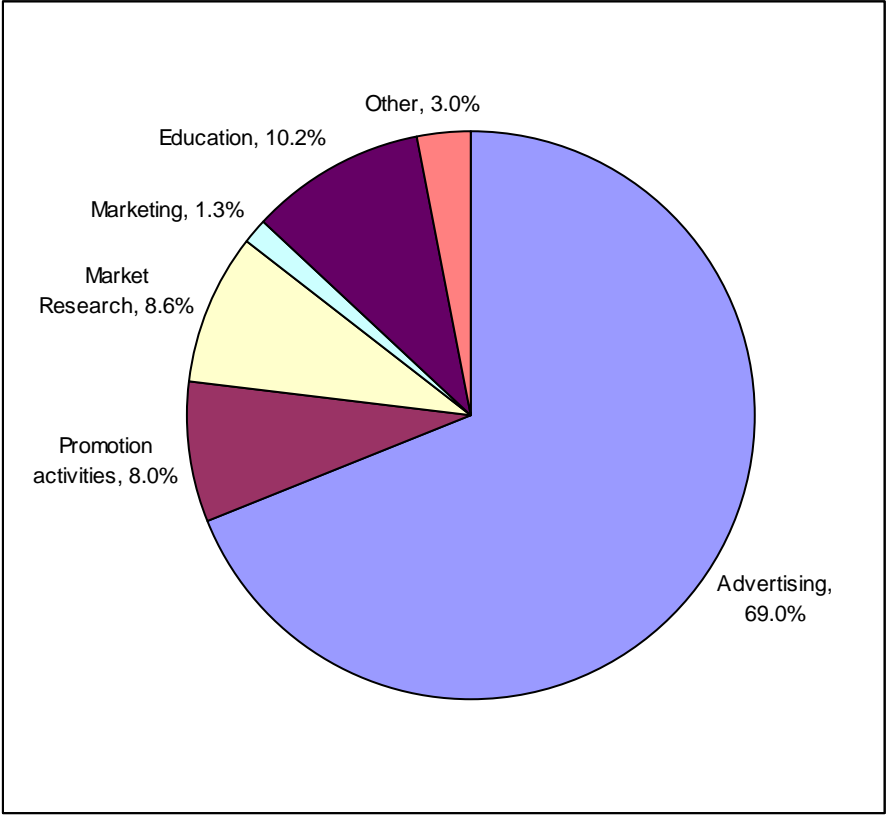
³ The “Other” category includes “Allocation of Accrued Liabilities,” which was reported separately in 2008, as well as other types of advertising expenditures.

Figure 33
Total Advertising Expenses:
Type of Activities - % of Total Amount



57 Total Companies with Reported Advertising Expenses

Figure 34
Total Advertising Expenses:
Type of Activities - % of Total Frequency



Note: The "Other" slice includes activity types that were identified as Other (2.8%), as well as General Awareness, Direct to Consumer Spending, and Direct Costs of Other Marketing and Advertising, each of which represented less than 1% of the total.

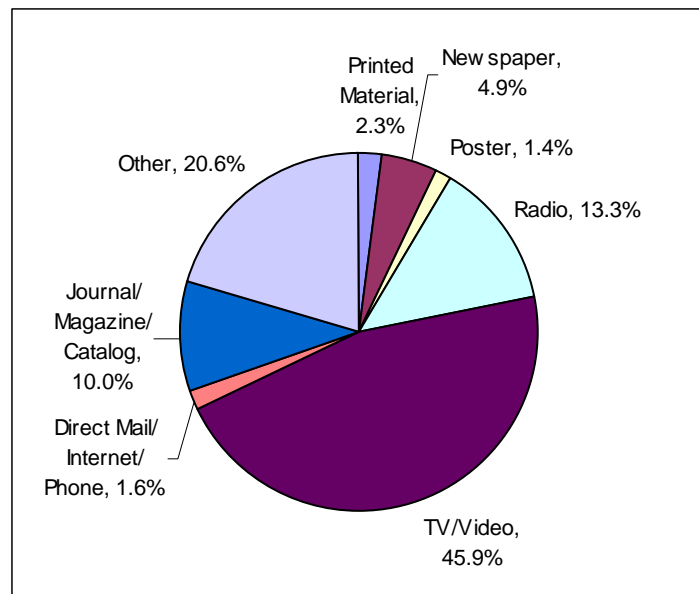
57 Total Companies with Reported Advertising Expenses

Medium Type responses also varied considerably among companies; 80 unique responses were submitted, and these were classified into 10 general categories: *Printed Materials, Newspaper, Poster, Radio, Exhibit Booths, Television/Video, Marketing, Direct Mail/Internet/Phone, Journal/Magazine/Catalog, and Other*. The largest share of advertising dollars, \$3.47 million (45.9% of the total), was spent on *Television/Video Advertising*. Companies spent \$1.46 million, or 19.4% of their advertising dollars, on *Other* advertising; \$1.01 million (13.3%) on *Radio* media; and \$754,531 (10.0%) on *Journals/Magazines/Catalogs*.

When considering the frequency of expenditures, the picture changes. *Television/Video* accounts for only 5.5% of the expenditures, while *Journals/Magazines/Catalogs* accounts for 45.6% and *Printed Materials* for 21.1%.

Figure 35 depicts the dollar amount breakdown for *Medium Types*, and Figure 36 depicts the frequency for companies as a whole.

