

# **Pharmaceutical Marketing Expenditures in the District of Columbia, 2010**

**Prepared by**

**The George Washington University  
School of Public Health and Health Services  
Washington, DC**

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

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**Summary of Pharmaceutical Marketing Expenditures  
in the District of Columbia, Calendar Year 2010**

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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 thirty-two pharmaceutical manufacturers and labelers completed reports of their 2010 District of Columbia marketing expenditures and submitted them to the District of Columbia Department of Health. Their reported expenditures totaled \$85.4 million, which continued a downward trend: 113 companies reported a total of \$158.2 million in 2007, 105 companies reported \$136.6 million in 2008, and 118 companies reported \$96.1 million in 2009.

This report analyzes 2010 pharmaceutical marketing expenditure submissions in aggregate format, and compares 2010 figures to those of 2006 - 2009. It also provides information on the quality of submissions and recommendations for continuing to improve the quality and utility of data in future years.

### Key Findings

As in previous years, expenses for employees and contractors engaged in advertising and marketing (including pharmaceutical sales representatives, also called “detailers”) constituted the largest share of total expenditures. These expenditures, termed *Aggregate Expenses*, totaled \$57.6 million, or 67.4% of total expenditures.

*Gift Expenses* – which include grants, speaker fees, product samples, food, and promotional items – totaled \$21.0 million, or 24.6% of all expenditures. As in previous years, physicians received the largest number of payments. Food was by far the most frequently given gift, but accounted for a relatively small share of the gift expenditure total. This trend is similar to what was found in previous years. By contrast, a smaller percentage of gifts in 2010 took the form of cash or check, donations, or grants, but these payment types accounted for over three-quarters of the dollar value of all gifts.

Hospitals, clinics, universities, organizations, and other non-individual recipients of gifts received \$12.0 million. Individual recipients – including doctors, nurses, other healthcare providers, and pharmacists – received \$9.2 million, and recipients with MD and DO credentials received 92.5% of that, or \$8.5 million. The majority of gifts to physicians were described as being speaker fees paid by cash or check.

The majority of companies reported no District-specific advertising expenses. Sixty companies, or 46% of those submitting reports, reported *Advertising Expenses* totaling \$6.8 million.

Specific findings related to overall expenditures include the following:

- In 2010, a total of 132 pharmaceutical manufacturers and labelers disclosed payments totaling \$85.4 million for advertising, gift, and aggregate expenses in the District of Columbia. (The “aggregate expenses” category is the amount spent on compensation for employees and contractors conducting marketing activities in the District.) Of this grand total, \$6.8 million was reported for advertising expenses (8.0% of the total), \$21.0 million was gift expenses (24.6%), and \$57.6 million was aggregate expenses (67.4%).
- Total expenditures in all categories decreased from 2009, with the greatest percentage drop in *Aggregate* expenditures:
  - *Advertising* expenditures decreased by more than three-quarters of a million dollars, from \$7.6 million to \$6.8 million (a 10.3% drop);
  - *Gift* expenditures decreased by \$1.0 million, from \$22.0 million to \$21.0 million (a 4.7 % drop);
  - *Aggregate* expenditures decreased by \$8.9 million, from \$66.5 million to \$57.6 million (a 13.4% drop); and
  - Total expenditures decreased by \$10.7 million, from \$96.1 million to \$85.4 million (an 11.2% drop).
- Twenty-two companies reported over \$1 million apiece in total expenses; their expenditures represent 75.3% of the total reported expenses.
- Aggregate expenses represent the majority of total marketing expenses in the District; this was also the case in 2006 - 2009.

Findings from our analysis of gifts include the following:

- The majority of gifts, 77.6%, took the form of *Food*, but *Food* only accounted for 10.2% (\$2.2 million) of the total dollar amount spent.
- Although 12.1% of gifts were given in the form of *Cash or Check*, this category accounted for \$8.3 million, or 38.9% of the total dollar value of all gifts. Gifts listed as *Grant* or *Donation* were less common (0.9% and 0.1%, respectively), but together accounted for more than one-third of the total gift amount given (25.0% for grants and 12.0% for donations).
- *Education* was reported most frequently as the primary purpose of gifts (41.3% of the time), and it accounted for 32.6% (\$6.9 million) of the total dollar value of all gifts.
- Non-individual recipients (hospitals, organizations, etc.) received \$12.0 million in gifts, while individual recipients received \$9.2 million.

- The top ten Professional Organizations (representing health professionals in a specific specialty or demographic group) received a total of \$3.7 million, with a median gift value of \$20,500.

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 \$1.4 million, or 15.8% of the total payments received by all physicians.
- Out of nearly 4,700 physicians who received a food gift, 510 physicians received 10 or more food gifts from pharmaceutical companies in 2010; 14 physicians received 52 or more food gifts in one year. Food gifts are generally accompanied by a visit from a pharmaceutical sales representative, so these physicians are likely having frequent interactions with detailers who are promoting specific drugs.
- Physicians received a total of \$4.1 million in the form of speaking fees or related gifts. Four 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 in 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 (with reports first submitted in 2013). 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 as well as gifts given to nurses, organizations, and clinical sites that are not teaching hospitals.

In 2010, gifts to District physicians totaled \$8.5 million, and gifts to teaching hospitals \$2.8 million. This \$11.3 million (the amount that would be reported under the new federal law) represents only 54.0% of the total gifts and only 12.9% of the total marketing expenditures reported in 2010 under the AccessRx Act.

Data from 2010 allowed for the investigation of possible effects of public disclosure of pharmaceutical company payments to physicians. Following a November 2009 hearing in which Councilmember David Catania reported the names and amounts received from pharmaceutical companies by the top 10 physician speakers in 2008, amounts received by these physicians in 2010 declined dramatically, especially when compared to a comparison group of physicians whose payments were not publicly disclosed. Details regarding these findings are in Section VII.

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 District has an opportunity to revise the AccessRx Act in light of the federal law, and we recommend that in doing so it also strengthen the law to require additional disclosure and transparency. Specific recommendations are in Section X.

## II. SUMMARY OF PHARMACEUTICAL MARKETING EXPENDITURES

In 2010, 132 pharmaceutical manufacturers spent a reported total of \$85.4 million on marketing in the District of Columbia. Company totals include expenditures for advertising; gifts to healthcare professionals; and “aggregate expenses,” which are costs associated with pharmaceutical sales representatives (also called “detailers”) and other employees and contractors engaging in advertising and promotional activities in the District. Excluding companies that reported spending \$0, company reports of total marketing expenditures ranged from \$116 to \$11.3 million, with a median value of \$152,537.

### Total Expenses

The total reported amounts spent in each category from 2006 through 2010 are shown in Table 1; the percentage of the total spent in each category is shown in Table 2. Note that a standardized Excel spreadsheet was provided to assist manufacturers in preparing their reports in 2007, so the apparent increase in expenditures from 2006 to 2007 is most likely due more to improvements in the reporting process rather than to an actual increase.

**Table 1**

<b>2006 - 2010 Total Pharmaceutical Marketing Expenses in DC by Type of Expense</b>					
<b>Type of Expenditure</b>	<b>Total Value Reported for 2010 (\$)</b>	<b>Total Value Reported for 2009 (\$)</b>	<b>Total Value Reported for 2008 (\$)</b>	<b>Total Value Reported for 2007 (\$)</b>	<b>Total Value Reported for 2006 (\$)</b>
Aggregate Expenses	57,551,911	66,483,622	101,425,020	116,573,964	100,141,658
Gift Expenses	21,010,822	22,034,979	27,090,335	31,382,109	34,431,608
Advertising Expenses	6,791,214	7,569,036	8,108,052	10,254,533	10,892,163
<b>Grand Total</b>	<b>\$85,361,185</b>	<b>\$96,088,376</b>	<b>\$136,623,408</b>	<b>\$158,210,607</b>	<b>\$145,495,429</b>

**Table 2**

<b>2006 - 2010 Total Pharmaceutical Marketing Expenses in DC by Type of Expense as a Percent of Total Expenditure</b>					
<b>Type of Expenditure</b>	<b>% of Grand Total (2010)</b>	<b>% of Grand Total (2009)</b>	<b>% of Grand Total (2008)</b>	<b>% of Grand Total (2007)</b>	<b>% of Grand Total (2006)</b>
Aggregate Expenses	67.4%	69.2%	74.2%	73.7%	68.8%
Gift Expenses	24.6%	22.9%	19.8%	19.8%	23.7%
Advertising Expenses	8.0%	7.9%	5.9%	6.5%	7.5%
<b>Grand Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

District marketing expenditures were highest in 2007 and have declined steadily since then in all categories. Between 2009 and 2010, spending fell by 10% in *Advertising Expenses* and 13% in *Aggregate Expenses*, while *Gift Expenses* dropped by less than 5%.

## *Aggregate Expenses*

In 2010, pharmaceutical manufacturers and labelers reported spending \$57.6 million on *Aggregate Expenses*, a drop of 13.4% from the 2009 *Aggregate Expenses* total of \$66.5 million. This decreased spending on detailers and other employees and contractors engaged in pharmaceutical marketing activities is consistent with national trends. The number of US doctors who refused to see drug reps increased from 20% in 2009 to 25% in 2010.<sup>1</sup> The number of drug reps decreased from a high of 100,000 in 2006 to about 80,000 in 2009<sup>1</sup>; the pharmaceutical industry overall has cut almost 300,000 jobs since 2000, including 61,109 in 2009 and 53,636 in 2010.<sup>2</sup>

Fourteen companies, each spending more than \$1 million, accounted for 63.2% (\$36.4 million) of all *Aggregate Expenses* spending. Sixteen companies that spent between \$500,001 and \$1 million accounted for another 18.2%, or \$10.5 million. Together, the top 30 companies accounted for four out of five dollars (81.4%) of total *Aggregate Expenses*. Table 3 shows the distribution.

The drop in *Aggregate Expenses* between 2009 and 2010 is entirely due to reduced spending among companies spending more than \$500,000 on *Aggregate Expenses*: In 2009, the 31 companies that spent more than \$500,000 on *Aggregate Expenses* reported expenditures totaling \$56.1 million; in 2010, the 30 companies in that category reported expenditures totaling \$46.8 million – a reduction of \$9.2 million. In contrast, companies that reported *Aggregate Expenses* of less than \$500,001 actually increased their spending by nearly \$300,000 between 2009 and 2010.

**Table 3**

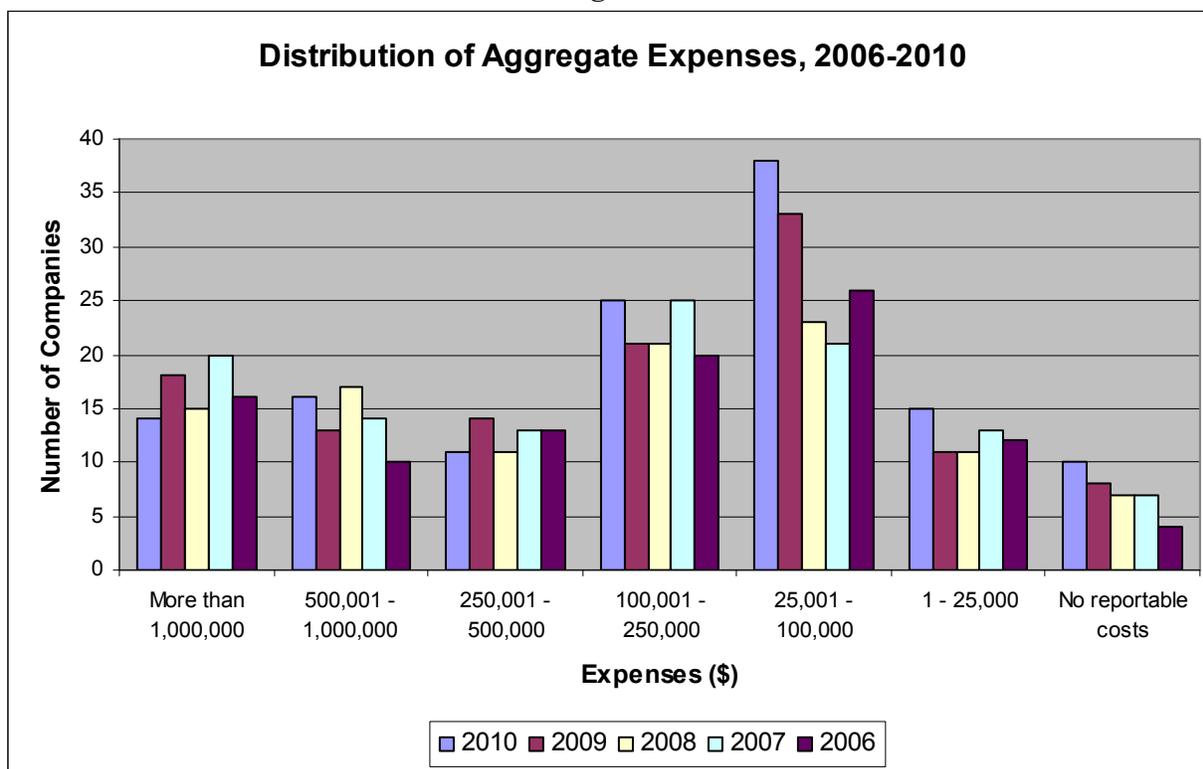
<b>Distribution of 2010 Pharmaceutical Total Aggregate Expenses in DC</b>				
<b>Total Aggregate Expenses (\$)</b>	<b>Number of Companies</b>	<b>% of Total</b>	<b>Total Value (\$)*</b>	<b>% of Total</b>
More than 1,000,000	14	10.6%	\$36,376,597	63.2%
500,001 - 1,000,000	16	12.1%	\$10,462,071	18.2%
250,001 - 500,000	11	8.3%	\$4,118,490	7.2%
100,001 - 250,000	25	18.9%	\$4,472,016	7.8%
50,001 - 100,000	16	12.1%	\$1,121,253	1.9%
25,001 - 50,000	22	16.7%	\$838,936	1.5%
10,001 - 25,000	7	5.3%	\$119,822	0.2%
1,001 - 10,000	7	5.3%	\$42,108	0.1%
1 - 1,000	1	0.8%	\$618	0.0%
No reportable costs	13	9.8%	\$0.00	0.0%
<b>Total</b>	132	1	\$57,551,911	100.0%

\* Figures may not sum due to rounding

<sup>1</sup> Whalen J. Drug Makers Replace Reps With Digital Tools. *Wall Street Journal*, May 11, 2011. <http://on.wsj.com/l02yHz>.

<sup>2</sup> Herper MA. Decade In Drug Industry Layoffs. *Forbes*, April 13, 2011. <http://onforb.es/pOp6Za>.

Figure 1



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

Fifty-two of the 119 companies that reported *Aggregate Expenses* (13 reported no expenses in this category) voluntarily provided spreadsheets that included titles and compensation for individual employees or contractors. However, only two of the 14 companies that reported *Aggregate Expenses* of over \$1 million provided these details.

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

Salaries, benefits, and commissions varied widely across the 52 companies that provided spreadsheets. Total 2010 compensation per person ranged from approximately \$38 to \$326,000. The median total compensation figure was nearly \$138,000 – a drop of 21.1% from the 2009 median of \$175,000. The percentage of time spent in the District also demonstrated wide variation, ranging from less than 1% to 100%.

**Table 4**

<b>Selected Unique Employee Titles from 52 Companies</b>	
Account Manager	Institutional Relations Associate
Area Manager	Manager - Field Operations
Bariatric Practice Advisor	Medical Sales Consultant
Business Advisor	Medical Science Liaison
CNS Representative	National Accounts Manager
Critical Care Account Manager	National Sales Director, Oncology
Development Manager	Oncology District Sales Manager
Director, Marketing	Pharmaceutical Sales Representative
Director of Institutional Sales	Pharmacy Systems Specialist
District Manager - Infertility	Reconstruction Specialist
District Manager, Lymphoma	Regional Business Manager
District Sales Manager, Oncology	Regional Clinical Liaison
Divisional Manager	Regional Sales Director
Engagement Manager	Reproductive Consultant
Field Sales Representative	Sales Representative
Field Training Manager	Senior Care Representative
Health Systems Manager	Specialty Account Manager

## *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. National advertising campaigns are exempt from the reporting requirements, so the relatively small size of this share may be due to the fact that the category captures only expenses associated with District-specific advertising campaigns. In 2010, 60 pharmaceutical manufacturers and labelers spent a reported total of \$6.8 million on *Advertising Expenses*; this accounted for 8.0% of all expenditures. This represents a significant drop in amount from 2009, when companies spent \$7.6 million on *Advertising Expenses*, but the share of total expenditures devoted to advertising has actually increased slightly, from 7.9%.

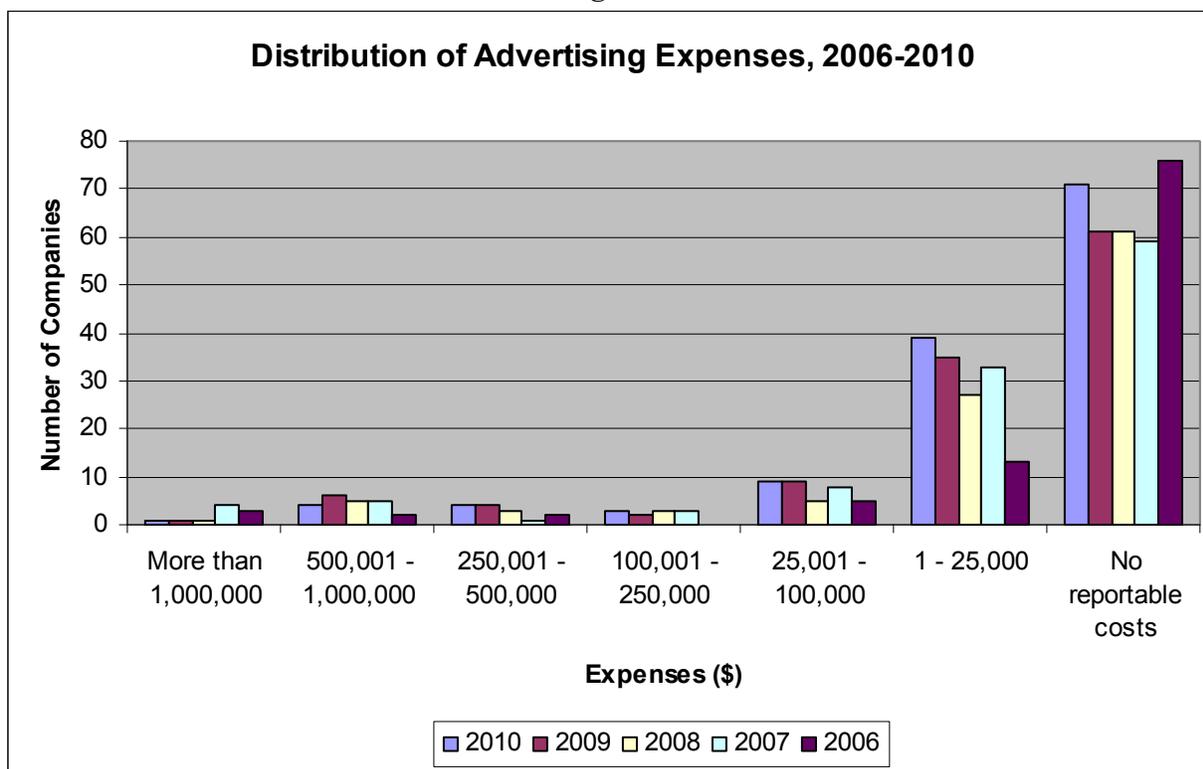
Fewer than half of all the companies that submitted information on their 2010 marketing expenditures reported any advertising expenses. Table 5 shows the distribution of 2010 *Advertising Expenses* totals, and Figure 2 compares the 2010 distribution with those of the previous four years.

**Table 5**

<b>Distribution of 2010 Pharmaceutical Total Advertising Expenses in DC</b>				
<b>Total Advertising Expenses (\$)</b>	<b>Number of Companies</b>	<b>% of Total</b>	<b>Total Value (\$)*</b>	<b>% of Total</b>
More than 1,000,000	1	0.8%	\$1,562,000	23.0%
500,001 - 1,000,000	4	3.0%	\$2,870,407	42.3%
250,001 - 500,000	4	3.0%	\$1,250,285	18.4%
100,001 - 250,000	3	2.3%	\$547,982	8.1%
50,001 - 100,000	0	0.0%	\$0	0.0%
25,001 - 50,000	9	6.8%	\$310,071	4.6%
10,001 - 25,000	9	6.8%	\$167,428	2.5%
1,001 - 10,000	17	12.9%	\$77,968	1.1%
1 - 1,000	13	9.8%	\$5,071	0.1%
No reportable costs	72	54.5%	\$0	0.0%
<b>Total</b>	132	1	\$6,791,214	100.0%

\* Figures may not sum due to rounding

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 \$21.0 million in 2010, a drop of 4.7% from the 2009 total of \$22.0 million. A \$1 million drop in *Gift Expenses* spending is substantial, but it is a far less significant decrease than the more than \$5 million drop that occurred between 2008 and 2009. Gift spending now accounts for a larger share of total pharmaceutical marketing expenditures than in any past year – 24.6%, compared to 22.9% in 2009 and 19.8% in both 2008 and 2007. The change appears to be due to *Aggregate Expenses* and *Advertising Expenses* dropping more precipitously than gift spending from 2009 to 2010.

*Gift Expenses* accounted for 100% of 2010 marketing expenditures for four companies (3.0% of those submitting reports); by contrast, 101 companies (76.5%) reported gift spending that accounted for less than 50% of their total District of Columbia marketing expenditures. In 2010, 48 companies reported spending more than zero but no more than \$10,000 on gifts. In both 2009 and 2010, five companies reported *Gift Expenses* of more than \$1 million. However, in 2010 these five top-spending companies accounted for more money and a greater percentage of spending in this category: \$11.5 million, or 54.7% of the total in 2010, compared to \$9.8 million, or 44.6% of the total in 2009.

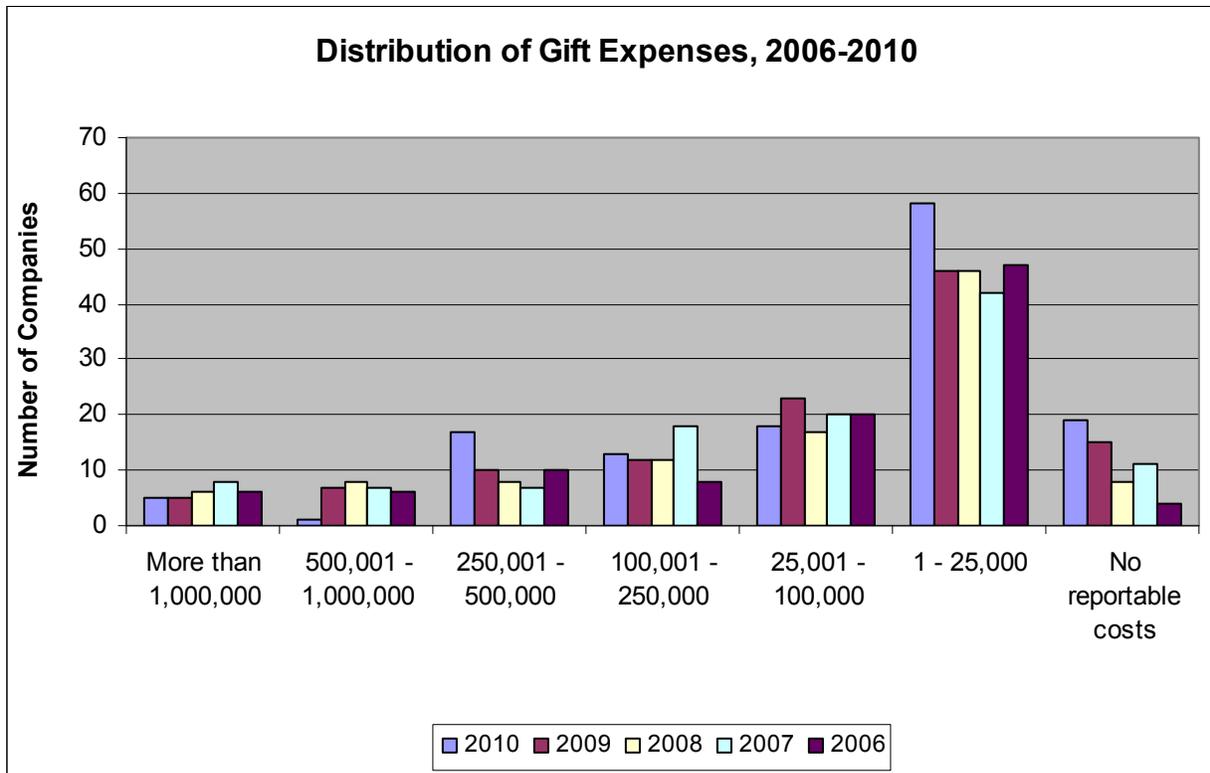
Table 6 shows the distribution of 2010 *Gift Expenses* totals, and Figure 3 compares the 2010 distribution with those of the previous four years.

**Table 6**

<b>Distribution of 2010 Pharmaceutical Total Gift Expenses in DC</b>				
<b>Total Gift Expenses (\$)</b>	<b>Number of Companies</b>	<b>% of Total</b>	<b>Total Value (\$)*</b>	<b>% of Total</b>
More than 1,000,000	5	3.8%	\$11,499,873	54.7%
500,001 - 1,000,000	1	0.8%	\$676,588	3.2%
250,001 - 500,000	17	12.9%	\$5,690,163	27.1%
100,001 - 250,000	13	9.8%	\$1,947,217	9.3%
50,001 - 100,000	8	6.1%	\$560,300	2.7%
25,001 - 50,000	10	7.6%	\$349,162	1.7%
10,001 - 25,000	10	7.6%	\$155,791	0.7%
1,001 - 10,000	27	20.5%	\$126,209	0.6%
1 - 1,000	21	15.9%	\$5,520	0.0%
No reportable costs	20	15.2%	\$0	0.0%
<b>Total</b>	132	1	\$21,010,822	100.0%

\* Figures may not sum due to rounding

**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*.

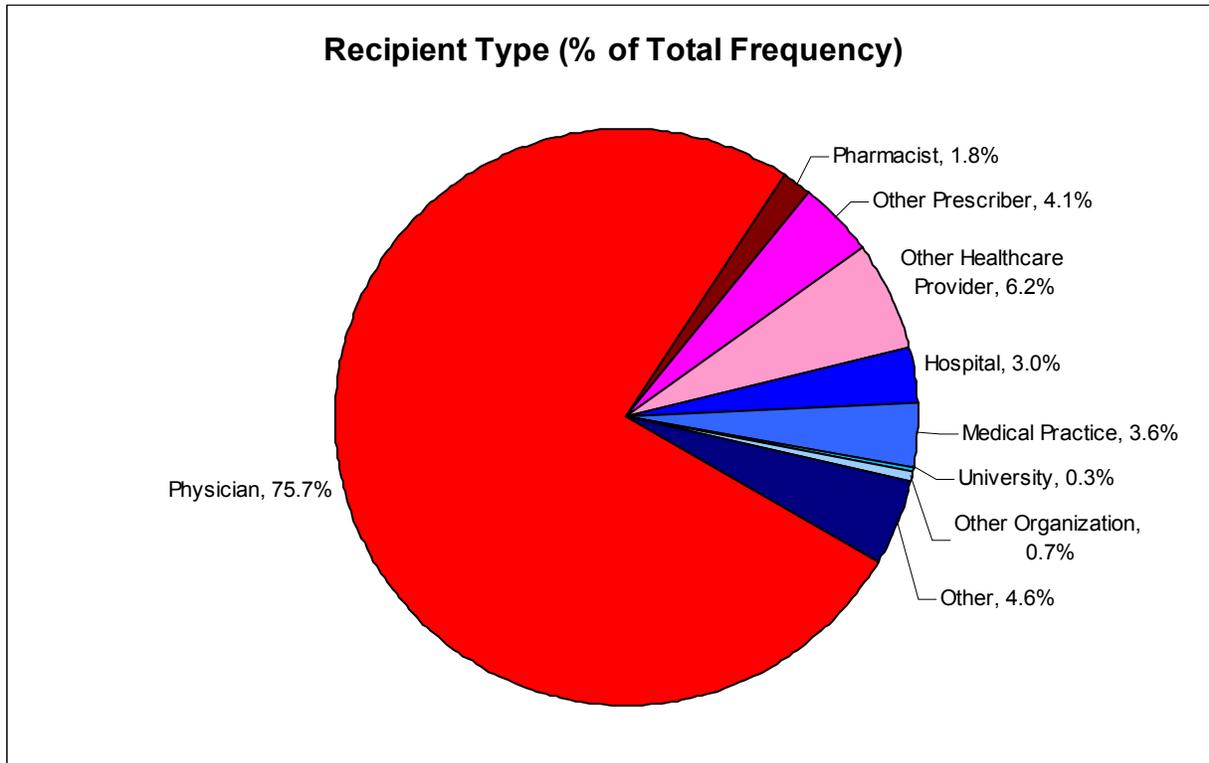
#### **Gift Recipient Type Analysis: Frequency and Total Amount**

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: *Hospitals*, *Pharmacist*, *Physician*, *Other*, *Other Organization*, *Other Healthcare Provider*, *Other Prescriber*, *Medical Practice*, and *University*. Recipients were reclassified from *Other Type* category into a more specific category if the recipient could clearly be identified as one of the other primary recipient types.

The instructions for reporting 2010 expenses included two new *Recipient Type* categories: *Medical Practice* and *Other Organization*. In some situations, a recipient could be accurately classified into more than one category – for instance, a psychiatrist could be placed into either the *Physician* or *Psychiatrist* category. For the purposes of this analysis, recipients identified as *Psychiatrist* were added to the *Physician* category.

Recipients classified as *Physicians* received gifts most frequently, accounting for three-quarters (75.7%) of all gifts reported. In 2007, 2008, and 2009, *Physicians* also were the most frequent gift recipients. Figure 4 reflects the frequency of payments to each recipient type.

**Figure 4**



*Note:* The “Other” slice includes recipients that were identified as Other (3.8%), as well as recipients identified as Clinics, which represented less than 1% of the total.

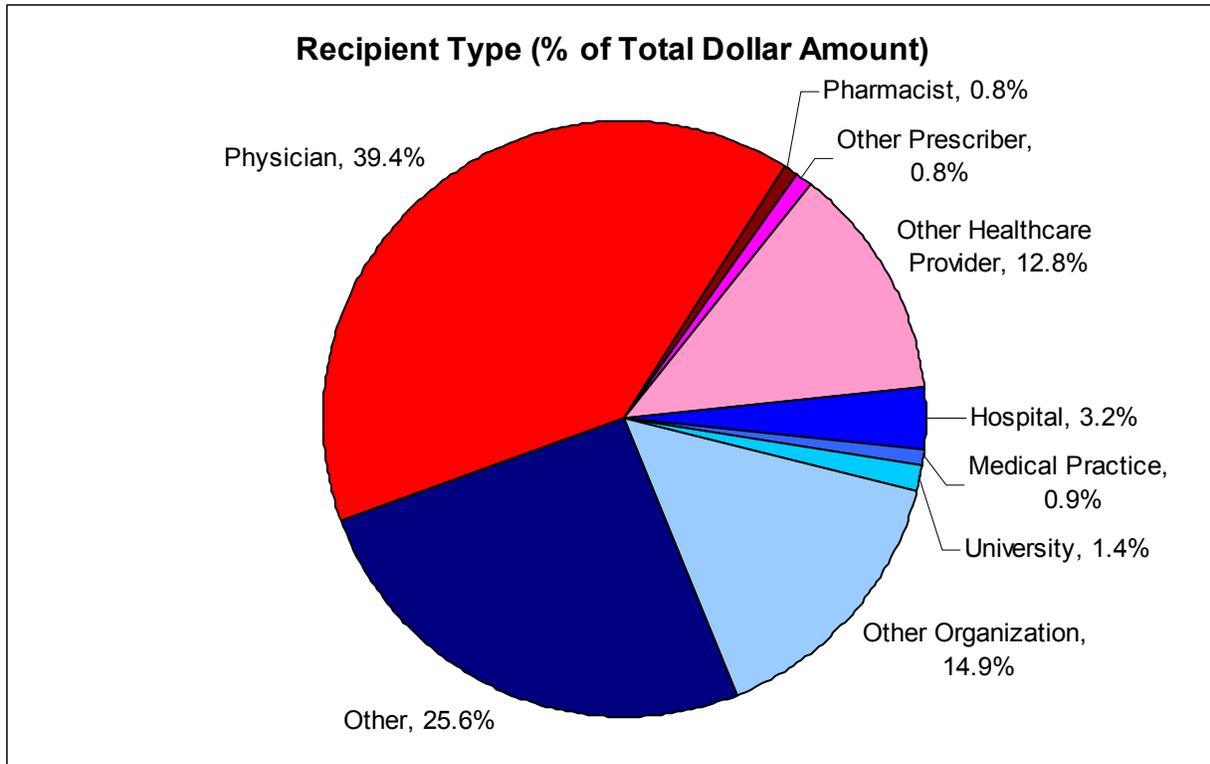
The picture changes when the total amount of gifts, rather than their frequency, is considered. Gifts to *Physicians* accounted for only 39.4% (\$8.4 million) of the total dollar amount of gift expenditures, while 25.6% went to recipients classified by companies as *Other* (\$5.4 million).

Companies selecting *Other* as a *Recipient Type* were instructed to provide further details in the *Other Type* column. For the \$5.4 million classified as going to *Other* recipients, the entries in the *Other Type* category included 43 unique entries, from “Employee” to “Health Plan Benefit Administrator.” The *Other Type* accounting for the largest share of gift values was not further specified, with \$2.4 million (43.5% of the total value of gifts classified as *Other*).

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 amount that each *Recipient Type* received.

**Figure 5**



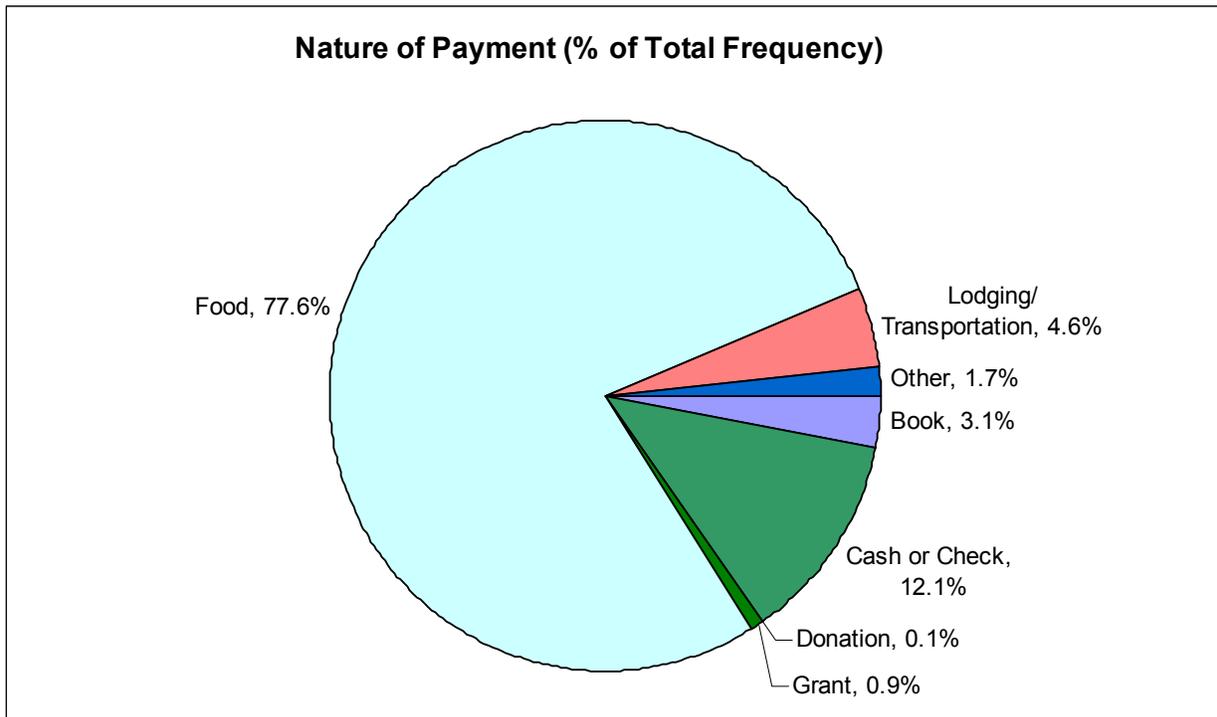
*Note:* The "Other" slice includes recipients that were identified as Other (24.9%), as well as recipients identified as Clinics, which represented less than 1% of the total.

### 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 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.

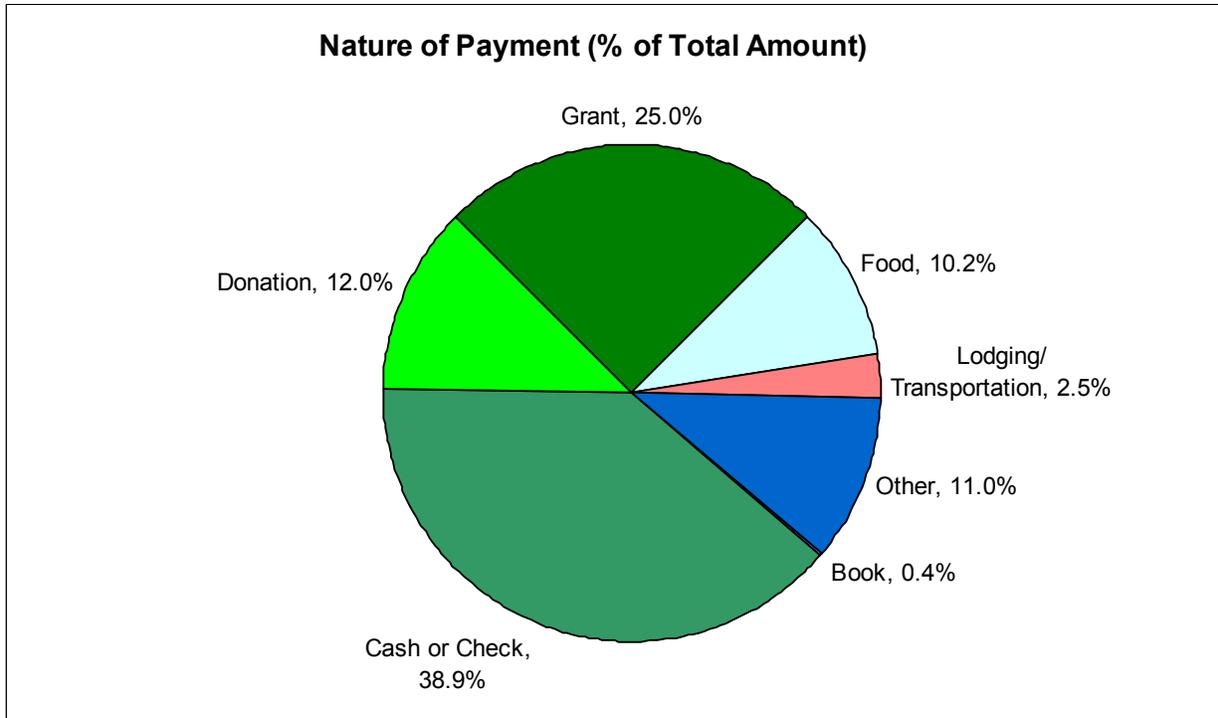
As has been the case every year since 2007, *Food* was the most frequently listed *Nature of Payment*, accounting for 77.6% of all payments. *Cash or Check* accounted for 12.1%, and all other categories for less than 5%. The frequency of *Nature of Payments* categories is depicted in Figure 6.