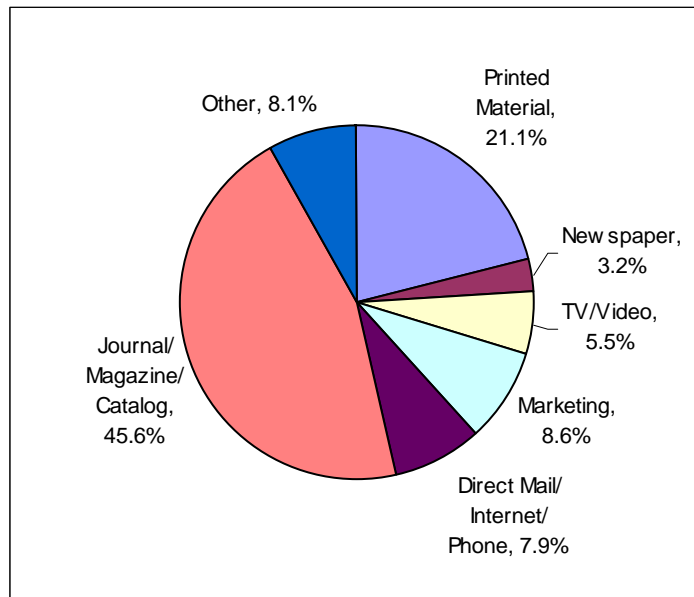
Figure 35
Total Advertising Expenses:
Medium - % of Total Amount



Note: The "Other" slice includes medium types that were identified as Other (19.4%), as well as Exhibit Booths and Marketing, each of which represented less than 1% of the total.

57 Total Companies with Reported Advertising Expenses

Figure 36
Total Advertising Expenses:
Medium - % of Total Frequency



Note: The "Other" slice includes medium types that were identified as Other (7.1%), as well as Poster, Radio, and Exhibit Booth, each of which represented less than 1% of the total.

57 Total Companies with Reported Advertising Expenses

Advertising Expenses: Subgroup Comparison

Advertising Expenses: Subgroup A

Subgroup A consists of the three companies that reported the largest *Advertising Expense* totals. The advertising expenses for these three companies totaled \$2.67 million, which represents 35% of the total advertising expenses for all companies. These companies listed many types of activities that were classified into five general categories: *Advertising*, *Direct Promotion*, *General Awareness*, *Prescriber Education*, and *Patient Education*. *Advertising* accounted for \$1.86 million, 69.6% of total advertising expenses, and was also listed for 70.8% of all activities. Expenditures on *General Awareness* accounted for the second-largest dollar value, \$746,109 (28.0%), even though this activity type was listed for only 0.5% of all advertising payments. *Patient Education* accounted for only 2.1% of the total value (\$54,730), but for 22.4% of the expenditures.

Figure 37 depicts the percent of total dollar amount for Subgroup A’s *Activity Types*, and Figure 38 reflects frequency.

Figure 37
Subgroup A, Large Advertising Expenditures: Total Advertising Expenses
Type of Activity - % of Total Amount

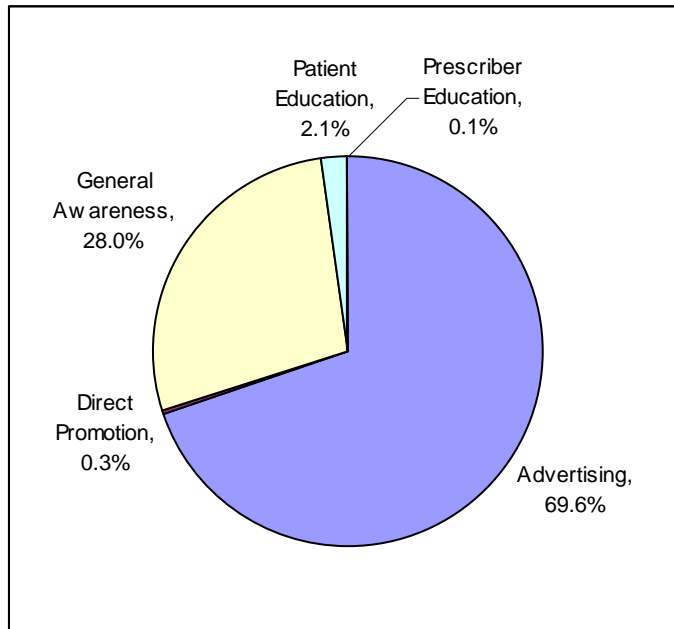
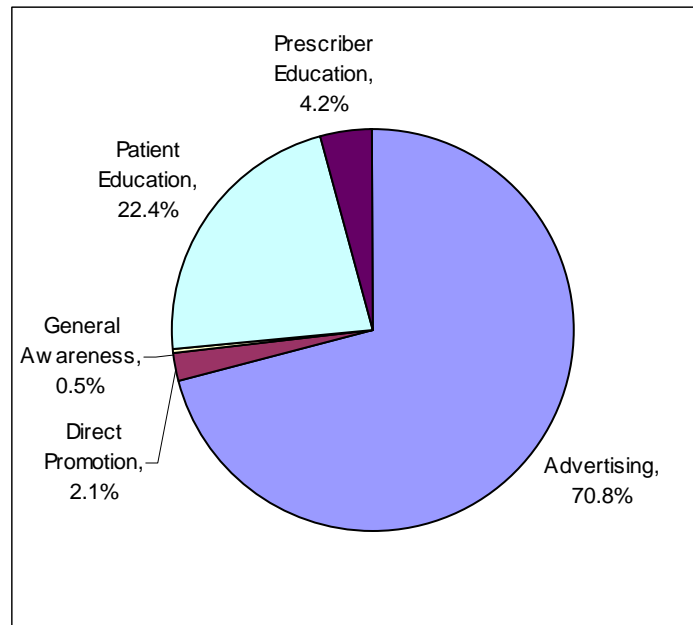


Figure 38
Subgroup A, Large Advertising Expenditures: Total Advertising Expenses
Type of Activity - % of Total Frequency

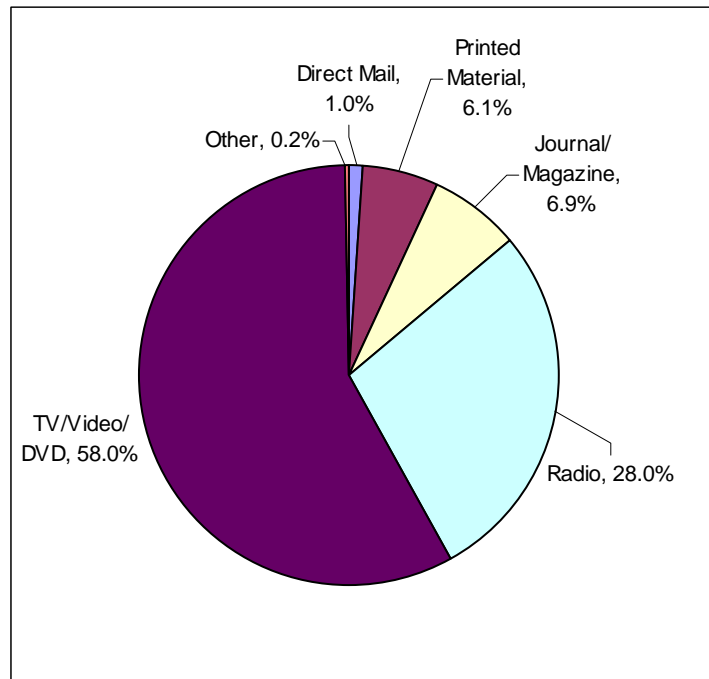


Advertising expenses for Subgroup A can be categorized into seven *Medium Types*: *Direct Mail, Printed Material, Journal/Magazine, Telephone, Radio, Television/Video/DVD*, and *Other*. The largest dollar amount was spent on *Television* advertisements in 2009, reaching \$1.55 million, or 58.0% of Subgroup A’s advertising expenses; *Television* accounted for a similar proportion of Subgroup A’s advertising expenses in 2008. This figure also represents 44.5% of the total *Television* advertising for companies as a whole. *Radio* advertising was the *Medium Type* that accounted for the second-largest total amount: \$746,109, or 28.0% of the total.

Television/Video advertising expenses also accounted for the greatest share in terms of frequency; 49.5% of Subgroup A’s advertising expenses were in this *Medium Type*. *Printed Materials* accounted for 24.5%, and *Journal/Magazine* for 13.5%.

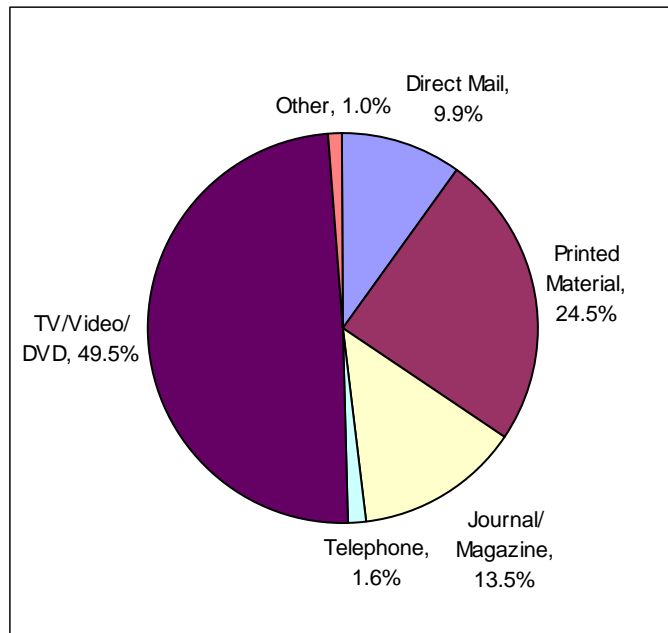
Figure 39 depicts the percent of total dollar amount for Subgroup A’s *Medium Types*, and Figure 40 shows the frequency.

Figure 39
Subgroup A, Large Advertising Expenditures: Total Advertising Expenses
Medium Type - % of Total Amount



Note: The "Other" slice includes medium types that were identified as Other (0.1%), as well as Telephone, which represented less than 1% of the total.

Figure 40
Subgroup A, Large Advertising Expenditures: Total Advertising Expenses
Medium Type - % of Total Frequency



Note: The “Other” slice includes medium types that were identified as Other (0.5%), as well as Radio, which represented less than 1% of the total.

Advertising Expenses: Subgroup B

Subgroup B represents the subgroup of companies that reported smaller *Advertising Expenses* and centers around the median of all companies that reported advertising expenses. Subgroup B consists of four companies that reported a total of \$43,602 in *Advertising Expenses*. Advertising activities for Subgroup B were classified into five categories: *Advertising, Direct Promotion, Market Research, Marketing, and Patient Education/Disease Management.*

For Subgroup B, \$18,121 (41.6% of the group’s total advertising payments) was spent on *Advertising*; \$12,861 (29.5%) on *Patient Education/Disease Management*; and \$10,938 (25.1%) on *Marketing*. In terms of frequency, *Advertising* was listed the most often, 57.02% of the time, and *Marketing* second most often, 22.0% of the time. Figure 41 depicts the percent of total dollar amount for Subgroup B’s *Activity Types*, and Figure 42 depicts the percent of total frequency.

Figure 41
Subgroup B, Smaller Advertising Expenditures: Total Advertising Expenses
Type of Activity - % of Total Amount

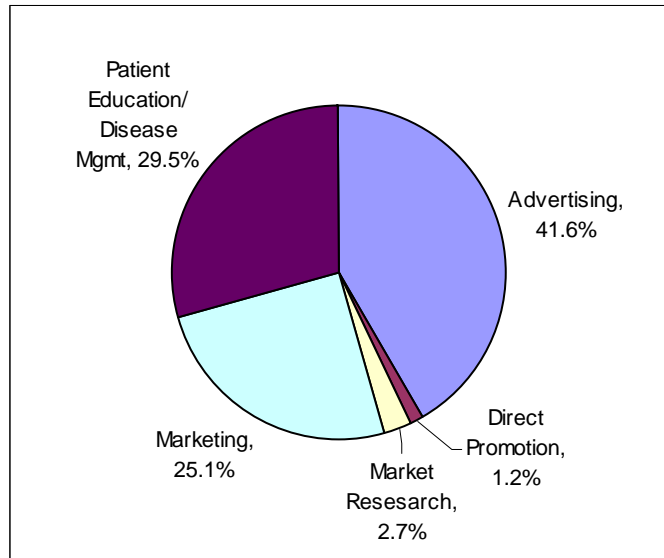
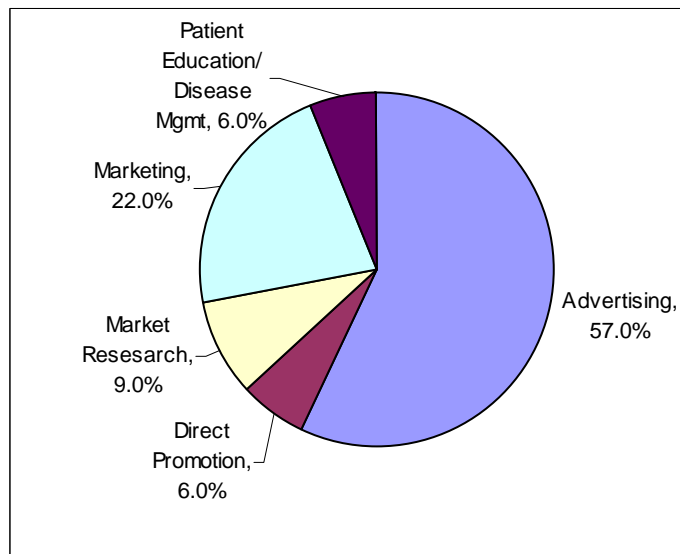