**Figure 6**



When considering the total dollar amount received, the picture is dramatically different. While *Cash or Check* accounted for only 12.1% of payments, this category accounted for 38.9% of the total dollar amount of gifts (\$7.5 million). *Grants*, the next-largest category, accounted for 25.0% of the total gift amount (\$5.3 million). *Food*, listed 77.5% of the time as the *Nature of Payment*, only accounted for 10.2% (\$2.2 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**

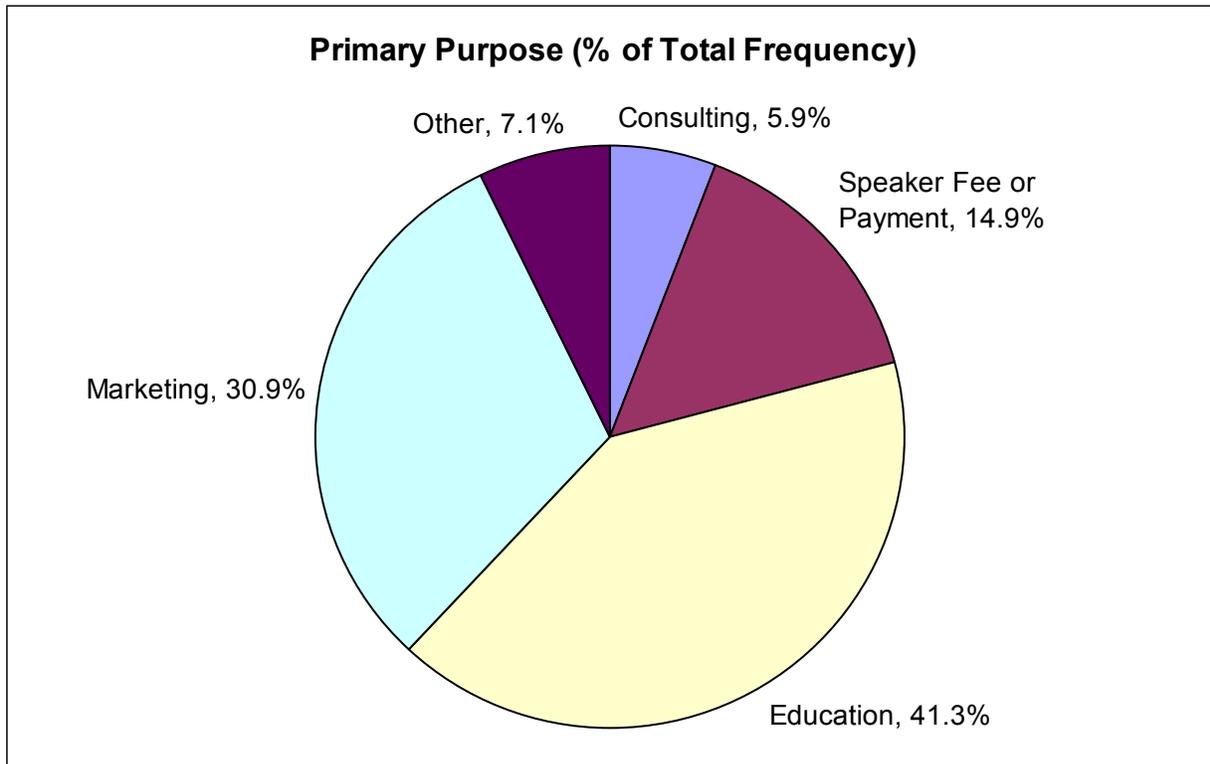


### **Gift Primary Purpose Analysis: Frequency and Total Amount**

The same procedure was used to determine the frequency and total dollar amounts for *Primary Purpose*, which was broken down into the following categories: *Consulting*, *Education*, *Marketing*, *Speaker Fee or Payment*, and *Other*. The *Other* category includes not only payments listed as *Other*, but also terms provided by the company that were not on the list of options for *Primary Purpose* of payment.

*Education* was the *Primary Purpose* listed most frequently, accounting for 41.3% of reported gifts, and *Marketing* was the second-most frequent, accounting for 30.9%. *Speaker Fee or Payment* accounted for 14.9%. Figure 8 shows the frequency of the *Primary Purpose* categories.

**Figure 8**

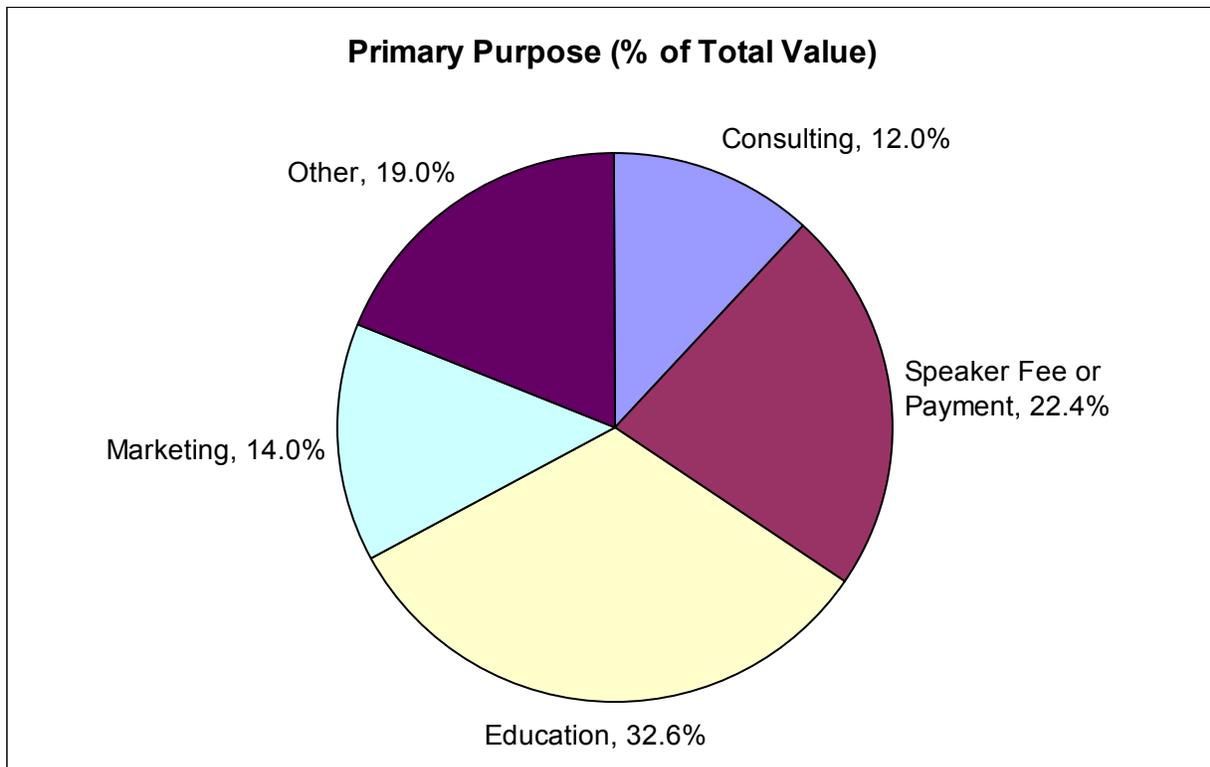


*Education* was also the *Primary Purpose* that accounted for the greatest percentage of gift dollars: 32.6% of the total gift amount, or \$6.9 million. *Speaker Fee or Payment* accounted for 22.4% of the total gift value, or \$4.8 million. *Marketing* was the *Primary Purpose* for 14.0% of the gift value, or \$3.0 million.

Payments for the purpose of *Speaker Fee or Payment* have increased in both frequency and value: In 2009, they accounted for 10.3% of the gifts and 19.3% of the value, and those figures increased to 14.9% and 22.4%, respectively, in 2010. Payments for the purpose of *Education* declined proportionately.

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

**Figure 9**



#### IV. ANALYSIS OF GIFT RECIPIENTS

To characterize the recipients of gifts from pharmaceutical companies, we first separated the gift payments given to organizations, institutions, and offices from those given to individuals. This determination was based on whether the *Non-Individual Recipient* cell or the *Recipient Last Name* cell in the submission spreadsheet was populated. Organizations and institutions (hereafter referred to as “non-individual recipients”) received \$12.0 million in gifts, and individuals received \$9.2 million. This represents a shift in spending away from non-individual recipients and towards individuals compared to 2009, when non-individuals received \$13.7 million and individuals only \$8.4 million.

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

In 2010, the top ten Professional Organizations received the largest total amount from pharmaceutical companies: \$3.7 million. The top ten Disease-Specific Organizations received \$3.0 million, while gifts to the top ten Clinical Organizations totaled \$2.9 million. For the latter two organization types, this represents an increase over 2009, when the top ten Disease-Specific Organizations received gifts totaling \$1.6 million and the top eleven Clinical Organizations<sup>3</sup> received just \$1.0 million.

The *Nature of Payment* most frequently reported for the top ten Professional Organizations and for the top ten Disease-Specific Organizations was *Grant*; for the top ten Clinical Organizations and for non-individual recipients as a whole (including those not among the top ten in any category) it was *Food*. When considering value rather than frequency for these top organizations and for non-individual recipients as a whole, *Grant* was the *Nature of Payment* that accounted for the largest share of the total dollar value received.

In examining gifts given to individuals, we analyzed gifts where the recipient’s credentials were listed as MD or DO to identify physicians and those where the recipient’s credentials matched the nursing profession (RN, NP, APRN) or the credentials field contained the word “Nurse” to identify nurses. Physicians received a total of \$8.5 million, which represents 92.5% of the gifts given to individuals. Nurses received the much lower total amount of \$230,699. For both physicians and nurses, *Food* was most frequently reported as the *Nature of Payment*; however, for physicians *Cash or Check* was the *Nature of Payment* accounting for the greatest share of the gifts’ dollar value.

The median value for gifts given to physicians in 2010 was \$70, compared to \$60 for nurses. Both of these median values represent significant increases since 2009, when the median physician gift was \$55 and the median nurse gift \$35. The top value of a single gift to a

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<sup>3</sup> Eleven, rather than ten, Clinical Organizations were analyzed in 2009 because the 10<sup>th</sup> and 11<sup>th</sup> organizations received the same total amounts.

physician in 2010 was \$117,000, while for nurses the top value was just \$5,219. This top physician gift amount is nearly three times the top gift amount of \$40,000 reported in 2009.

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

**Table 7**

<b>Recipients of Gifts from Pharmaceutical Companies, 2010</b>							
<b>Recipient Type</b>	<b>Total Amount Received (\$)</b>	<b>Median Gift Value (\$)</b>	<b>Range of Gift Values (\$)</b>	<b>Most Frequent Nature of Payment</b>	<b>Nature of Payment Receiving Most Money</b>	<b>Most Frequent Primary Purpose</b>	<b>Primary Purpose Receiving Most Money</b>
All Non-Individual Recipients	12,047,809	159.90	3-1,500,000	Food	Grant	Marketing	Education
Top Ten Clinical Organizations	2,877,574	189.00	19.65-1,500,000	Food	Grant	Marketing	Other
Top Ten Disease-Specific Organizations	3,002,647	50,000	500-1,000,000	Grant	Grant	Education	Education
Top Ten Professional Organizations	3,663,301	20,500	37.30-900,000	Grant	Grant	Education	Education
All Individual Recipients	9,244,272	67.40	0.01-117,000	Food	Cash or Check	Education	Speaker Fees and Related Expenses
Physicians	8,547,319	69.79	0.01-117,000	Food	Cash or Check	Education	Speaking
Nurses	230,699	59.56	0.21-5,219	Food	Food	Education	Education

## Payments to Non-Individual Recipients

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

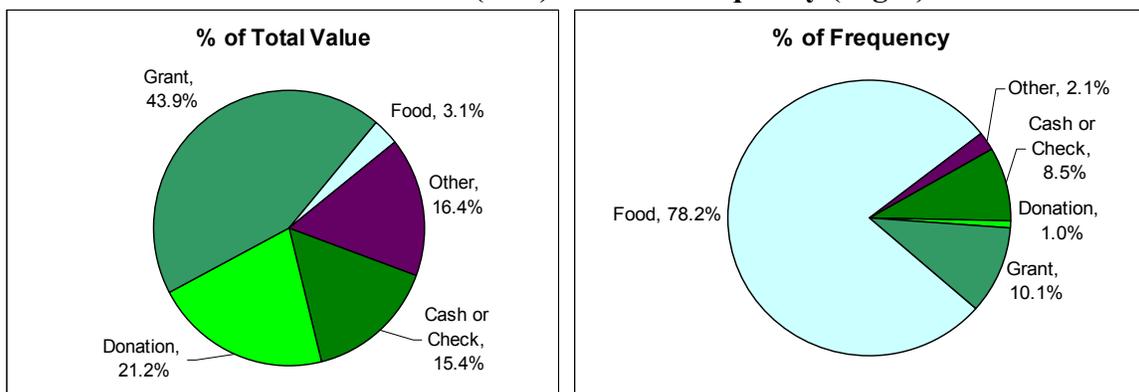
### *Non-Individual Recipients as a Whole*

As noted, Non-Individual Recipients received a total of \$12.0 million in gifts. Single payments to Non-Individual Recipients ranged from \$3 to \$1.5 million, and the median value of all payments to this group was \$160.

*Grant* was the *Nature of Payment* that accounted for the largest share of the total dollar value of gifts to Non-Individual Recipients, at 43.9%, or \$5.3 million; *Donation* accounted for another 21.2%, or \$2.6 million; *Other* for 16.4%, or \$2.0 million; and *Cash or Check* for 15.4%, or \$1.9 million. *Food* accounted for only 3.1% of the total gift value, or \$369,900. However, when considering the frequency of gifts, *Food* was the *Nature of Payment* listed for 78.2% of gifts to Non-Individual Recipients, while *Grant* was listed for 10.1%, *Cash or Check* for 8.5%, and *Donation* for only 1.0%. This shows that Non-Individual Recipients received many relatively inexpensive food gifts and a smaller number of high-dollar grants, donations, and checks.

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)**

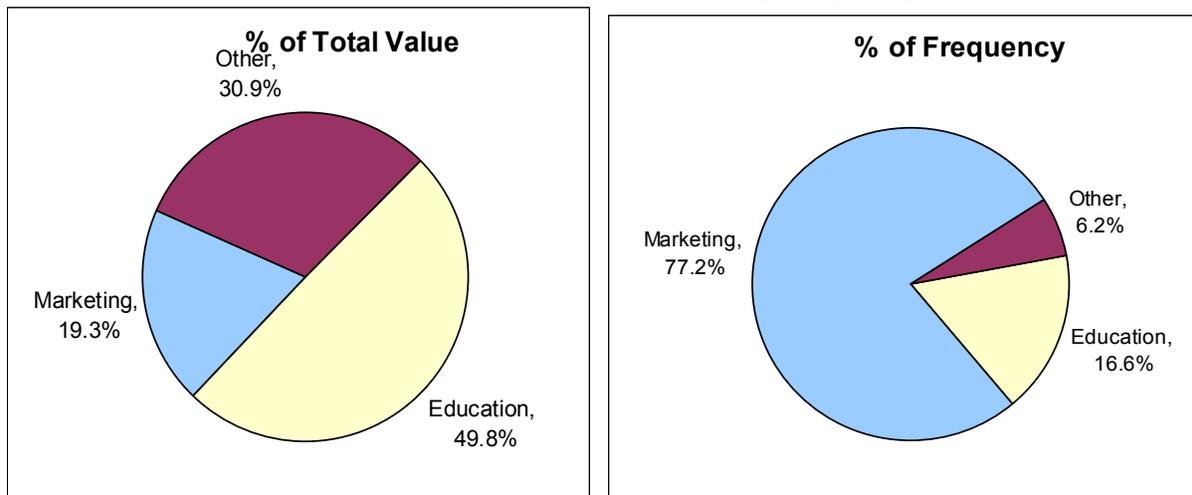


Donation, Grant, and Cash or Check account for the vast majority of the total value of gifts to non-individuals, but less than 20% of the frequency of gifts. In comparison, Food was the most common gift but had the lowest total value. *Note:* "Other" comprises payments listed as Other (16.3% of total value, 1.2% of frequency), as well as Books and Transportation, each of which accounted for less than 1% of the total value and frequency.

*Education* was identified as the *Primary Purpose* for the highest dollar amount of gift payments to Non-Individual Recipients: \$6.0 million. This accounts for half of the total value of gift payments to this group. Gifts with the *Primary Purpose* of *Other* accounted for 30.9%, or \$3.7 million, and those for the purpose of *Marketing* for 19.3%, or \$2.3 million. In terms of frequency, though, 77.2% of the gifts to Non-Individual Recipients were reported as having the *Primary Purpose* of *Marketing*. *Education* was the purpose of 16.6% of the gifts to this group, and *Other* the purpose of another 6.2%.

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 16.6% of the time. Marketing represents a relatively small share of the total dollar amount, but was listed more than 77% of the time as the Primary Purpose of gifts to Non-Individual Recipients.

*Note:* The "Other" slice includes purposes that were identified as Other (29.4% of total value, 3.6% of frequency), as well as purposes identified as Consulting and Speaker Fee or Payment, each of which represented less than 1% of the total.

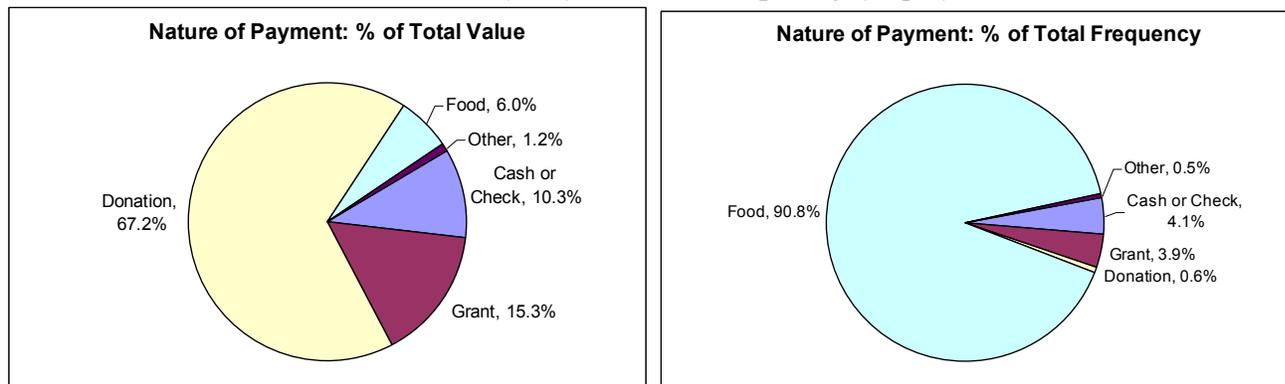
## Clinical Organizations

The top ten Clinical Organizations analyzed, which included hospitals and local health clinics, received a total of \$2.9 million from pharmaceutical companies in 2010, a substantial increase over the \$1.0 million received by the top eleven Clinical Organizations in 2009. Payments ranged from \$20 to \$1.5 million, and the median value for all individual payments made to these organizations was \$189. Three clinical organizations received gifts totaling more than \$100,000 each in 2010. Although the median gift amount for the top ten Clinical Organizations is less than the median of \$228 in 2009, the largest gift increased substantially, from \$249,846 in 2009 to \$1.5 million in 2010.

*Donations* accounted for the largest dollar amount (\$1.9 million, or 67.2% ) given to the top ten Clinical Organizations. *Grants* accounted for 15.3%, or \$435,835; *Cash or Check* for \$293,124, or 10.3%; and *Food* accounted for \$171,005, or 6.0%. Although the amount expended on *Food* was relatively low, 90.8% of all gifts took the form of *Food*. Just 4.1% of all gifts took the form of *Cash or Check*, and 3.9% took the form of *Grants*. Like Non-Individual Recipients as a whole, the top ten Clinical Organizations received a large number of relatively inexpensive food gifts and a smaller number of high-value donations, grants, and checks.

For the top ten Clinical Organizations, food gifts made up a significant percentage of both the number and value of gifts. 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)**



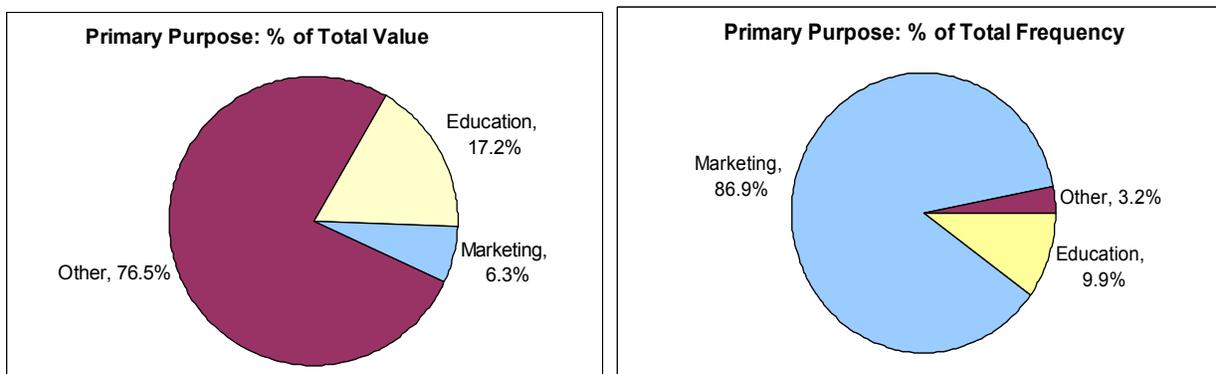
More than nine out of ten gifts to Clinical Organizations were identified as Food, but these gifts accounted for only 6.0% of the total value of gifts. In contrast, less than 1% of gifts were listed as Donation, but these composed more than two-thirds of the total value of gifts.

*Other* was the top *Primary Purpose* for gifts given to the top ten Clinical Organizations. Gift payments whose purpose was classified as *Other* totaled \$2.2 million, accounting for 76.5% of the value of gifts to this group. Of payments classified as *Other*, the largest proportion, totaling \$1.7 million, was not further classified. *Education* had the second-highest dollar total, accounting for \$489,126, or 17.2%; *Marketing* gifts totaled \$179,213, or 6.3%. This is notably different from 2009, when *Education* was the *Primary Purpose* for 71.9% of the value of gifts to the top ten Clinical Organizations.

When considering frequency, the proportions change: *Marketing* was the *Primary Purpose* of 86.9% of all gift payments to the top Clinical Organizations, while just 9.9% of the gifts had the *Primary Purpose* of *Education* and 3.2% the *Primary Purpose* of *Other*.

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 *Other* listed as the *Primary Purpose* accounted for 76.5% of the dollar value of gifts to Clinical Organizations, but only 3.2% of the gift payments. *Marketing* was listed as the *Primary Purpose* most often, 86.9% of the time. *Note:* The “*Other*” slice includes purposes that were identified as *Other* (74.9% of total value, 1.8% of frequency), as well as *Speaker Fee or Payment and Consulting*, each of which represented less than 1% of the total.

### *Disease-Specific Organizations*

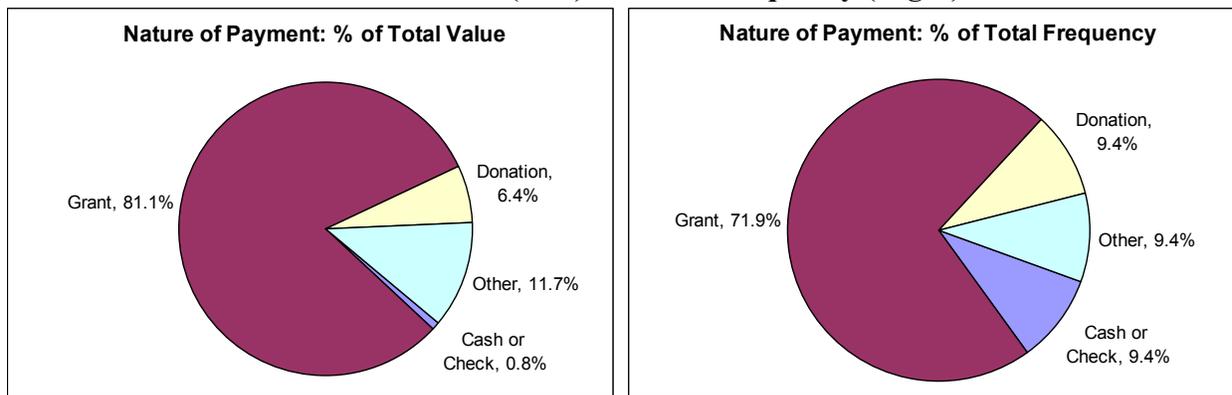
Collectively, the top ten Disease-Specific Organizations received \$3.0 million in 2010. Single gifts to these organizations ranged from \$500 to \$1 million, and the median value was \$50,000. The largest gift to this group in 2010 was four times the largest gift in 2009 (\$250,000), and the median value doubled from \$25,000 to \$50,000. All of the top ten Disease-Specific Organizations received more than \$100,000 apiece from pharmaceutical companies in 2010.

*Grants* were the largest portion of the \$3.0 million given to the top ten Disease-Specific Organizations; these gifts totaled \$2.4 million and accounted for 81.1% of the value of all gifts given to this group. Another \$350,000, or 11.7%, was classified as *Other*, and *Donations* totaled \$193,000, or 6.4%. *Grant* was also the *Nature of Payment* reported for the greatest number of gifts, 71.9% of the time. *Donation*, *Cash or Check*, and *Other* each accounted for another 9.4% of the gifts.

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

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

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



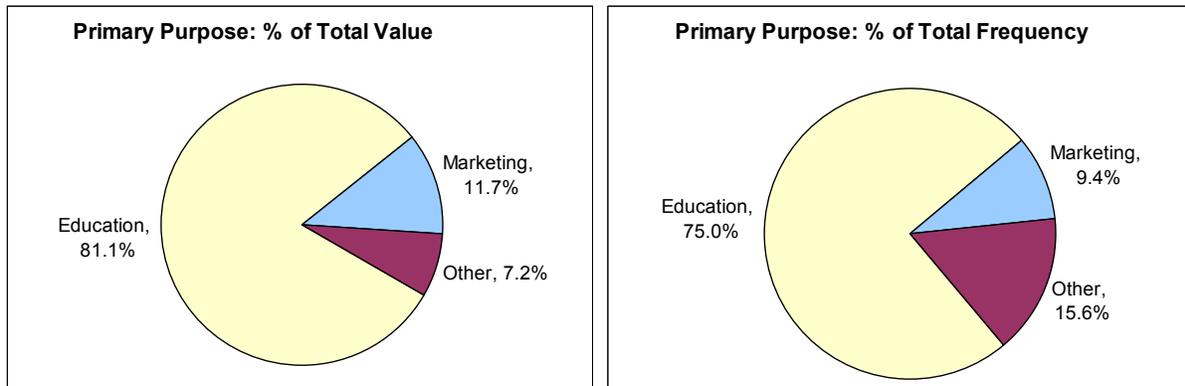
Grants accounted for both the largest share of the dollar value and the greatest number of gifts to Disease-Specific Organizations. In contrast to other recipient groups, Cash or Check accounted for less than 1% of the total value given to Disease-Specific Organizations.

For the top ten Disease-Specific Organizations, 81.1% of the total dollar amount, or \$2.4 million, was classified as having the *Primary Purpose of Education*. *Marketing* as a *Primary Purpose* accounted for the second-highest dollar amount, with \$350,000, or 11.7% of total dollars. *Other* accounted for \$216,925, or 7.2% of the value of gifts. The *Primary Purpose* that accounted for the largest dollar share of the gift payments was also the most frequently listed: *Education* was identified as the *Primary Purpose* for 75.0% of the gift payments. *Other* was listed for 15.6% of the payments, and *Marketing* for 9.4%.

Compared to 2009, gifts with the *Primary Purpose of Education* represented a larger percentage of the total value and the frequency of gifts given to the top ten Disease-Specific Organizations (46.3% of the value and 50% of the frequency in 2009, rising to 81.1% of the value and 75.0% of the frequency in 2010). Gifts classified as *Other* represented a smaller percentage (37.8% of the value and 47.2% of the frequency in 2009, dropping to 7.2% of the value and 15.6% of the frequency in 2010). The reduction in *Other* gifts may be due to a change in the purpose of gifts, or to changes in how companies classify them.

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

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



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

## ***Professional Organizations***

For this analysis, Professional Organizations include organizations that represent healthcare professionals of particular demographic groups, or those that promote research activity within specific fields of medicine. The ten Professional Organizations that received the largest dollar amounts received more money than either the top ten Clinical Organizations or the top ten Disease-Specific Organizations in 2010. Gifts to the top ten Professional Organizations totaled \$3.7 million, which represents 30.4% of all money received by Non-Individual Recipients as a whole. This total value has dropped significantly over the past three years; in 2007, the top ten Professional Organizations received payments totaling \$9 million, and in 2008 the total was \$5.1 million; the total of gifts to the top ten Professional Organizations in 2009 was only slightly higher than in 2010 (\$3.9 million compared to \$3.7 million).

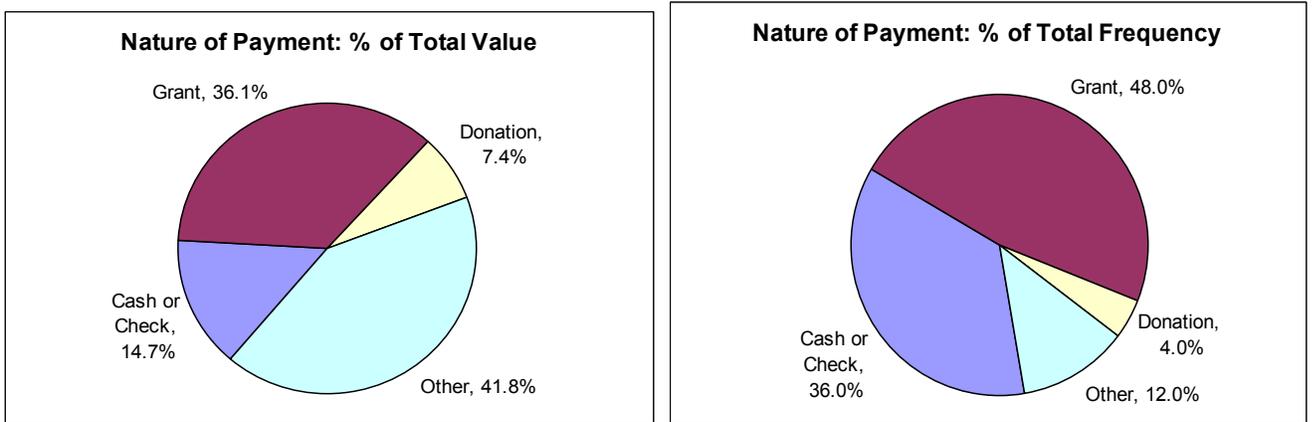
In 2010, single payments to the top ten Professional Organizations ranged from \$37 to \$900,000, with a median value of \$20,500. This represents an increase of \$5,500 over the 2009 median amount of \$15,000, and a near-tripling of the 2009 largest gift to an organization in this group, which was \$309,000.

The *Nature of Payment* accounting for the largest share of the dollar value of gifts to the top ten Professional Organizations was *Other*; the total value for this category was \$1.4 million, or 41.8% of the value of all gifts to this group. Many of these *Other* payments were further classified as “Sponsored Events.” *Grant* accounted for \$1.2 million, or 36.1%; *Cash or Check* for \$498,670, or 14.7%; and *Donation* for \$252,203, or 7.4%. In terms of frequency, 48.0% of the gifts to this group took the form of *Grants*, 36.0% took the form of *Cash or Check*, 12.0% took the form of *Other*, and 4.0% took the form of *Donation*.

Only one gift in the form of *Food* (valued at \$37) was reported to Professional Organizations. This is in contrast to the top ten Clinical Organizations and Non-Individual Recipients as a whole, which received significantly more food gifts.

Figure 16 shows the percent of the total dollar amount versus the percent of frequency for *Nature of Payment* categories.

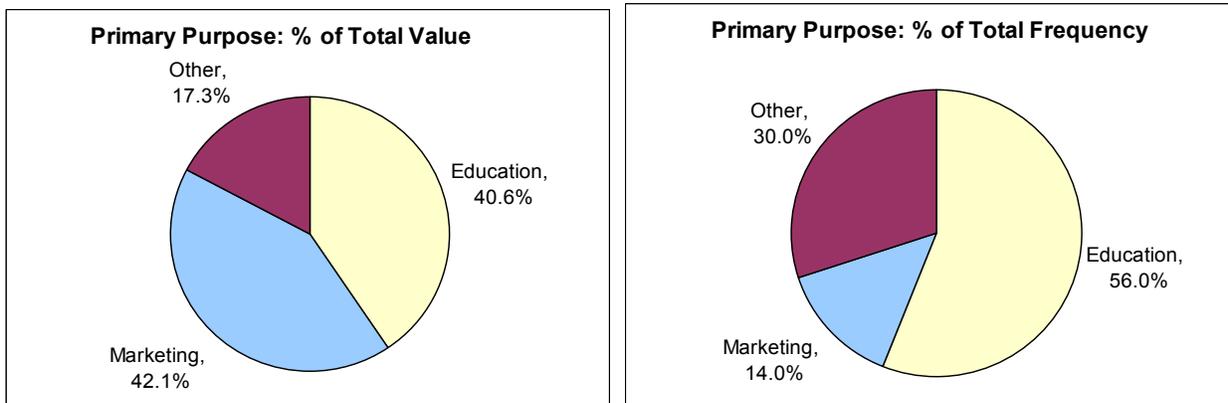
**Figure 16**  
**Professional Organizations: Nature of Payment**  
**% of Total Value (Left) vs. % of Frequency (Right)**



While gifts in the form of Grants were given most frequently, Other accounted for the greatest portion of the value given to Professional Organizations.  
 Note: The “Other” slice includes payments that were listed as Other (41.8% of total value, 10.0% of frequency), as well as payments identified as Food, which represented less than 1% of the total.

For the top ten Professional Organizations, *Marketing* as a *Primary Purpose* accounted for \$1.4 million, or 42.1%, of the total value of the gifts. *Education* accounted for another \$1.4 million, or 40.6%, and *Other* for \$587,873, or 17.3%. In terms of the frequency of gifts to this group, 50.6% were identified as being for the purpose of *Education*, 30.0% for *Other*, and 14.0% for *Marketing*. This continues the trend of reduction in the value of gifts for the purpose of *Education* to the top ten Professional Organizations. In 2008, *Education* accounted for 98% of the value of gifts to the top ten Professional Organizations; that percentage dropped to 44.8% in 2009 and 40.6% in 2010. 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)**



Education accounted for a large portion of the number and value of gifts to this group.  
 Note: The “Other” slice includes purposes that were identified as Other (17.0% of total value, 28.0% of frequency), as well as one payment identified as Grant.

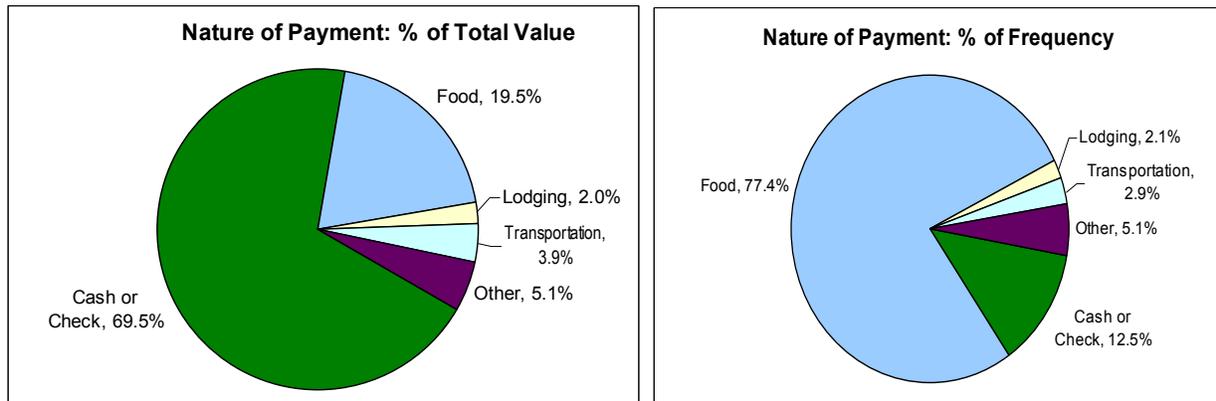
## Payments to Individual Recipients

In 2010, Individual Recipients received a total of \$9.2 million. Single gifts ranged from less than \$1 to \$117,000, with a median value of \$67. Fifteen physicians received gifts totaling more than \$100,000 each; this group's total gifts, which added up to \$1.9 million, accounted for almost a quarter (23.5%) 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 \$6.4 million, or 69.5% of the dollar value of all gifts to Individuals, and gifts in the form of *Food* accounted for \$1.8 million, or 19.5%. When considering gift frequency, *Food* accounted for 77.4% of all gifts and *Cash or Check* for only 12.5%. In other words, the majority of pharmaceutical-company gifts to Individuals take the form of *Food*, but payments by *Cash or Check* account for the largest share of the total value of gifts to Individuals.

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

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

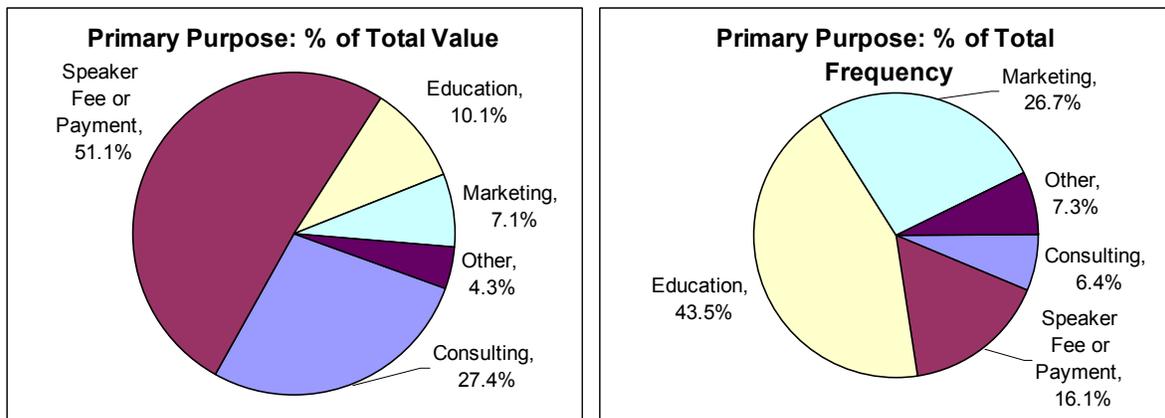


For Individual Recipients as a whole, the largest dollar amount was given in the form of Cash or Check. More than three-quarters of all gifts took the form of Food, but Food accounted for less than 20% of the value of gifts.  
*Note:* The "Other" slice includes payments that were identified as Other (3.9% of total value, 1.7% of frequency), as well as payments identified as Books and Grant, each of which represented less than 1% of the total.