Figure 42
Subgroup B, Smaller Advertising Expenditures: Total Advertising Expenses
Type of Activity - % of Total Frequency



Advertising activities for Subgroup B were classified into six *Medium Type* categories: *Agency Fees*, *Provided to Other HCPs*, *Market Research*, *Print Materials*, *Magazine/Publication*, and *Direct Mail*. *Agency Fees* accounted for the greatest share of the total dollar value: \$12,360, or 28.3% of Subgroup B’s advertising expenditures. The *Provided to Other HCPs* category (“HCPs” presumably standing for “healthcare providers”) accounted for \$10,830, or 24.8% of the value. Subgroup B also spent \$7,665 (17.6% of expenditures) on *Magazine/Publication*; \$6,003 (13.8%) on *Print Materials*; and \$5,574 (12.8%) on *Direct Mail*.

Expenses in the *Agency Fees* category were also the ones most frequently reported by Subgroup B; they accounted for 40.0% of the group’s advertising expenditures. *Print Materials* accounted for 20.0%; *Direct Mail* for 16.0%; and *Magazine/Publication* for 12.0%.

Figure 43 depicts the percent of the total dollar amount and Figure 44 shows the frequency for each *Medium Type* for Subgroup B.

Figure 43
Subgroup B, Smaller Advertising Expenditures: Total Advertising Expenses
Medium Type - % of Total Amount

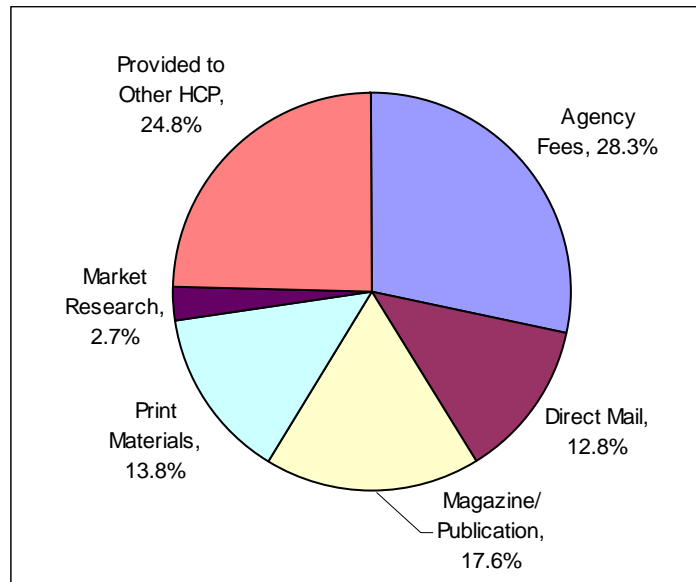
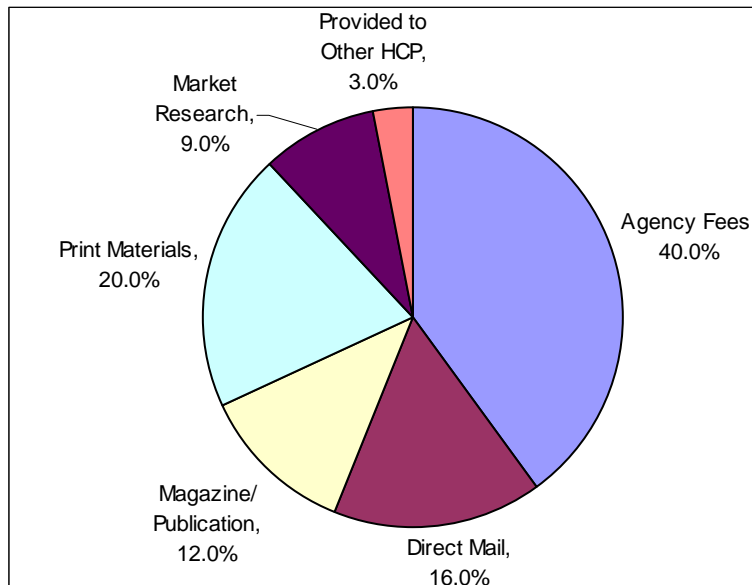


Figure 44
Subgroup B, Smaller Advertising Expenditures: Total Advertising Expenses
Medium Type - % of Total Frequency



Advertising Expenses: Subgroup Comparisons

The most noteworthy difference between Advertising Subgroups A (larger expenditures) and B (smaller expenditures) is the fact that Subgroup A spent nearly 50% of its advertising dollars on television, while Subgroup B reported no expenditures on that medium. However, given that pharmaceutical companies are only required to report their District-specific advertising expenditures and not expenditures associated with nationwide ad campaigns, this does not mean that Subgroup B does not purchase any television advertising.

It is also noteworthy that for 40% of Subgroup B’s advertising expenses, the *Medium* was classified as *Agency Fees*; by contrast, this was not one of Subgroup A’s frequent responses. This may be due to differences in how companies classify different types of expenditures, since payments to persons conducting advertising activities could also be reported in the *Aggregate Cost* category rather than the *Advertising* category. It could also be due to the fact that small companies contract with outside agencies rather than using in-house staff for advertising activities.

VII. OVERVIEW OF COMPANY SUBMISSIONS

Method of Submission

For the 2009 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.⁴

Of the 118 companies that submitted 2009 expenditure reports, 10.2% did not specify in their reports if the information was designated as a trade secret; 31.4% declared their reports as trade secrets; 6.8% listed some information in their report as trade secrets and other information as not; and the majority, 51.7%, declared their reports as not trade secrets.

Trade secret explanations were consistent 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) 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.;

⁴ §1899.1 of Chapter 18 of Title 22 of the DCMR

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, 78.8% of all companies provided complete submissions, a slight decrease from 80% last year. 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 17.0% 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 increased significantly from last year, when 7% of companies had almost-complete submissions, yet was the same percentage as in 2007.

Finally, 4.2% of companies provided incomplete submissions; that percentage decreased slightly from 2008 (when it was 10%). Some important required information was absent from these annual reports, the most common being recipient type or primary purpose.

Finally, only one company reported \$0 in District marketing expenses in 2009.

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

As in past reports, this one compares reported pharmaceutical marketing expenditures in the District to those in Vermont, where reporting requirements are similar. It also introduces a new source of information that will provide additional benchmarking opportunities in the future.

Vermont

Because the District's requirements for reporting of pharmaceutical marketing expenditures are similar to those in use in Vermont, that state's reported numbers make an appropriate benchmark for comparison. (Note, however, that Vermont uses a July 1 – June 30 fiscal year, rather than the calendar year the District uses.) For FY 2009, 85 companies reported spending \$2.6 million on pharmaceutical marketing in Vermont,⁵ compared to 118 companies reporting \$96.08 million in the District.

As was the case in the District, total reported expenditures in Vermont fell substantially from 2007 to 2008 and from 2008 to 2009. In 2009, both jurisdictions saw lower reported totals even though more companies submitted reports. In percentage terms, the District saw a greater decline in reported expenditures than Vermont did – 29.7% vs. 11.4%.

Table 9

Pharmaceutical Marketing Expenses, 2006-2009, District of Columbia and Vermont				
	2009	2008	2007	2006
DC Total Expenses	\$96,088,376 (118 reports)	\$136,623,408 (105 reports)	\$158,210,607 (113 reports)	\$145,495,429 (101 reports)
Vermont Total Expenses	\$2,599,589 (85 reports)	\$2,943,321 (78 reports)	\$3,139,584 (86 reports)	\$2,367,604 (83 reports)

The substantially higher level of expenditures in the District might be partially explained by a greater concentration of physicians, who as a group are one of the top recipients of gifts from pharmaceutical manufacturers and labelers. As previously noted, District *Physicians* received \$7.48 million; in Vermont, *Doctors* received \$1.78 million. Using these figures and the publicly available numbers of licensed physicians practicing in each jurisdiction,⁶ we calculated that in FY 2009, pharmaceutical companies spent \$892 per practicing Vermont physician and \$1,626 per practicing District physician.

⁵ *Pharmaceutical Marketing Disclosures: Report of Vermont Attorney General William H. Sorrell*. April 1, 2010.

⁶ Federation of State Medical Boards. *Summary of 2009 Board Actions*.

Table 10

2009 Pharmaceutical Gift Payments per Practicing Physician, District of Columbia and Vermont			
	Payments to Physicians	Practicing Physicians	Payments per Physician
DC	\$ 7,483,403	4,602	\$1,626.12
Vermont	\$1,777,166	1,993	\$891.70

The 2009 per-physician expenditures are nearly 20% lower than the 2008 per-physician expenditures in both the District, where 2008 per-physician spending was \$2,003, and in Vermont, where it was \$1,110.

ProPublica

The nonprofit news organization ProPublica has gathered the marketing data of eight companies that disclose this information on their websites, either voluntarily or as the result of settlement agreements. Users can search ProPublica's "Dollars for Docs" database for gifts given to physicians in each state. Complete 2009 data is available for only two companies; partial 2009 data is available for three more companies; and data on the remaining three companies is available beginning in 2010.

Once multiple full years of data are available from multiple companies, it will be possible to compare companies' spending on District physicians to their spending on physicians in other states. While the eight companies currently in the ProPublica database – AstraZeneca, Cephalon, Eli Lilly, GlaxoSmithKline, Johnson & Johnson, Merck, Pfizer, and ViiV – represent a small fraction of all companies marketing in the District, their large size means they are likely to be major contributors to overall spending by pharmaceutical manufacturers and labelers. However, because each company uses different parameters for reporting (e.g., what kinds and amounts of gifts are reported), the data will not be standard across companies nor directly comparable to information submitted under the requirements of the AccessRx Act.

IX. NEW DEVELOPMENTS

One of the provisions contained in the Patient Protection and Affordable Care Act of 2010 addresses pharmaceutical marketing and has implications for the District, as well as for other jurisdictions with laws requiring reporting of pharmaceutical marketing activities.

Beginning January 1, 2012, 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. Beginning in 2013, manufacturers must file annual reports that include the date, recipient name and address, payment amount, form of payment, nature of payment, and name of the drug to which the payment is related for each transfer of value given to physicians and teaching hospitals in the preceding year. When payments are made to physicians, the information must also include the physician's specialty and National Provider Identifier. Samples and discounts are excluded, as are educational materials to directly benefit patients. The Secretary will make the information available to the public online, although it will not include National Provider Identifiers. On September 30th of each year (beginning in 2013), the Secretary will report state-specific information.

The law addresses existing state reporting requirements in the following way:

“(3) RELATION TO STATE LAWS.—

“(A) IN GENERAL.—In the case of a payment or other transfer of value provided by an applicable manufacturer that is received by a covered recipient (as defined in subsection (e)) on or after January 1, 2012, subject to subparagraph (B), the provisions of this section shall preempt any statute or regulation of a State or of a political subdivision of a State that requires an applicable manufacturer (as so defined) to disclose or report, in any format, the type of information (as described in subsection (a)) regarding such payment or other transfer of value.