*Speaker Fees* (including gifts described as having the purpose of “Speaker Fees and related expenses”) accounted for \$4.7 million, or 51.1% of the total value of all gifts to Individuals; gifts for the purpose of *Consulting* totaled \$2.5 million, or 27.4% of the total value; gifts for the purpose of *Education* totaled \$935,028, or 10.1%; and gifts for the purpose of *Marketing* totaled \$655,830, or 7.1% of the total value. In terms of frequency, *Education* was the *Primary Purpose* of 43.5% of gifts to Individuals, *Marketing* 26.7%, *Speaker Fees* 16.1%, and *Consulting* 6.4%.

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)**



The majority of the value of gifts given to Individual Recipients was attributed to Speaker Fee or Payment, while Education was the most commonly listed Primary Purpose.

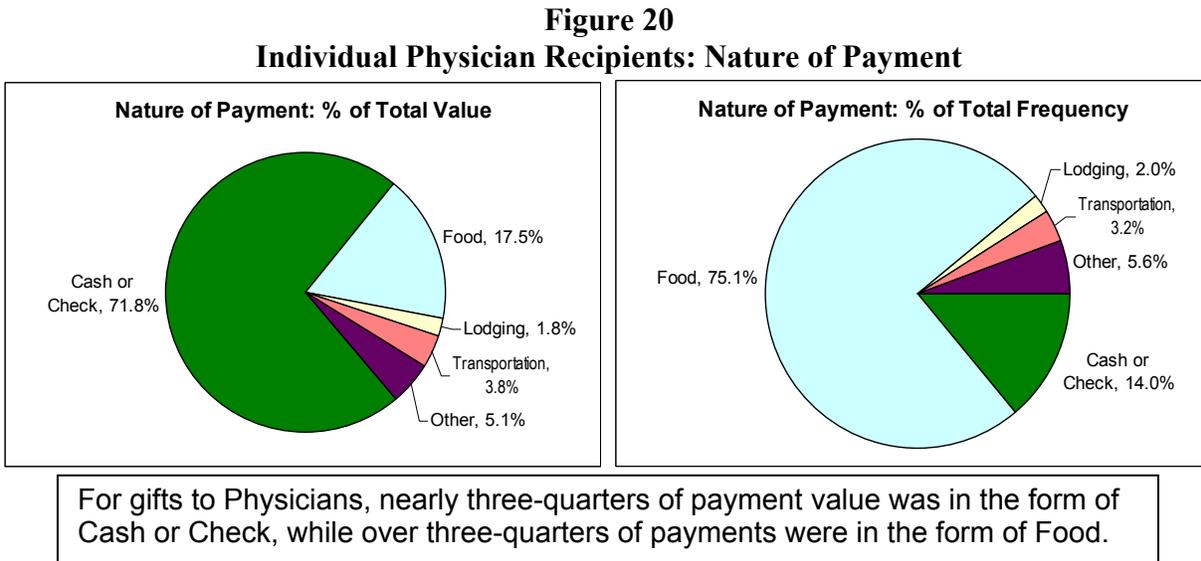
## Physicians

In 2010, pharmaceutical companies gave many physicians relatively inexpensive food gifts and a few physicians high-value cash or check payments. Physicians (MDs and DOs) received 92.5% of payments to individual recipients – a total of \$8.5 million. Payments ranged from less than \$1 to \$117,000; the median payment value was \$70.

Money (*Cash or Check*) accounted for the largest share of physician gift dollars, totaling \$6.1 million, almost three-quarters (71.8%) of the total value of gifts to physicians. A total of \$1.9 million (21.9% of physician gifts) in *Cash or Check* payments went to 15 physicians who received gifts totaling more than \$100,000 each. Eighteen physicians received more than 100 payments, and 59 physicians received more than 50 payments. Eleven physicians received more than 100 payments from a single company, and 31 received more than 50 payments from a single company.

*Food* gifts to physicians cost less but were more common, totaling \$1.5 million (17.5% of physician gifts' total value) but accounting for three-quarters (75.1%) of all gifts. *Cash or Check* accounted for just 14.0% of physician gifts.

Figure 20 shows the percent of total dollar amount compared to percent of frequency for each *Nature of Payment* category.

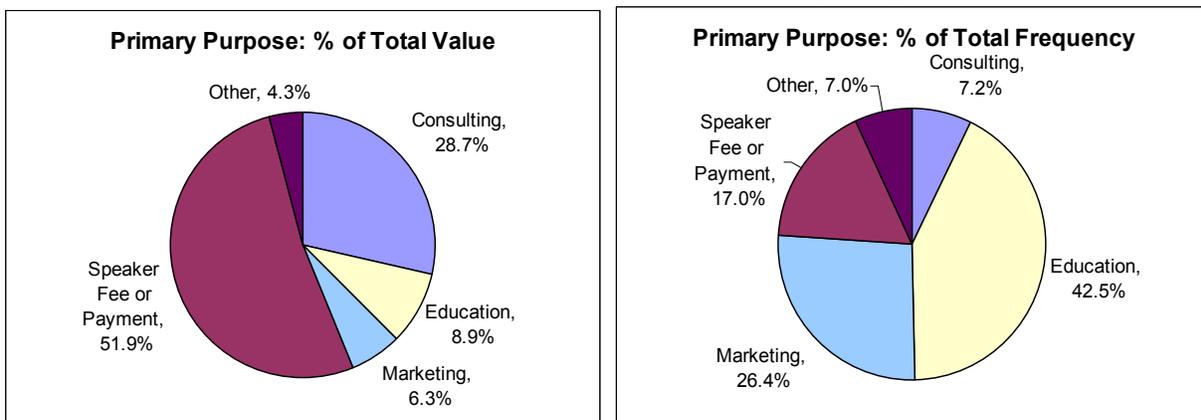


Because food gifts are generally linked to visits from pharmaceutical sales representatives (detailers), it is worth examining the number of food payments individual physicians receive. About one out of every nine physicians (510 of nearly 4,700 physicians who received a food gift in 2010) received 10 or more meals from pharmaceutical companies over the year. Fourteen physicians received 52 or more food gifts in one year, averaging one or more free meal per week from a pharmaceutical company.

*Speaker Fee or Payment* was the *Primary Purpose* accounting for the greatest share of the total value of gifts: \$4.4 million, or 51.9% of the total \$8.5 million. Gifts with the *Primary Purpose* of *Consulting* totaled \$2.5 million, or 28.7%; gifts for the purpose of *Education* totaled \$759,299, or 8.9 %; and gifts for *Marketing* \$538,896, or 6.3%. When considering the frequency of gifts to physicians, 42.5% were for the *Primary Purpose* of *Education*, 26.4% were for the purpose of *Marketing*, 17.0% for *Speaker Fee or Payment*, and 7.2% 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**



Speaker fees accounted for more than half the value of gifts to Physicians, but only 17.0% of the gifts took this form. Education was most frequently listed as the Primary Purpose.  
*Note:* The “Other” slice includes purposes that were identified as Other (4.0% of total value, 6.4% of frequency), as well as purposes identified as Grants and Books, each of which represented less than 1% of the total.

***Physician Speaker Fees***

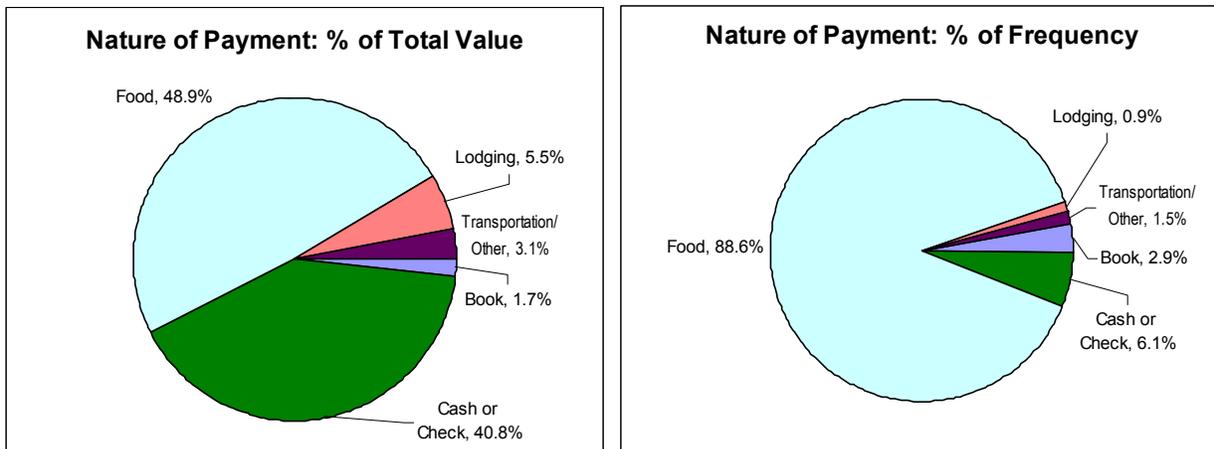
Because speaker fees accounted for such a large proportion of the total value of gifts given to physicians, they were investigated further. Generally, physicians who were paid speaker fees did not receive more than one speaker payment from a single company. Total speaker fee payments received by individual physicians ranged from \$30 to \$109,691, with a mean value of \$5,526. The median speaker fee payment equaled \$126, which is significantly less than the mean payment value – demonstrating that while a few physicians receive large speaking fees, many receive smaller payments. Four physicians received speaker fees totaling between \$100,000 and \$200,000. In 2010, two physicians received more than 100 speaking fee payments, and 16 physicians received more than 50 – suggesting that they are speaking on behalf of pharmaceutical companies about once a week.

**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 \$230,699, which represents only 2.5% of the value of gifts to all Individual Recipients. Nurse gifts ranged in value from less than \$1 to \$5,219, with a median of \$60. This is in contrast to physicians, whose gifts accounted for 92.5% of the value of all gifts to individuals and had a median value of \$70 and maximum value of \$117,000.

Nurse gifts for which the *Nature of Payment* was *Food* totaled \$112,740, or 48.9% of the \$230,699 this group received. Another \$94,117, or 40.8%, took the form of *Cash or Check*. When considering gift frequency, 88.6% of gifts to nurses took the form of *Food*, and only 6.1% 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**

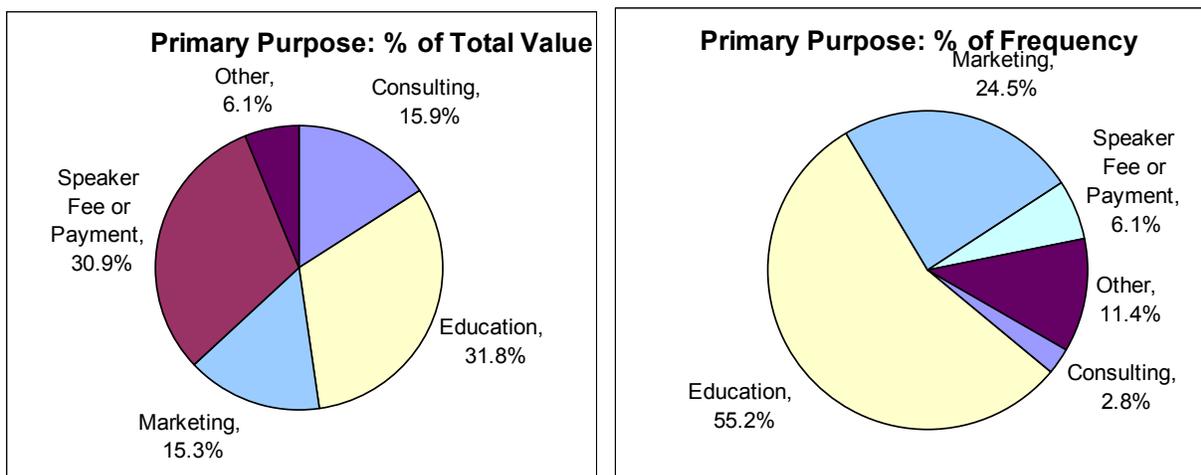


Gifts to Nurses usually took the form of Food (88.6% of gifts), and Food accounted for nearly half of the value of gifts to this group.  
*Note:* The category “Transportation/Other” includes payments identified as Transportation (2.7% of total value, 1.2% of frequency), as well as Other, which accounted for less than 1% of the frequency of gifts.

Of the total amount of nurse gifts, \$73,449, or 31.8%, was classified as being for the *Primary Purpose* of Education. Gifts to nurses for the purpose of *Speaker Fee or Payment* totaled \$71,182, or 30.9%; *Marketing* gifts totaled \$35,233, or 15.3%; and *Other* gifts totaled \$14,069, or 6.1%. *Education* was listed as the *Primary Purpose* most frequently, accounting for 55.2% of gifts to nurses. Gifts for *Marketing* accounted for 24.5% of all nurse gifts; gifts designated as *Other* for 11.4%; and gifts for *Speaker Fee or Payment* for 6.1%.

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**



Speaker Fee or Payment was a relatively uncommon Primary Purpose for Nurse recipients (6.1%), but composed the second-largest share of the total value of gifts given to Nurses (30.9%).

## V. SUBGROUP ANALYSIS

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

### **Gift Expenses: Subgroup A**

Subgroup A includes the four companies that reported the largest expenditure totals in the *Gift Expenses* category. Their total *Gift Expenses* equaled \$10.1 million, or 48.0% of all *Gift Expenses* reported. This figure is about one-third higher than the 2009 *Gift Expenses* total of \$7.0 million for Subgroup A, but also includes four companies rather than the three companies in 2009. 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* were the most frequently named *Recipient Type*, being listed 83.2% of the time – a lower percentage than the reported 88.5% in 2009. In addition, *Physicians* were the *Recipient Type* that accounted for the most gift dollars, totaling \$3.0 million, or 29.9% of the total reported by this subgroup.

The *Recipient Type* accounting for the second-highest total dollar amount was *Other*, with \$2.8 million (27.9%). Companies were asked to provide further information when selecting *Other* as the *Recipient Type*; however, many of them simply entered “Other” in the space provided for that purpose. These “Other” recipients received \$1.9 million, or 69.0% of the money going to *Other* recipients. Examining these payments individually indicated that they were given to a non-specific aspect of a university. “Professional Organization” was the *Other Type* that received the second-highest total dollar amount, with \$797,600. The *Other Type* most commonly listed, 88.8% of the time, was “Non-Prescriber,” though it accounted for less than 1% of the total value.

The third-highest total dollar amount (\$2.3 million, or 22.7% of the total) was given to the general category of *Other Prescriber/Other Healthcare Provider*. The vast majority of these payments (\$2.2 million) were not categorized further, though those listed included *Physician Assistant, Medical Student, and Nurse Practitioner*.

The category receiving the fourth-highest total dollar amount was *Other Organization*, with \$1.8 million (18.0%). Despite the large proportion of the total amount this category received, gifts to the category *Other Organization* composed only 0.3% of the total number of gifts given by this subgroup.

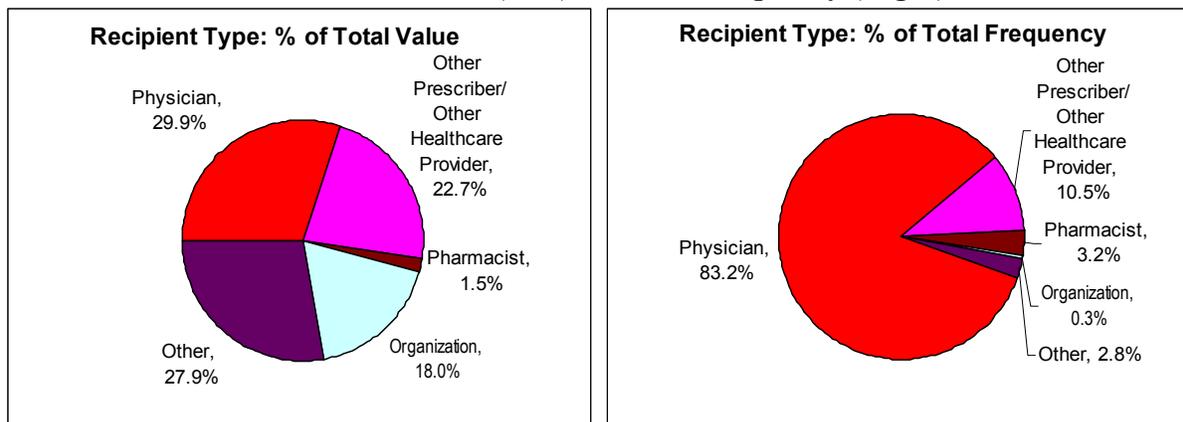
The categories that accounted for the remainder of the gifts reported by this subgroup included *Pharmacist* (\$153,850; 1.5% of the total) and *University* (\$12,000; 0.1%). Every other reported category accounted for less than 0.1% of the total value of gifts given by this subgroup.

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

- **Physicians:** median payment of \$62.11, with payments ranging from \$0.02 to \$17,500
- **Other:** median payment of \$45.07, ranging from \$25.15 to \$1,500,000

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)**



Physicians received both the largest number of payments and the largest dollar amount from companies in Subgroup A.

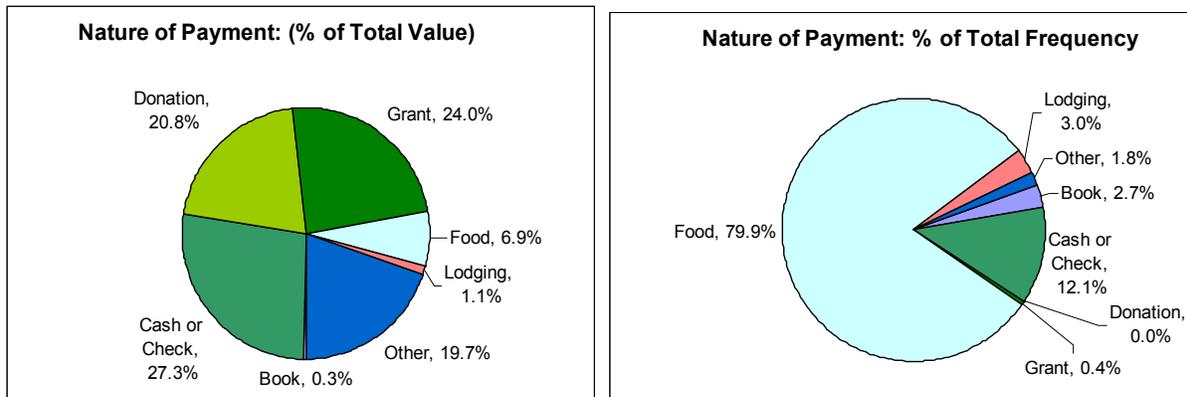
*Note:* The largest subgroup within the category of Other was listed as “Other,” with \$1.9 million. Gift recipients listed as “Professional Organization” received the second-highest dollar amount within the Other category, with \$797,600.

## Nature of Payment

*Gift Expenses* for Subgroup A were classified into seven *Nature of Payment* categories: *Book*, *Cash or Check*, *Donation*, *Food*, *Grant*, *Lodging/Transportation*, and *Other*. Payments in the form of *Cash or Check* accounted for the highest dollar amount, \$2.8 million (27.3% of the total), and payments in the form of *Grants* accounted for the second-highest amount, with \$2.4 million (24.0%). *Food* was listed most frequently – 79.9% of the time – as the *Nature of Payment*, but it accounted for only 6.9% of the total gift expenses. *Cash or Check* was listed 12.1% of the time, and *Grants* only 0.4% of the time as a *Nature of Payment*. *Donation* was listed less than 0.1% of the time, but this category accounted for \$2.1 million, or 20.8% of the total value of gifts reported in Subgroup A. *Other* was listed 1.8% of the time and accounted for \$2.0 million (19.7% of the total), a substantial increase from the \$92,142 reported by companies in Subgroup A in this category in 2009. When reports provided additional details about *Other* gifts, those described as “Sponsored Event” accounted for \$1.9 million, or 98.0% of all *Other* *Natures of Payment*.

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

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



Payments in the form of Cash or Check represent 27.3% of the total dollar amount given by Subgroup A, but accounted for only 12.1% of the payments. While Food only accounted for 6.9% of the total dollar amount, it was listed 79.9% of the time as the Nature of Payment.