“(B) NO PREEMPTION OF ADDITIONAL REQUIREMENTS.—

Subparagraph (A) shall not preempt any statute or regulation of a State or of a political subdivision of a State that requires the disclosure or reporting of information—

“(i) not of the type required to be disclosed or reported under this section;

“(ii) described in subsection (e)(10)(B), except in the case of information described in clause (i) of such subsection;

“(iii) by any person or entity other than an applicable manufacturer (as so defined) or a covered recipient (as defined in subsection (e)); or

“(iv) to a Federal, State, or local governmental agency for public health surveillance, investigation, or other public health purposes or health oversight purposes.

Several aspects of the District’s reporting requirements likely fall under the description of “additional requirements.” The federal law does not require reporting of advertising expenses or expenses associated with employers and contractors engaging in marketing activities, or “detailers” (what the District terms *Aggregate Expenses*). In addition, the federal law’s requirement for reporting transfers of value applies only to payments made to physicians and teaching hospitals – not to “all persons and entities licensed to provide health care in the District,” as the AccessRx Act requires. Gift payments to organizations, other clinical sites, nurses, and other prescribers are currently reported to the District but would not be captured under federal reporting requirements.

To assess the likely impact of this new legislation, we estimated the percentage of the 2009 expenditures reported to the District that would be reportable under the Affordable Care Act. In 2009, gifts to District physicians totaled \$7.48 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 \$813,576. Therefore, the total of gifts to physicians and teaching hospitals alone in 2009 was \$8,296,980, which represents only 37.7% of the total gifts and only 8.6% of the total marketing expenditures reported in 2009 under the AccessRx Act.

The Secretary of HHS must establish reporting procedures by October 1, 2011. At that time, District lawmakers can better determine how the AccessRx Act will be affected by federal legislation.

X. RECOMMENDATIONS

Based on this analysis of 2009 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. Many of our recommendations remain similar to those offered in our previous report; however, the passage of the Affordable Care Act will make it necessary to revisit implementation of the current statute and regulation within the near future.

1. Require unique recipient identifiers and “product marketed” information for each gift, and make marketing data available to the public

Information on the 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.

- **Unique recipient identifiers:** Without unique recipient identifiers, analyses may fail to identify all of the gifts that went to the same individual if that person’s name is entered differently in different instances. For instance, several companies may report payments to “Dr. John Anderson,” but there are several Dr. John Andersons working in the area; spelling variations – e.g., Anderson/Andersen – can further complicate the questions of how many doctors are receiving payments and how much each one has received from all of the reporting companies.

If manufacturers and labelers were to report a unique identifier, such as a National Provider Identifier, for recipients, that would improve speed and accuracy of matching efforts. Greater certainty of a recipient’s identity can also help researchers identify the specialties of doctors receiving payments, which can help demonstrate what types of pharmaceuticals (e.g., diabetes drugs, antidepressants) companies are marketing most heavily.

The National Provider Identifier 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 both the National Provider Identifier and specialty for each physician receiving gift payments to be reported to the Department of Health and Human Services, so this would be consistent with federal law.

- **“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 of gifts given in 2012 and thereafter, so again this would become consistent with federal law.

- **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 their drugs are marketed and how their healthcare providers may be affected 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 publicly available,⁷ and ProPublica combines information from eight companies into a user-friendly database available to the public.⁸ The Affordable Care Act will make data on gifts to physicians and teaching hospitals available to the public starting in 2013. 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.

2. Revise regulation to require additional details about aggregate expenses

The "aggregate expenses" category of expenditures accounts for by far the largest share of reported total expenditures (\$66.48 million in 2009, or 69.2% of the total), but we have little information about how companies spend this money. The regulation requires pharmaceutical manufacturers and labelers to report:

The aggregate cost of, including all forms of payment to, all employees or contractors of the manufacturer or labeler who directly or indirectly engage in the advertising or promotional activities listed in paragraphs (a) and (b), limited to that portion of payment to the 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.

⁷ 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.

⁸ ProPublica's "Dollars for Docs" database is online at <http://projects.propublica.org/docdollars/>.

The Department of Health provides a spreadsheet for companies to use to calculate their expenditures, but companies are not required to submit those spreadsheets because the regulation does not state that they must do so. Revising the regulation to require reporting of additional information – such as salaries of employees engaged in marketing, total FTEs devoted to marketing in the District, etc. – would allow the District to collect more information about how these large sums are being spent.

3. Improve compliance with instructions

Prompt responses to companies that submit incomplete or incorrect information, with a request that corrected information be sent promptly, will demonstrate the District's commitment to receiving reports that conform to requirements. Ideally, companies whose submissions are incomplete would receive follow-up communication within 30 days of their initial submission.

4. Take any action necessary to comply with new federal law

As noted previously, the Affordable Care Act signed into law in 2010 requires pharmaceutical companies to report to the federal government all transfers of value given to physicians and teaching hospitals in 2012 and each year thereafter. The law pre-empts state laws that require reporting of this type of information, but does not pre-empt laws that require reporting of information of a different type. Because the District's law requires reporting of the information described in the Affordable Care Act and substantial additional information not described in the Act, the District will need to evaluate its options once the Secretary of the Department of Health and Human Services has issued regulations to implement this provision of the federal law. At that time, the District may wish to revisit the AccessRx Act, and if it does so, it should consider making all of the changes recommended in Recommendation 1 above.

APPENDIX A: 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).

APPENDIX B: Instructions to Pharmaceutical Manufacturers and Labelers

The District provided these instructions to manufacturers and labelers for submitting 2009 data.

Prescription Drug Marketing Costs A Guide for Pharmaceutical Manufacturers and Labelers Published by the District of Columbia Department of Health Calendar Year 2009

Description of Requirements

Pursuant to the requirements of Chapter 18 of Title 22 of the District of Columbia Municipal Regulations (DCMR), entitled “Prescription Drug Marketing Costs,” and Title III of the AccessRx Act of 2004, manufacturers and labelers of prescription drugs dispensed in the District of Columbia (“District”) who engage in marketing in the District must report to the Department of Health (“Department”) their costs for pharmaceutical drug marketing in each calendar year by July 1st of the following year.

Submission Procedures

Fill out the “Company Information,” “Gift Expenses,” “Advertising Expenses,” and “Aggregate Cost” sheets of the spreadsheet titled “2009_Prescription_Drug_Marketing_Costs.xls,” and email the “Company Information,” “Gift Expenses,” and “Advertising Expenses” sheets to DC.Accessrx@dc.gov. Although you are required to utilize the “Aggregate Cost” sheet to perform your calculations, you are not required to submit the worksheet itself. You may elect instead to only submit the totals based on your calculations using the worksheet. In addition, print out the “Company Information” sheet *only*, provide wet signature certification, and mail it to the Department accompanied by a **\$5,000*** check made payable to **“D.C. Treasurer.”** The report must be submitted by July 1st, and the signed statement and check must be received within seven (7) days of the report’s submission.

Mail signed “Company Information” sheets and checks to:

Department of Health
Pharmaceutical Control – AccessRx
ATTN: Patricia M. D’Antonio
717 14th St N.W. Suite 600
Washington, D.C. 20005

***With passage of the “Fiscal Year 2010 Balanced Budget Support Emergency Act of 2010,” the fee for the program is \$5,000.**

Spreadsheet Instructions

The “2009_Prescription_Drug_Marketing_Costs.xls” document contains four sheets in which information should be entered: *Company Information*, *Gift Expenses*, *Advertising Expenses*, and *Aggregate Cost*. (The fifth sheet, Instructions, is for reference purposes.) **Please make sure you fill out all four required sheets.**

Sheet 1: Company Information: The Company Information sheet includes fields for the company’s contact information and the contact information of the individual responsible for the company’s compliance. Pursuant to 22 DCMR 1801.5, the responsible individual “shall be a member of senior management or senior level company official within the manufacturer's or labeler's company or corporate structure.”

The “2009 Marketing Expenses” section of this sheet should contain the relevant totals from the Gift Expenses, Advertising Expenses, and Aggregate Cost sheets. **PLEASE DOUBLE CHECK that the totals listed on this sheet match the totals on the three following sheets** (i.e., that the Gift Expense figure on Sheet 1 matches the Gift Expense total on Sheet 2, etc.). Add the Gift Expenses, Advertising Expenses, and Aggregate Cost figures to get the Total Marketing Expenses.

Sheet 2: Gift Expenses: The Gift Expenses sheet collects the following information, as described in §48-833.03 of the AccessRx Act of 2004:

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.

The following expenses are not subject to reporting requirements:

(1) Marketing expenses of twenty-five dollars (\$25) or less per day and per health care provider or entity;

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

(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; and

(4) Expenses associated with advertising and promotional activities purchased for a regional or national market that includes advertising in the District if the portion of the costs pertaining to or directed at the District or cannot be reasonably allocated, distinguished, determined or otherwise separated out.

Using one line per payment, fill in the information required for each of the columns. Please note that for some columns, there is a limited set of accepted values. Detailed instructions about the information required for each column appear in the “Column Instructions: Gift Expenses” section on page 5 of this document.

IMPORTANT: Note that if you enter “Other” in the column for Credentials, Recipient Type, Nature of Payment, Primary Purpose, or Secondary Purpose, **you must enter details in the next column.** For instance, if your company provided lunch to the receptionist at a physician’s office, you would enter “Other” in the Recipient Type column and “Receptionist” in the Other Type column.

Sheet 3: Advertising Expenses: §48-833.03 of the AccessRx Act of 2004 describes these expenses as:

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.

22 DCMR 1802.3 provides the following examples:

Advertising, marketing, direct promotion, market research survey, patient education including materials such as disease management information; materials/consulting to promote new uses of drugs.

Using one line per payment, fill in the information required for each of the columns. Please note that for some columns, there is a limited set of accepted values. Detailed instructions the information required for each column appear in the “Column Instructions: Advertising Expenses” section on page 8 of this document.

Sheet 4: Aggregate Cost: The Aggregate Cost sheet collects the following information, as described in 22 DCMR 1801.1:

The aggregate cost of, including all forms of payment to, all employees or contractors of the manufacturer or labeler who directly or indirectly engage in the advertising and promotional activities ... limited to that portion of payment to the

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.

Using one line per employee or contractor, enter the position title for each employee or contractor who directly or indirectly engages in advertising and promotional activities and devotes any time to activities pertaining to the District. If the employer or contractor was a registered detailer in the District of Columbia during the past calendar year, provide that person's license number. In the corresponding columns, enter the salary, benefits, and commission amounts for each of these employees or contractors. Multiply the sum of those figures by the percentage of time that individual spent on activities conducted within the District or directed to recipients who are residents of or are employed in the District. Although you are required to utilize the "Aggregate Cost" sheet to perform your calculations, you are not required to submit the worksheet itself. You may elect instead to only submit the totals based on your calculations using the worksheet.

Detailed instructions about the information required for each column appear in the "Column Instructions: Aggregate Cost" section on page 10 of this document.

Column Instructions

Column Instructions: Gift Expenses

If you have no gift expenses to report, enter “None” in the first available cell.

A. Payment Date

Enter the date on which the payment was made, in MM/DD/YYYY format.

B. Non-Individual Recipient

If the recipient is not an individual – e.g., if the payment was made to an organization, hospital, or department – enter the name of the recipient here. If the recipient is an individual, leave this cell blank.

C. Recipient Last Name

If the recipient of the payment is an individual, enter his or her last name here. If the recipient is not an individual, leave this cell blank.

D. Recipient First Name

If the recipient of the payment is an individual, enter his or her first name here. If the recipient is not an individual, leave this cell blank.

E. Recipient Middle Initial

If the recipient of the payment is an individual, enter his or her middle initial here. If the recipient is not an individual, leave this cell blank.

F. Recipient Credentials

Accepted values: APRN, DDS, DO, DPM, DVM, MD, ND, NP, OD, PA, RN, Other
If the recipient of the payment is an individual, enter his or her credentials here. If the recipient is not an individual, leave this cell blank. Use the above abbreviations (e.g., do not spell out “doctor” or “nurse” if the credentials are MD or RN). If the recipient is not an individual, leave this cell blank.