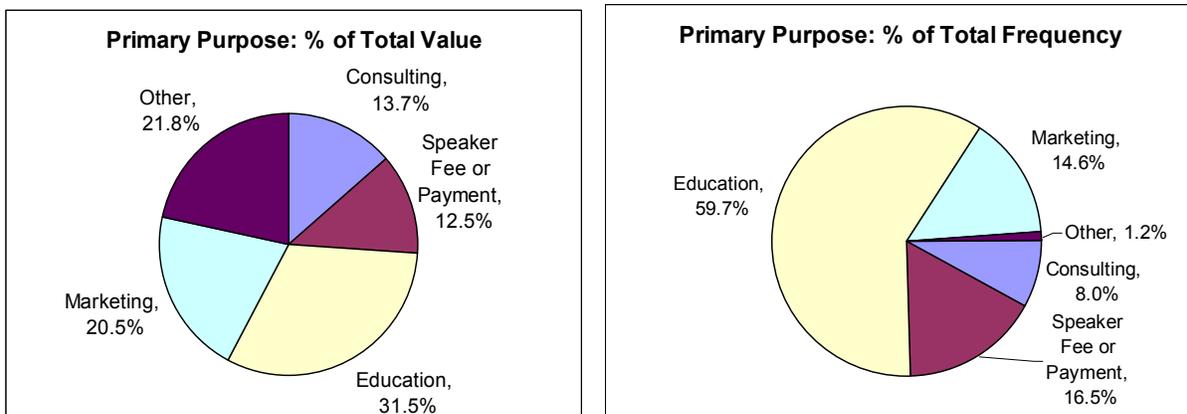
*Note:* The “Lodging” slice includes payments listed as Transportation, which accounted for less than 1% of the frequency and value of payments.

**Primary Purpose**

For Subgroup A, *Education* was listed most frequently as the *Primary Purpose*: 59.7% of the time, a substantial decrease from 85.1% in 2009. Furthermore, *Education* accounted for the largest dollar amount, at \$3.2 million (31.5% of the total amount). *Other* payments accounted for \$2.2 million (21.8% of the total value) and were listed 1.2% of the time. In the *Other Primary Purpose* category, no further information was listed for the bulk of the amount in this category (\$1.9 million). The most common further defined *Other Primary Purpose* was “Expenses,” which composed 92.8% of the *Other Primary Purpose* responses but only 2.4% of the value of those responses. Companies listed such *Other Primary Purposes* as “Sales Training” and “Product Related Professional Fees,” each of which accounted for less than 1% of the total amount. *Marketing* accounted for 14.6% of the payments listed and \$2.1 million (20.5% of the total amount). *Consulting* accounted for \$1.4 million, or 13.7% of the total amount, and 8.0% of the frequency of gifts. Finally, *Speaker Fee or Payment* accounted for 16.5% of all payments and totaled \$1.3 million (12.5% of the total amount).

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

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



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

## Gift Expenses: Subgroup B

Subgroup B, which represents pharmaceutical companies with mid-level gift spending, consists of three companies that reported *Gift Expenses* centered around the median value for all *Gift Expenses* greater than zero, which equaled \$21,557. The three companies' *Gift Expenses* totaled \$67,424. This represents a decrease from the 2009 median value of \$30,087, as well as a decrease in the combined expenditures of Subgroup B from 2009 (\$88,920).

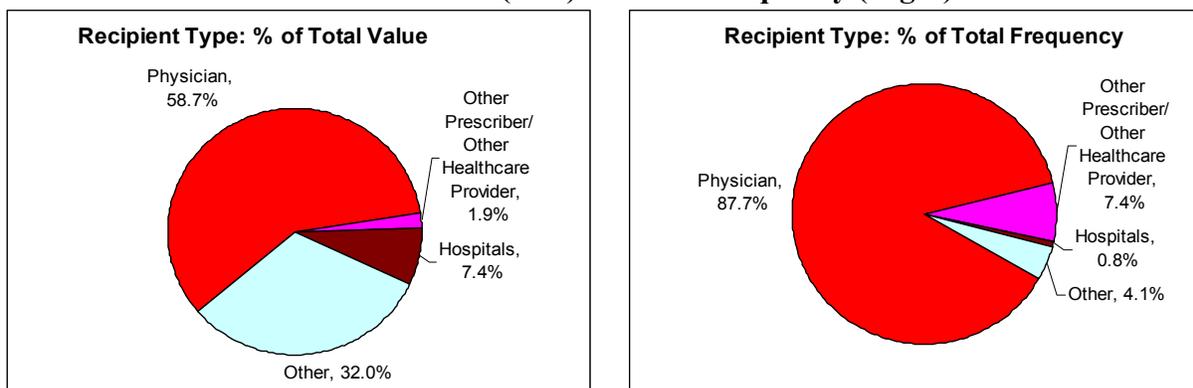
### *Recipient Type*

For Subgroup B, *Physicians* received both the greatest number of payments (87.7%) and the largest total dollar amount (\$39,584, or 58.7% of the total). Recipients listed as *Other* received \$21,556, or 32.0% of the total amount given by this subgroup, but payments to *Other* accounted for only 4.1% of the total number of payments given. Many of the payments categorized as *Other* were further categorized as "Medical." *Hospitals* received \$5,000 (7.4%) but composed only 0.8% of the payments. Finally, *Other Prescriber/Other Healthcare Provider* received \$1,283 – 1.9% of the total amount given, but 7.4% of the total number of payments given by this subgroup.

Only one payment was given by Subgroup B to *Hospitals* for \$5,000. The median value of payments listed for *Physicians* was \$109 and ranged from \$25.50 to \$3,500.

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

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



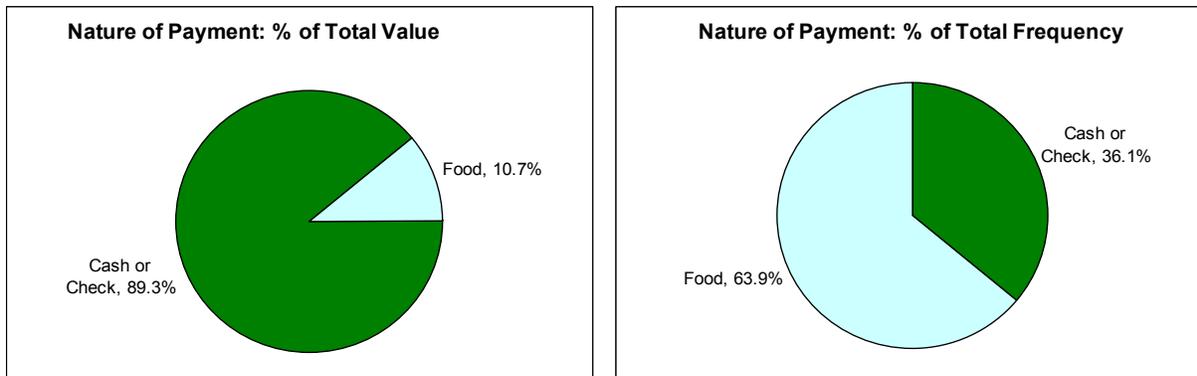
For Subgroup B, the Physician category represents both the highest-paid type and the Recipient Type listed with the greatest frequency.

## Nature of Payment

For Subgroup B, *Cash or Check* and *Food* are the only two categories of *Nature of Payment* listed. *Cash or Check* accounted for \$60,180, or 89.3% of the total gift dollar amount, and was listed as the *Nature of Payment* for 36.1% of the listed expenses. *Food* was listed as the *Nature of Payment* for 63.9% of the expenses, but accounted for only 10.7% of the total value.

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

**Figure 28**  
**Subgroup B, Mid-Level Gift Expenditures: Nature of Payment**  
**% of Total Value (Left) vs. % of Frequency (Right)**



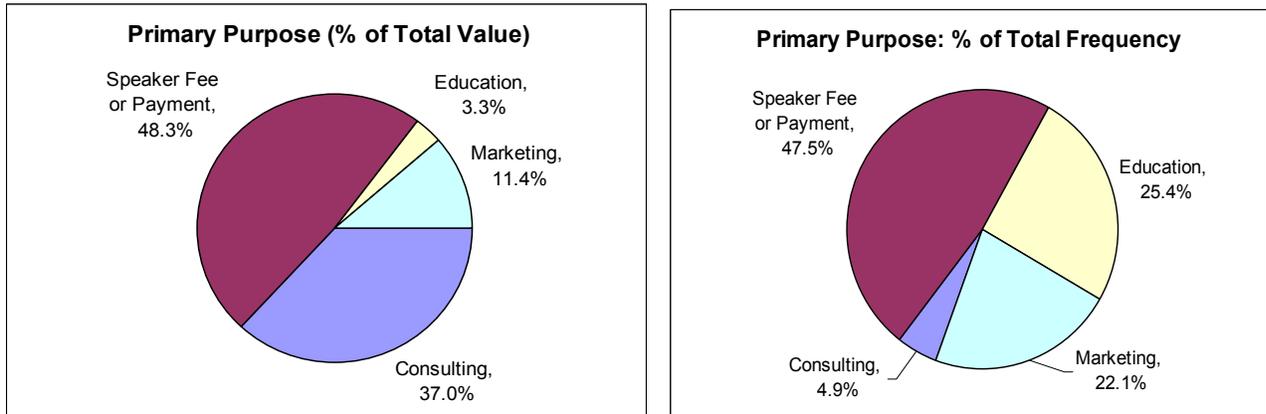
The two Nature of Payment categories for Subgroup B were Cash or Check and Food. The majority of gifts (63.9%) took the form of Food, while Cash or Check accounted for 89.3% of the value.

### Primary Purpose

The four *Primary Purposes* listed for Subgroup B were *Consulting*, *Education*, *Marketing*, and *Speaker Fee*. *Speaker Fee* accounted for the largest proportion of the total dollar value, \$32,545 (48.3%), and the largest number of payments (47.5%). *Consulting* had the second-highest dollar value with \$24,954 (37.0%), but had the highest frequency, being listed 4.9% of the time. *Marketing* accounted for \$7,683 (11.4%) of the total dollar amount and 22.1% of the frequency. *Education* accounted for only 3.3% of the total value (\$2,242), but was listed as the *Primary Purpose* for 25.4% of the expenses.

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 Speaker Fee category accounted for the greatest percentage of the total dollar amount of Subgroup B's gifts (48.3%), as well as the largest percentage of the frequency (47.5%). Education accounted for only 3.3% of the total dollar amount and 25.4% of the total frequency.

### Gift Expenses Subgroup Comparison

Contrary to previous years, in which subgroups have appeared to differ in comparison to each other and to all companies as a group, Subgroups A and B appeared to follow similar marketing strategies with regard to gift payments. Physicians were the primary targets of gifts by both large spending companies and median-level spending companies. Both subgroups most commonly provided food as gifts, but direct payments in the form of cash or checks accounted for the largest financial share of the total gift amounts given.

For Subgroups A (high) and B (mid-level), *Physicians* were the most frequently listed recipient of gifts; this is also the case for companies as a whole. Subgroup A is similar to the overall

company analysis (which is not surprising, considering that Subgroup A accounts for nearly 50% of all *Gift Expenses*) in that *Physicians* received both the largest proportion of gift dollars and were the most frequent recipients of gifts. Subgroup B followed the same pattern, with *Physicians* receiving the highest total dollar amount, and the largest share of frequency. Overall, there was much consistency in certain areas when comparing across subgroups as well as in comparison to the overall company analysis.

Both subgroups listed *Cash or Check* as the largest class of expenditures, while *Food* was the most commonly listed *Nature of Payment*. This is similar to the figures for companies as a whole, where *Cash or Check* accounted for 38.9% of the total value, whereas *Food* composed 77.6% of the frequency of *Natures of Payment*.

The major area in which Subgroups A and B differed was in the *Primary Purposes* listed by these companies. The primary purpose most commonly listed by high-level companies was *Education*, whereas companies at the mid-level were more likely to list *Speaker Fee or Payment* as the primary purpose. It is possible that mid-level companies are targeting their comparatively smaller marketing budgets at speaking fees, whereas high-spending companies have varied *Primary Purposes*. It is also possible that larger companies have simply reclassified speaker fees as education.

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

**Table 8**

<b>Comparison of Companies as a Whole to Subgroups A and B</b>							
	<b>Total Amount Spent (\$)</b>	<b>Most Frequent Recipient Type</b>	<b>Recipient Type Receiving Most Money</b>	<b>Most Frequent Nature of Payment</b>	<b>Nature of Payment Receiving Most Money</b>	<b>Most Frequent Primary Purpose</b>	<b>Primary Purpose Receiving Most Money</b>
Companies as a whole	21,268,219	Physician	Physician	Food	Cash or Check	Education	Education
Subgroup A	10,079,375	Physician	Physician	Food	Cash or Check	Education	Education
Subgroup B	88,920.54	Physician	Physician	Food	Cash or Check	Speaker Fee	Speaker Fee

## **VI. ADVERTISING EXPENSES**

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

### **Advertising Expenses: Companies as a Whole**

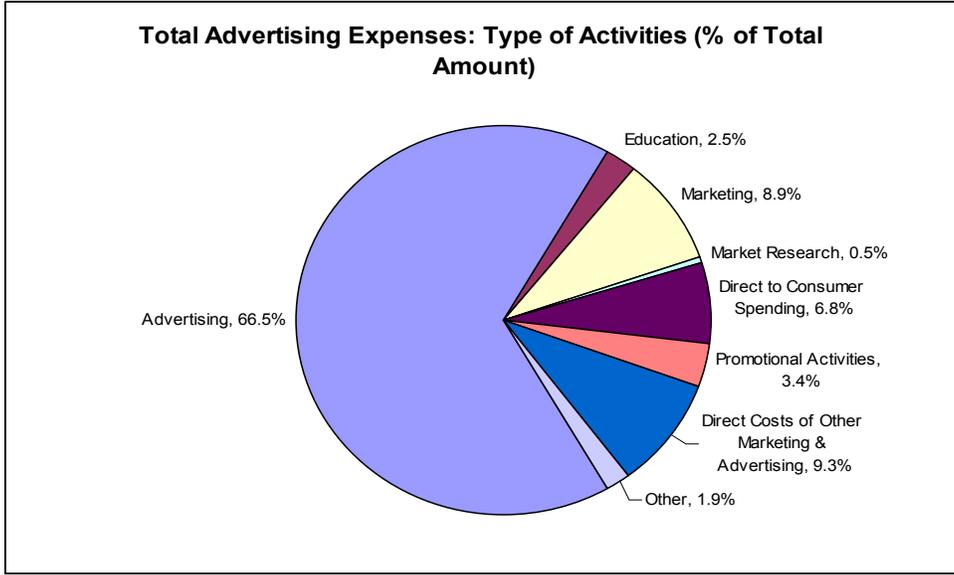
As stated previously, 60 of the 132 companies reported *Advertising Expenses* totaling \$6.8 million. Advertising activities listed varied considerably among companies but could be sorted into eight general categories: *Advertising*, *Direct Costs of Marketing & Advertising*, *Direct-to-Consumer Spending*, *Education*, *Market Research*, *Marketing*, *Promotional Activities*, and *Other*.

The *Advertising* category accounted for the greatest dollar amount, with \$4.5 million, or 66.5% of all *Advertising Expenses*, and was the most frequently listed. *Direct Costs of Other Marketing and Advertising* had the second-highest dollar value, with \$633,690, or 9.3% of the total. Advertising costs classified as *Marketing* totaled \$607,374, or 8.9%; those classified as *Direct to Consumer Spending* totaled \$465,016, or 6.8%.

When considering the frequency of different types of *Advertising Expenses*, those classified as *Advertising* still account for the largest share, 48.3% of all expenditures. *Promotional Activities* expenses were the second most frequently reported, accounting for 22.2%. *Education* accounted for 14.9% of the gifts.

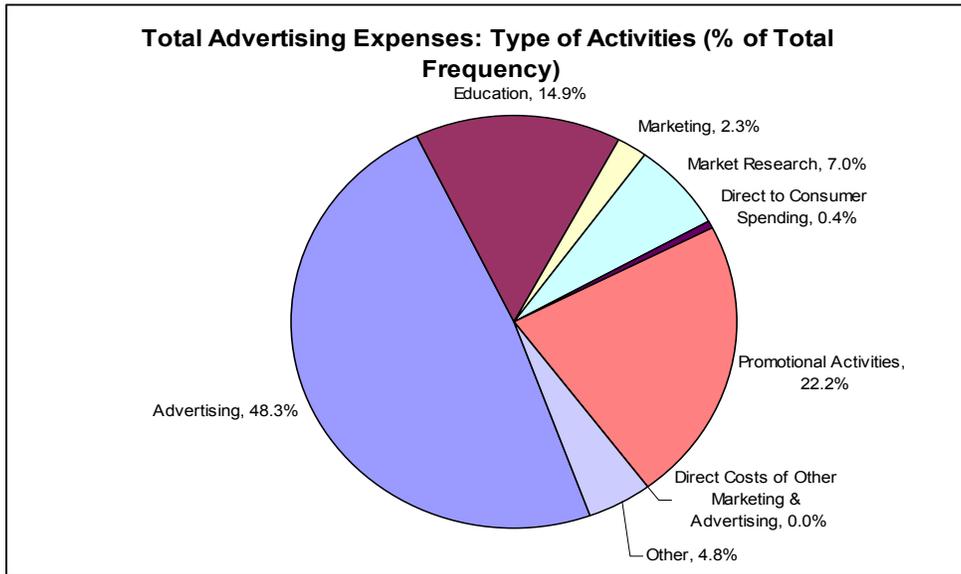
Figure 30 depicts the dollar amount breakdown for *Type of Activities* for companies as a whole. Figure 31 depicts the frequency breakdown for all companies.

**Figure 30**



60 Total Companies with Reported Advertising Expenses

**Figure 31**



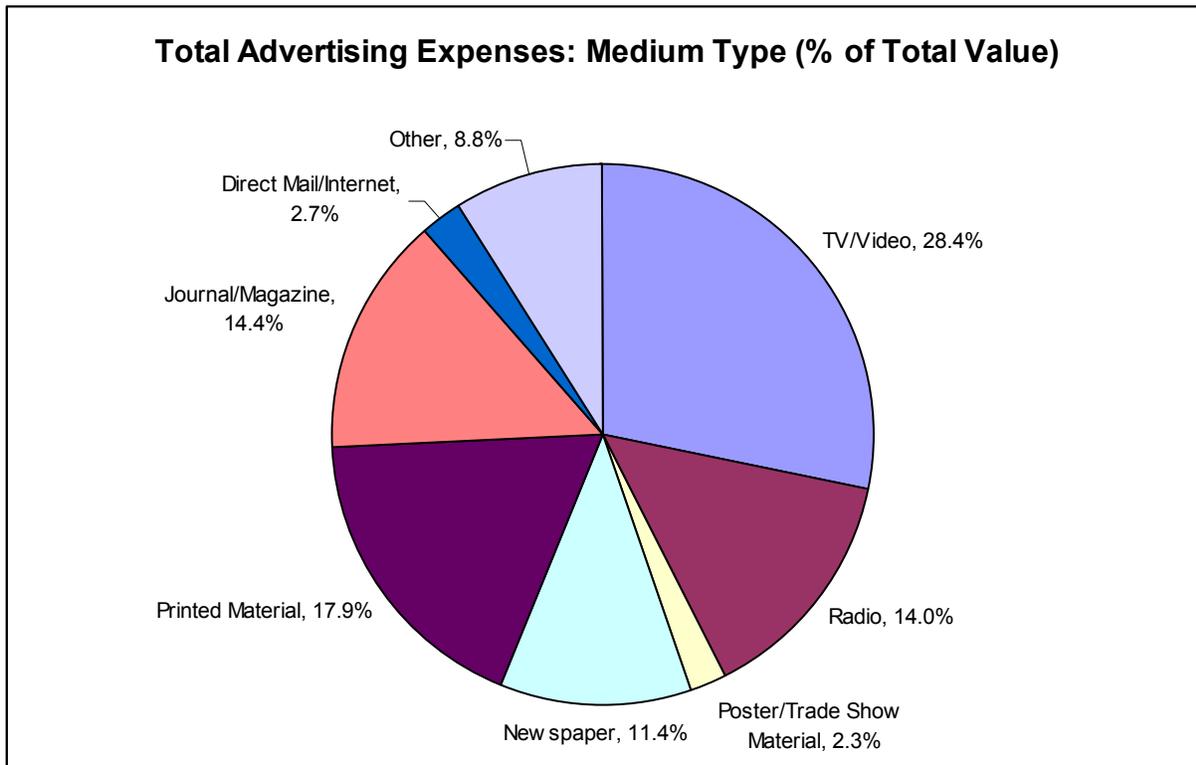
60 Total Companies with Reported Advertising Expenses

*Medium Type* responses also varied considerably among companies; 104 unique responses were submitted, and these were classified into eight general categories: *Direct Mail/Internet*, *Journal/Magazine*, *Newspaper*, *Poster/Trade Show Material*, *Printed Material*, *Radio*, *TV/Video*, and *Other*. The largest share of advertising dollars, \$1.9 million (28.4% of the total), was spent on *TV/Video*. Companies spent \$1.2 million, or 17.9% of their advertising dollars, on *Printed Materials* advertising; \$979,813 (14.4%) on *Journal/Magazine* advertising; and \$948,997 (14.0%) on *Radio*.