G. Other Credentials

If “Other” is entered in the “Recipient Credentials” cell, enter the recipient’s credentials here. Otherwise, leave this cell blank.

H. Recipient Affiliated Facility

Enter the name of the facility (e.g., George Washington University Medical Center, American Heart Association DC Office) with which the recipient is affiliated.

I. Recipient Type

Accepted values: Clinic, Doctor, Hospital, Pharmacist, University, Other Prescriber, Other Healthcare Provider, Other

Enter the above term that best describes the type of recipient. If the recipient is in solo or group practice, enter the name of that practice.

J. Other Type

If “Other” is entered in the “Recipient Type” cell, enter the type of recipient here. Otherwise, leave this cell blank.

K. Nature of Payment

Accepted values: Book, Cash or Check, Donation, Entertainment, Food, Grant, Lodging, Product Samples, Transportation, Other

Enter the above term that best describes the nature of payment.

L. Other Nature

If “Other” is entered in the “Nature of Payment” cell, enter the nature of payment here. Otherwise, leave this cell blank.

M. Primary Purpose

Accepted values: Consulting, Education, Marketing, Speaker Fee or Payment, Other

Enter the above term that best describes the primary purpose of the payment.

N. Other Primary Purpose

If “Other” is entered in the “Primary Purpose” cell, enter the primary purpose of the payment here. Otherwise, leave this cell blank.

O. Secondary Purpose

Accepted values: None, Consulting, Education, Marketing, Speaker Fee or Payment, Other

Enter the above term that best describes the secondary purpose of the payment. (If the payment had no secondary purpose, enter “None.”)

P. Other Secondary Purpose

If “Other” is entered in the “Secondary Purpose” cell, enter the secondary purpose of the payment here. Otherwise, leave this cell blank.

Q. Value

Enter the dollar value of the payment in \$XXX.XX format.

R. Trade Secret?

If the company has designated this payment a trade secret, enter “Yes” in this cell; if it has not designated the payment a trade secret, enter “No.”

22 DCMR 1899.1 defines a Trade Secret as follows: “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.”

S. Trade Secret Explanation

If you answered “Yes” to the question “Is this payment a Trade Secret?” explain the justification for the trade secret designation. Otherwise, leave this cell blank.

T. Resubmission?

If this submission is a resubmission of data (i.e., an addition or correction to an earlier submission), enter “Yes.” If this is the first time you are submitting this information, enter “No.”

U. Original Submission Date

If you answered “Yes” to the question “Is this a resubmission of data?” enter the date of the original submission that this submission is amending or replacing. Otherwise, leave this cell blank.

V. Resubmission Description

If you answered “Yes” to the question “Is this a resubmission of data?” enter details how this submission amends or replaces the submission whose date is entered in the “Original Submission Date” field. Otherwise, leave this cell blank.

Column Instructions: Advertising Expenses

If you have no advertising expenses to report, enter “None” in the first available cell.

A. Activity Date

Enter either a single date for the activity, in MM/DD/YYYY format, or a date range, in MM/DD/YYYY – MM/DD/YYYY format.

B. Type of Activity

Enter the type of activity (e.g., advertising, direct promotion, patient education).

C. Medium Type

Enter the type of medium used in the activity (e.g., radio, television, magazines, newspapers, direct mail, telephone).

D. Medium Name

If applicable, enter the name of the medium used (e.g., newspaper name, name of television or radio station). If no medium name applies, leave this cell blank.

E. Product Marketed

Enter the name of the prescription drug being advertised; if no specific drug was advertised, enter “general.”

F. Target Audience

Enter the name of the audience to whom the advertising was directed (e.g., general public, prescribers).

G. Cost of Activity

Enter the cost of the activity, in \$XXX.XX format.

H. Trade Secret

If the company has designated this payment a trade secret, enter “Yes” in this cell; if it has not designated the payment a trade secret, enter “No.”

22 DCMR 1899.1 defines a Trade Secret as follows: “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.”

I. Trade Secret Explanation

If you answered “Yes” to the question “Is this payment a Trade Secret?” explain the justification for the trade secret designation. Otherwise, leave this cell blank.

J. Resubmission?

If this submission is a resubmission of data (i.e., an addition or correction to an earlier submission), enter “Yes.” If this is the first time you are submitting this information, enter “No.”

K. Original Submission Date

If you answered “Yes” to the question “Is this a resubmission of data?” enter the date of the original submission that this submission is amending or replacing. Otherwise, leave this cell blank.

L. Resubmission Description

If you answered “Yes” to the question “Is this a resubmission of data?” enter details about how this submission amends or replaces the submission whose date is entered in the “Original Submission Date” field. Otherwise, leave this cell blank.

Column Instructions: Aggregate Cost

If you have no aggregate cost to report, enter "None" in the first available cell.

A. Position Title

Enter the position title for each employee or contractor who directly or indirectly engages in advertising and promotional activities and devotes any time to activities pertaining to the District.

B. License # (DC Detailers)

If the position was filled by a detailer licensed in the District during the past calendar year, enter the detailer's license number. If it was not filled by a detailer licensed in the District, leave this field blank.

C. Salary

Enter the salary paid to the employee or contractor during the past calendar year, in \$XX,XXX.XX format.

D. Benefits

Enter the dollar value of the benefits paid to the employee or contractor during the past calendar year, in \$XX,XXX.XX format.

E. Commission

Enter the amount of commission payments made to the employee or contractor during the past calendar year, in \$XX,XXX.XX format. If no commissions were paid to the employee or contractor, leave this field blank.

F. Total Compensation

Enter the sum of the Salary, Benefits, and Commission, in \$XX,XXX.XX format.

G. Time Percentage

Enter the percentage of the employee or contractor's time spent during the past calendar year on activities conducted within the District or directed to recipients who are residents of or are employed in the District.

H. DC Position Total

Multiply Total Compensation by the Time Percentage and enter the result here, in \$XX,XXX.XX format.