When considering the frequency of expenditures, the picture changes. *Television/Video* accounts for only 3.7% of the expenditures, while *Printed Materials* accounts for 30.1%, *Other* for 25.1%, and *Journal/Magazine* advertising for 23.3%.

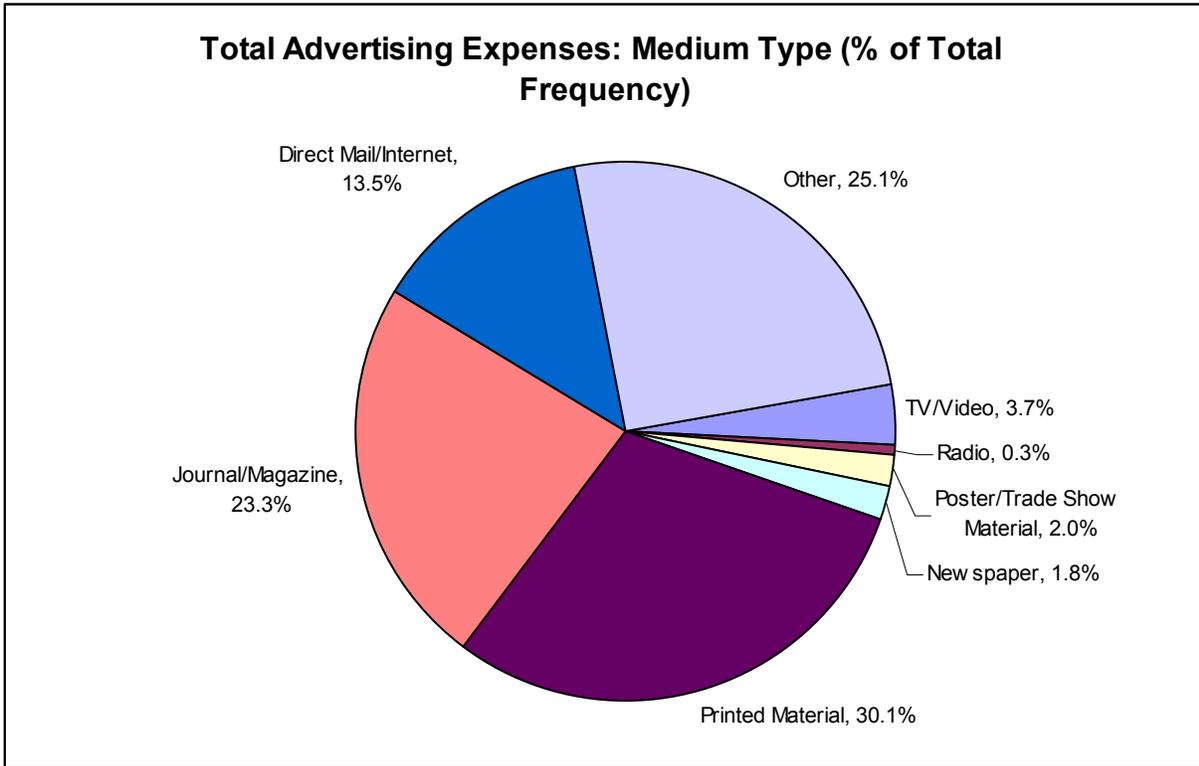
Figure 32 depicts the dollar amount breakdown for *Medium Types*, and Figure 33 depicts the frequency for companies as a whole.

**Figure 32**



60 Total Companies with Reported Advertising Expenses

**Figure 33**



60 Total Companies with Reported Advertising Expenses

## Advertising Subgroup

An analysis was also conducted on a subgroup of the three companies that reported the highest *Advertising Expenses* totals. Together, the three companies spent a total of \$4.4 million, or an average of \$1.5 million each.

This group's activities were classified into six general categories: *Advertising*, *Direct Costs of Other Marketing & Advertising*, *Direct to Consumer Spending*, *Education*, *Marketing*, and *Promotional Activities*. Expenditures classified as *Advertising* accounted for the greatest share of both the value and frequency: \$3.0 million, or 67.3% of the group's *Advertising Expenses* sum, and 75.2% of all the expenditures. Another 14.3% of the total value, \$633,690, was classified as *Direct Costs of Other Marketing and Advertising*, although this category accounted for only 0.2% of the expenditures reported. Likewise, *Marketing* expenditures accounted for 12.9% of the value, or \$570,798, but only 3.1% of the expenditures. Relatively small sums were spent on *Promotional Activities* and *Education* – \$60,869 (1.4% of the total) and \$36,728 (0.8%), respectively – but 12.1% of all expenditures were classified as *Education* and 9.2% as *Promotional Activities*.

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

**Figure 34**

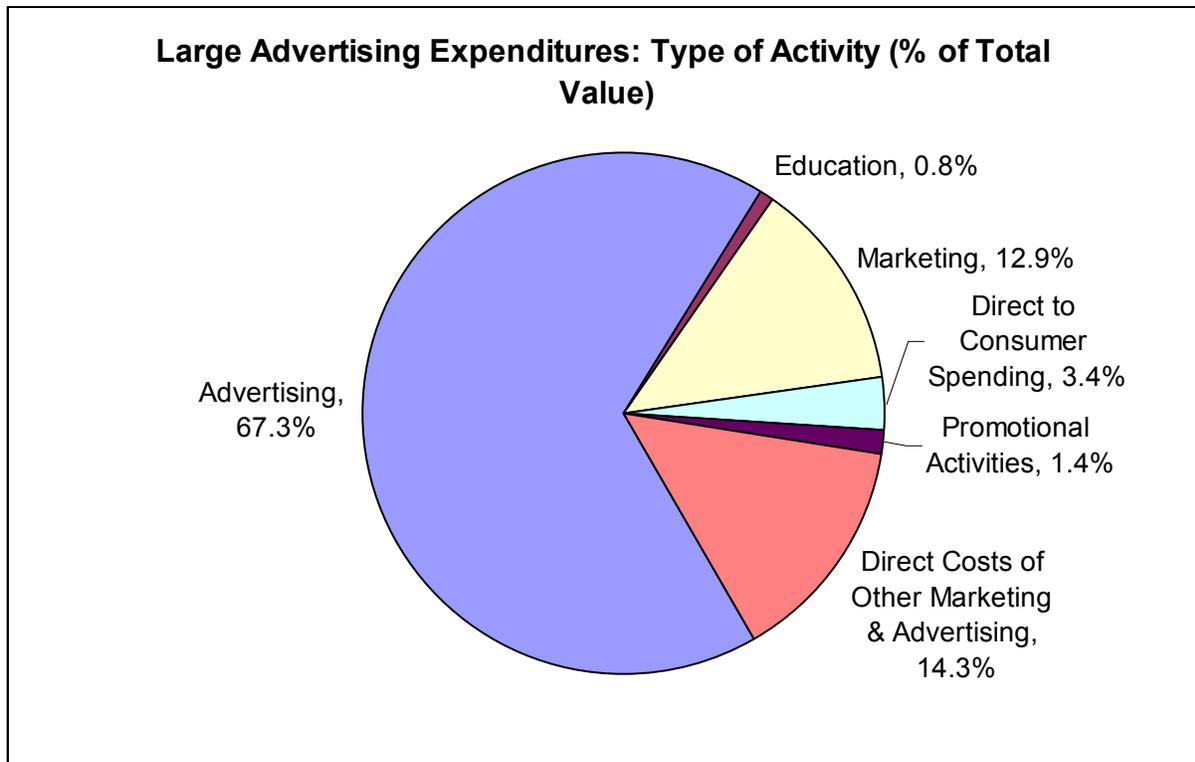
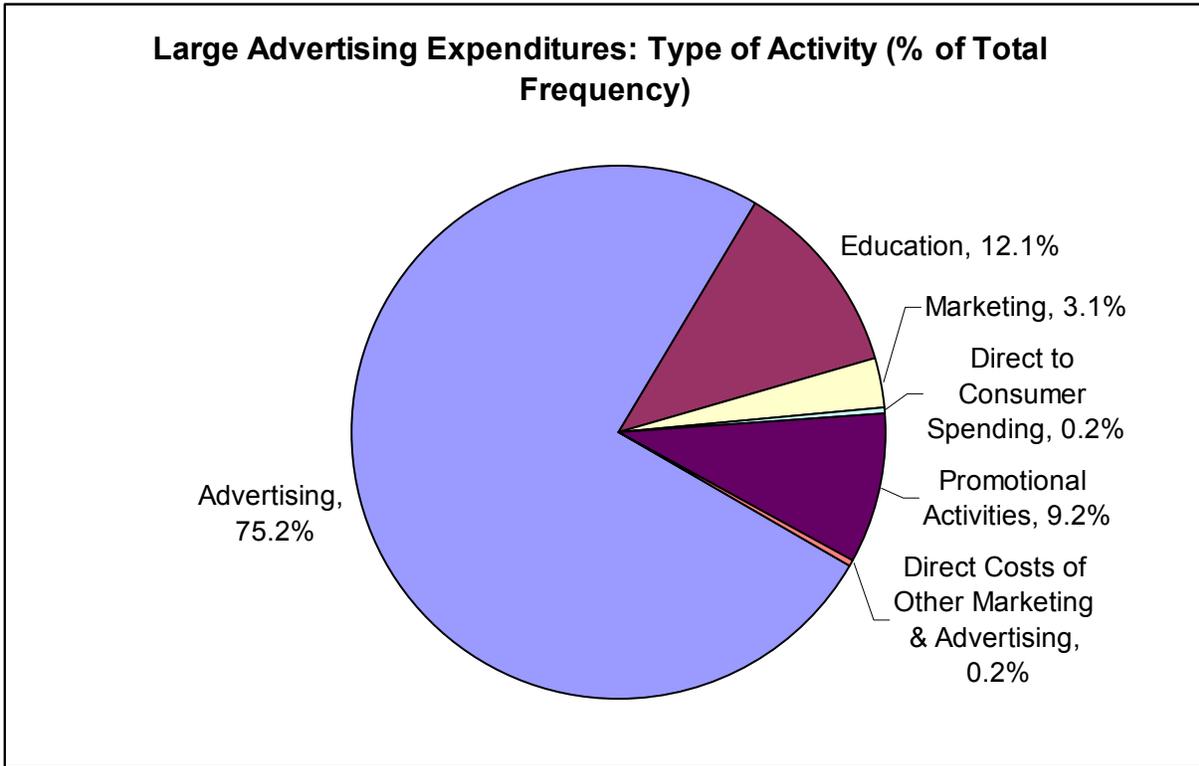


Figure 35



The Large Advertising Expenditures subgroup reported Medium Types that were grouped into seven categories: *Direct Mail/Internet*, *Journal/Magazine*, *Newspaper*, *Printed Material*, *Radio*, *TV/Video*, and *Other*. The group spent the largest amount on *TV/Video*: \$1.4 million, or 32.6% of the group's total *Advertising Expenses*. Another \$1.1 million, or 23.7%, went to *Printed Material*. *Newspapers* accounted for another 14.4% of the total, or \$639,453; *Radio* for 13.6%, or \$602,077, and *Journal/Magazine* for 13.0%, or \$577,603. In terms of frequency, 58.2% of the expenditures were for *Journal/Magazine*, 21.7% were for *Direct Mail/Internet*, and 10.2% were for *TV/Video*.

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

Figure 36

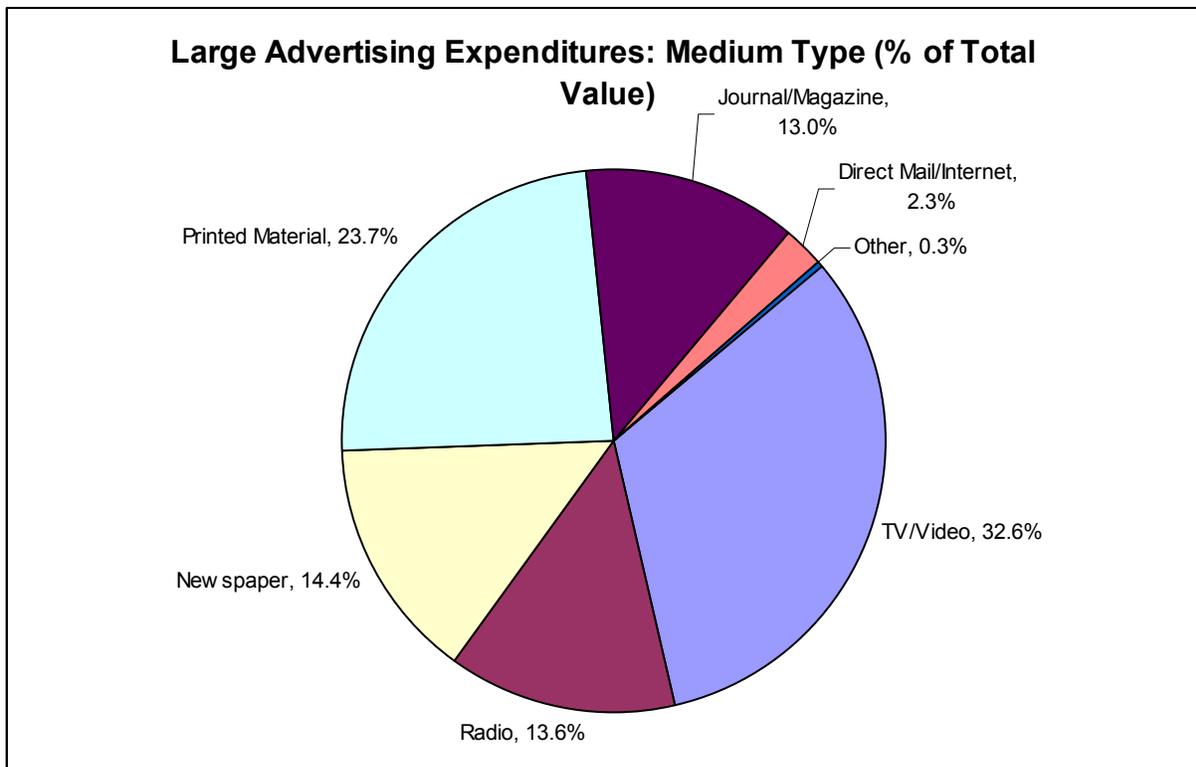
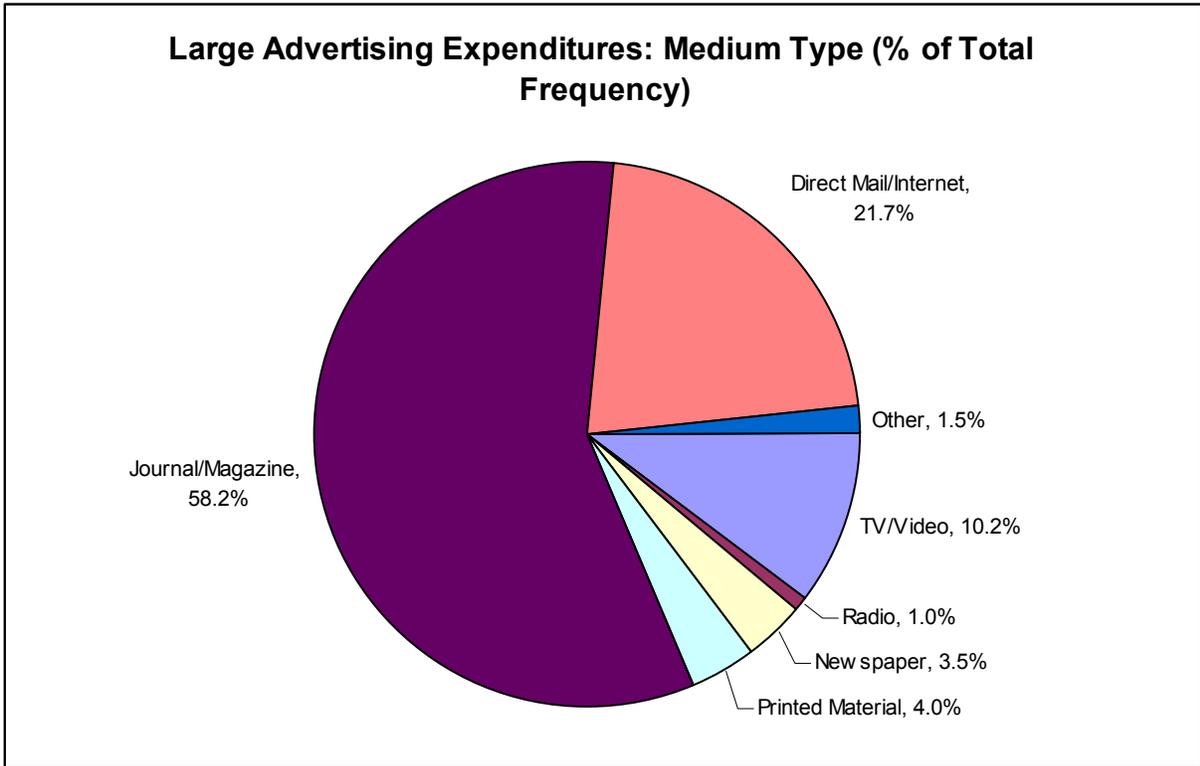


Figure 37



## VII. NEW DEVELOPMENTS

Last year, the report on 2009 pharmaceutical marketing expenditures in the District of Columbia highlighted new national legislation requiring reporting of pharmaceutical-company gifts given to physicians and teaching hospitals, which will preempt local and state requirements collecting the same type of information. It was hoped that regulations related to this law would shed more light on whether and how the AccessRx Act might need to be modified, but the draft rule says nothing beyond what is already in the statute.

It is fitting that at a time when the AccessRx Act's future is uncertain, a kind of natural experiment has occurred that demonstrates the potential effects of public disclosure of information on pharmaceutical-company gifts.

### **Limited Guidance from HHS**

Section 6002 of the Affordable Care Act (ACA) requires pharmaceutical manufacturers to report to the Secretary of Health and Human Services (HHS) any "transfer of value" worth \$10 or more to a physician or teaching hospital. Manufacturers will be required to 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, and will report state-specific information.

The law's treatment of existing requirements for reporting of pharmaceutical-marketing expenditures is of particular significance to the District. The ACA states:

#### **(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.

The District's reporting requirements in fact do overlap with federal requirements for reporting gifts to physicians and teaching hospitals, but the AccessRx Act also requires disclosure of significant additional information regarding expenditures on sales staff and contractors conducting marketing activities, advertising expenditures, and gifts to non-physician healthcare professionals and organizations. These additional reporting requirements should be exempt from preemption, but the law does not specify activities the jurisdictions with overlapping laws should take to ensure compliance with the federal statute.

The ACA instructed HHS to issue a regulation establishing reporting procedures by October 1, 2011, and it was hoped that this regulation would provide more information on the relationship between the new federal law and the AccessRx Act. On December 19, 2011, the Centers for Medicare and Medicaid Services (CMS), which is part of HHS, published in the Federal Register a proposed rule. The proposal does state that the reporting requirement will not begin on January 1, 2012, as the statute specified, but may take effect during 2012; for instance, companies could be required to report on transfers of value that occurred during the fourth quarter of 2012, and submit reports covering this time period by March 31, 2013. Contrary to expectations, however, the proposed rule does not provide any additional information about the treatment of existing state and local laws that require reporting of pharmaceutical-company gifts.

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

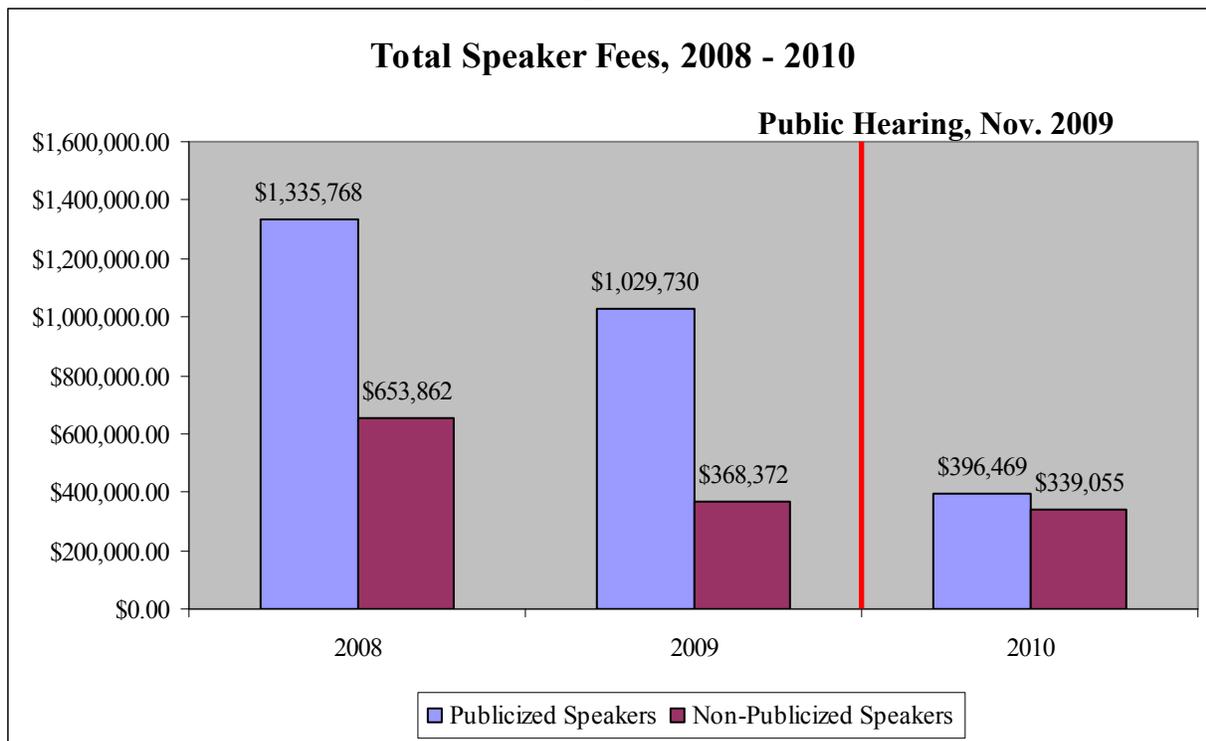
In 2010, gifts to District physicians totaled \$8.5 million. Using the definition of § 415.152 of the Public Health Services Act, a teaching hospital is "a hospital engaged in an approved GME residency program in medicine, osteopathy, dentistry, or podiatry." According to the Accreditation Council for Graduate Medical Education (ACGME), six District institutions have been reviewed by ACGME and are approved sponsors of graduate medical education programs. These six institutions received a total of \$2.8 million. Therefore, the total of gifts to physicians and teaching hospitals alone in 2010 was \$11.3 million, which represents only 54.0% of the total gifts and only 12.9% of the total marketing expenditures reported in 2010 under the AccessRx Act. Thus, using only the reporting requirements of the Affordable Care Act would result in the loss of information regarding 87.1% of all pharmaceutical marketing expenses in the District of Columbia in 2010 required under the AccessRx Act.

## Potential Effects of Public Disclosure

On November 13, 2009, Councilmember David Catania held a hearing to discuss pharmaceutical marketing in the District of Columbia. During this hearing, he reported the names and amounts received from pharmaceutical companies by the top 10 physician speakers in 2008. We examined the effect that this public hearing may have had on the speaker fees these physicians received in the year subsequent to the hearing. We collected data on the sums these top 10 speakers received in 2008, 2009, and 2010. For a comparison group, we identified the next eight speakers (ranked by total sums received) in the 2008 data. We examined the data for two years prior to the “intervention” so that downward trends present previously would also be visible. We found that gifts to top physician recipients dropped much more dramatically in 2010 for the group singled out in the hearing than for the comparison group.

Of the ten speakers Councilmember Catania mentioned in the hearing, two were absent from the marketing disclosures for the following two years. As a result, our analysis is confined to the eight speakers who were represented in each year from 2008 to 2010. The comparison group comprises the next eight speakers.

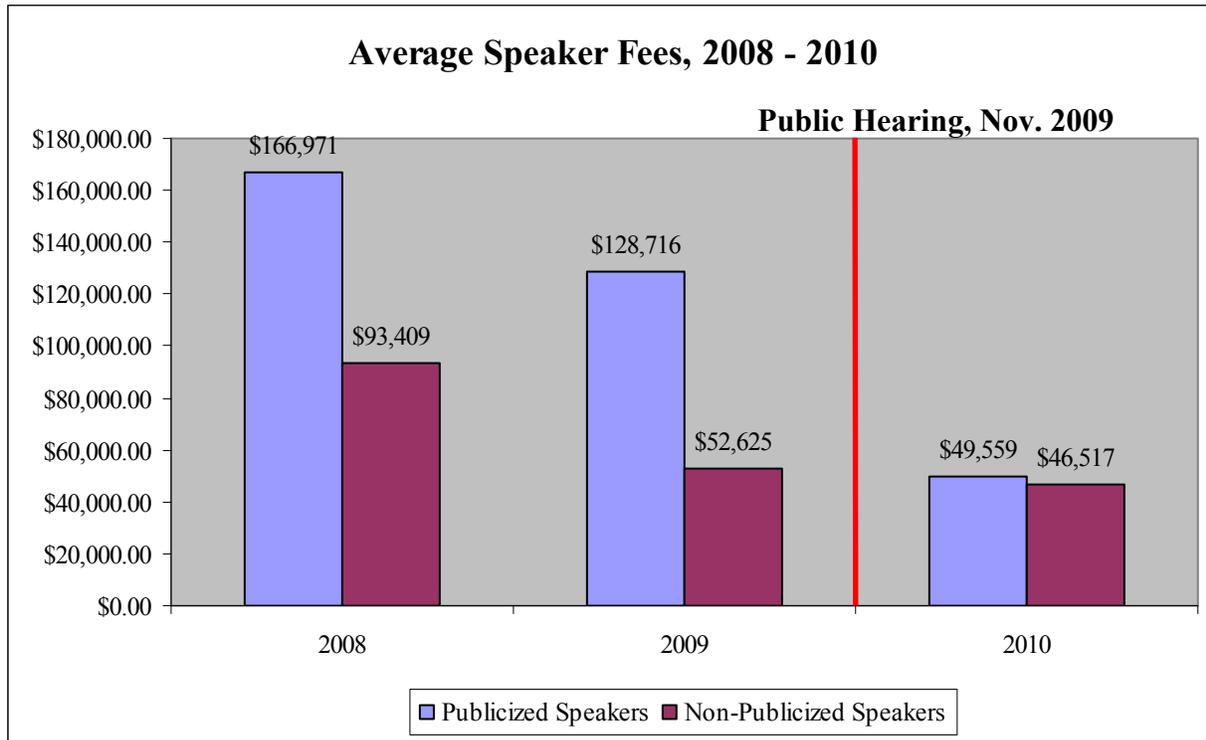
**Figure 38**



This figure indicates the total sums received by each group in 2008, 2009, and 2010. From 2008 to 2009, the total among the top eight speakers (Publicized Speakers) from 2008 decreased 22.9%; among the next eight (Non-Publicized Speakers), the total decreased 43.7%. As these sums were collected prior to the hearing, this decline cannot be attributed to the effects of a public hearing. Between 2009 and 2010, the total among the top eight recipients (Publicized

Speakers) decreased 61.5%; among the next eight (Non-Publicized Speakers), the total decreased only 8.0%. As this was the first year post-hearing, the difference across groups may be attributable to the effects of public disclosure of speaker fee recipients on subsequent speaking fees.

**Figure 39**



This figure compares the average speaker fee totals received by each physician in the top eight and subsequent eight in each year. The substantial differences between the top eight (Publicized Speakers) and subsequent eight (Non-Publicized Speakers) that are present in 2008 and 2009 (the years prior to the public hearing) are not found in 2010, the year immediately following the public hearing. Put another way, while the average total speaker fees received in each group declined at approximately similar rates between 2008 and 2009, the rate of decline between 2009 and 2010 among those physicians publicly mentioned was dramatically steeper than among those who were not included in the 2009 hearing.

Finally, to further explore the potential effects of public disclosure of physician gift payments, we conducted a series of statistical tests to examine the likelihood of obtaining these results due to chance alone. In 2008, the difference in average amount of speaker fee payments received between Publicized Speakers and Non-Publicized Speakers neared significance ( $p < .06$ ); in 2009, this difference achieved statistical significance, even after correcting for multiple tests performed ( $p < .003$ ). However, in 2010, the first full year following the disclosure of the Publicized Speakers, there was no difference in average amount received for speaking fees between publicized and non-publicized speakers ( $p > .85$ ).

Put another way, while in 2008 and 2009 the subgroups of speakers differed significantly in the amounts they received for speaking, in 2010, this difference disappeared. While this is a small sample size, this is the first analysis of the effect of public disclosure on speaking fees, and the findings are dramatic. It appears that disclosing the speaking fees received by physicians may have a suppressant effect on the accumulation of those fees in future years. It is possible that physicians voluntarily decrease financial relationships with companies after public disclosure; conversely, it is possible that companies decrease financial relationships with doctors after public disclosure.

## VIII. OVERVIEW OF COMPANY SUBMISSIONS

### Method of Submission

For the 2010 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.<sup>4</sup>

Of the 132 companies that submitted 2010 expenditure reports, a minority, 29.5%, declared their reports as trade secrets, whereas the majority, 51.7%, declared their reports as not trade secrets. To investigate whether there was a difference between companies with higher expenditures versus those with lower expenditures, we compared companies above the median in gift expenditures to those below the median. Companies reporting gift expenditures above the median were 3.6 times more likely to designate their reports as trade secrets than those below the median; this result was significant at the 0.05 level.

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

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

- 1) 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.;

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<sup>4</sup> §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, 84.1% of all companies provided complete submissions, an increase from 78.8% 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 9.1% of companies provided almost-complete submissions. These reports contained most of the information required in §1802, but were missing information – recipient type details, for example – for a relatively small number of the items they reported. The number of submissions falling into this category decreased substantially from last year, when 17% of companies had almost-complete submissions.

Finally, 6.1% of companies provided incomplete submissions; that percentage increased slightly from 2009 (when it was 4.2%). Some important required information was absent from these annual reports, the most common being recipient type or primary purpose.

Notably, one company provided a report of \$0 marketing expenses in the District in PDF format.

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.

## IX. BENCHMARKS

Because the District’s requirements for reporting of pharmaceutical marketing expenditures are similar to those used 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.)

In 2009, Vermont amended its law to prohibit gifts (including food) from pharmaceutical manufacturers to healthcare providers; to require reporting by manufacturers of biologics and medical devices, as well as by pharmaceutical companies; and to require reporting of clinical-trial and research expenditures. Companies may still pay honoraria and expenses to “a health care professional who serves on the faculty at a bona fide significant educational, medical, scientific, or policy-making seminar,” provided that a contract spells out deliverables restricted to medical issues (not marketing activities) and the healthcare professional determines the content of the presentation.<sup>5</sup> The amendments also eliminated the trade secret exemption that had kept some information from Vermont’s public disclosure of pharmaceutical marketing expenditures.

The FY 2010 report from Vermont’s Attorney General<sup>6</sup> is the first report to reflect the changes to the state’s law, and it breaks down the numbers so that the expenditure increase attributable to the amendments is evident:

- Total expenditures: \$4.8 million
- Total pharmaceutical expenditures: \$4.0 million
- Pharmaceutical expenditures, excluding clinical trials and research: \$1.8 million

Of the 141 companies reporting Vermont expenditures for FY 2010, only 58 reported pharmaceutical expenditures. These figures compare to 132 companies reporting expenditures in the District of Columbia.

Because the District does not require reporting of clinical-trial expenses or expenditures by biologics and device manufacturers, the Vermont expenditure total for pharmaceutical expenditures excluding clinical trials (\$1.8 million) is the most relevant for comparison purposes to the \$85.4 million of expenditures in the District of Columbia.

**Table 9**

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

<sup>5</sup> General Assembly of the State of Vermont, 2009-2010 session. S.48, No. 59: An act relating to the marketing of prescribed products. <http://www.leg.state.vt.us/docs/2010/Acts/ACT059.PDF>

<sup>6</sup> Pharmaceutical Marketing Disclosures: Report of Vermont Attorney General William H. Sorrell. April 1, 2010.

While total reported spending in the District fell by 11.2% between 2009 and 2010, spending in Vermont fell 29.4% between FY 2009 and FY 2010. In his report, Vermont Attorney General William Sorrell suggests that “both the ban on gifts and the elimination of trade secret protection may have caused manufacturers to decrease the amount of money they spent on marketing products to Vermont health care providers.”

Even prior to 2010, however, pharmaceutical companies reported spending larger sums in the District. This might be partially explained by the District’s greater number of physicians, who as a group are one of the top recipients of gifts and payments from pharmaceutical manufacturers and labelers. As previously noted, District *Physicians* received \$8.5 million in 2010; in Vermont, *Doctors* received only \$628,751 in FY 2010 pharmaceutical marketing dollars – a drop of 64.6% from \$1.8 million in FY 2009.

Using physician gift and payment figures and the publicly available numbers of licensed physicians practicing in each jurisdiction,<sup>7</sup> we calculated that in 2010, the average per-physician gift in the District was \$2,007.36, a 23.5% increase over the 2009 average of \$1,626.12. In Vermont, by contrast, the average per-physician gift dropped by 62.7%, from \$891.70 in FY 2009 to \$332.32 in FY 2010.

**Table 10**

<b>2010 Pharmaceutical Gifts/Payments per Practicing Physician, District of Columbia and Vermont</b>			
	<b>Payments to Physicians</b>	<b>Practicing Physicians</b>	<b>Payments per Physician</b>
<b>DC</b>	\$ 8,547,319	4,258	\$2,007.36
<b>Vermont</b>	\$628,751	1,892	\$332.32

<sup>7</sup> Federation of State Medical Boards. *Summary of 2010 Board Actions*.

## X. RECOMMENDATIONS

Based on this analysis of 2010 data and knowledge of related federal legislation, we are making the following recommendations to allow for more useful analyses of future data submissions and to conform with federal law.

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

Because the District can no longer require the reporting of gifts that are disclosed pursuant to the Affordable Care Act, it has an opportunity to update the AccessRx Act. We recommend that, in addition to eliminating requirements to report payments to physicians and teaching hospitals (which will be reported to the federal government starting in 2013), the District revise reporting requirements to remove prohibitions on data disclosure and to collect more information that will assist with analysis. Information on the individual doctors and drugs that companies target with their marketing dollars will provide data that may be useful to the District's academic detailing efforts. The public would also benefit from having access to this information.

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

Massachusetts, Minnesota, and Vermont already collect similar information and make the data on individual healthcare providers publicly available.<sup>8</sup> ProPublica combines information on individual healthcare providers from eight major pharmaceutical companies into a user-friendly database available to the public.<sup>9</sup> The Affordable Care Act will make data on gifts to physicians and teaching hospitals available to the public in the near future. Given that such information is or soon will be publicly available, it is only fitting that the District also disclose the information that pharmaceutical manufacturers and labelers report. Because the District collects significantly more information than the Affordable Care Act requires companies to report, the District has an opportunity to provide more data to the public than they will receive under the federal law, and to set an example to other states.

- **More detailed reporting of aggregate costs:** Although "aggregate expenses" (expenditures on employees and contractors engaged in promotional activities)

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<sup>8</sup> 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.

<sup>9</sup> ProPublica's "Dollars for Docs" database is online at <http://projects.propublica.org/docdollars/>.

account for by far the largest share of reported total expenditures (\$57.6 million, or 67.4% of the total), we have little information about how companies spend this money. Revising the law to require reporting of additional information – for example, salaries of employees engaged in marketing, or total FTEs devoted to marketing in the District – would allow the District to collect more information about how these large sums are being spent.

- **Unique recipient identifiers:** Without unique recipient identifiers, analyses may fail to identify all of the gifts that went to the same individual or entity if the recipient’s name is entered differently in different instances. A requirement that manufacturers and labelers report a unique identifier, such as a National Provider Identifier, for recipients would improve speed and accuracy of matching efforts.

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

- **“Product Marketed” information for gift expenses:** Chapter 18 requires reports of advertising/marketing expenses (TV ads, direct mail, etc.) to specify which product is being marketed during each activity. Reports of gift expenses (e.g., food or honoraria for physicians) are not required to specify which product is being marketed. Requesting “product marketed” information for gift expenses would help researchers determine how much companies are spending to market specific drugs. Vermont already requires reporting of this information, and the Affordable Care Act will require it for federal reporting of gifts given in 2012 and thereafter. Again, requiring this information to be reported to the District would become consistent with federal law.

## **2. Provide categories for classifying advertising expenses**

Pharmaceutical companies are required to report the type and medium for each District-specific advertising expenditure, but they are not given a list of acceptable responses (as they are for gift expenditures). Providing a list of options for both *Type of Activity* and *Medium* would reduce vague responses (e.g., “Advertising” or “Marketing” as the type of advertising activity) and allow for additional analysis. We will provide a suggested list of acceptable responses to the Department of Health for their consideration.

## **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. We recommend that initial enforcement efforts focus on companies that fail to comply with the instruction to provide further details when classifying a gift recipient or type as *Other*, since these insufficiently classified gifts were common in 2010 reports. Ideally, companies that submit incomplete information would receive follow-up communication within 30 days of their initial submission.

## **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 1<sup>st</sup> 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 2010 data.

# GOVERNMENT OF THE DISTRICT OF COLUMBIA

## Department of Health

### Prescription Drug Marketing Costs

#### A Guide for Pharmaceutical Manufacturers and Labelers

Published by the District of Columbia Department of Health  
Calendar Year 2010

#### 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 “2010\_Prescription\_Drug\_Marketing\_Costs.xls,” and email the “Company Information,” “Gift Expenses,” and “Advertising Expenses” sheets to [DC.Accessrx@dc.gov](mailto: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  
899 N. Capitol Street, NE  
Second Floor  
Washington, D.C. 20002

**\*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 “2010\_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 “2010 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. **Please confirm that the addition is correct.**

**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 about 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, Hospital, Medical Practice, Pharmacist, Physician, University, Other Prescriber, Other Healthcare Provider, Other Organization, Other*

Enter the above term that best describes the type of recipient.

**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 \$X,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 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: 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 \$X,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.

