

Pharmaceutical Marketing Expenditures in the District of Columbia, 2007

Prepared by

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**for the
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**Summary of Pharmaceutical Marketing Expenditures
in the District of Columbia
Calendar Year 2007**

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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.

This evaluation is a summary of the marketing expenses reported by pharmaceutical manufacturers and labelers to the District of Columbia (DC) during the 2007 calendar year. For the previous calendar year (2006), limited time and instructions for companies yielded submissions whose quality varied substantially, and only a basic analysis of expenditures could be conducted. Prior to the deadline for submission of 2007 data (July 1, 2008), the submission spreadsheet and instructions to pharmaceutical manufacturers and labelers were improved.

The quality of submissions for 2007 improved dramatically. In addition, twelve more companies made submissions (113, up from 101 in 2006). The total of reported expenditures increased from \$145.5 million in 2006 to \$158.2 million in 2007 (an increase of \$12.7 million). Submissions in a standardized format allowed for detailed analyses of the nature and type of gift payments made by pharmaceutical companies and of the individuals and organizations that received the gifts.

This report presents findings in aggregate format, and 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 2006, expenses for employees and contractors engaged in advertising and marketing (termed “Aggregate Expenses”) constituted the largest share of total expenditures: \$116.6 million, or 74% of total expenditures. Because neither the regulation nor instructions to pharmaceutical companies currently provide detailed requirements for reporting these figures, we know very little about how most companies calculate their *Aggregate Expenses*, or whether the figures are comparable across companies. (Some submissions did include explanations of how aggregate costs were computed; they generally totaled the salaries and benefits of staff members involved in District marketing activities, and some included a share of national marketing staff members’ salaries and benefits.)

Gift Expenses – which include grants, speaker fees, product samples, and promotional items – totaled \$31.3 million, or approximately 20% of all expenditures. As in 2006, doctors were the recipients of the greatest number of payments, and food was the type of gift most frequently given. However, the more detailed analysis made possible by the

higher quality of the 2007 submissions showed that the most frequently made types of payments did not account for the greatest share of the gift expenses in dollar terms. Food was by far the most frequently given gift, but it accounted for a relatively small share of the gift expenditure total. By contrast, a very small percentage of gifts took the form of grants, but grants accounted for \$12.7 million, or 41%, of the dollar value of all gifts.

Non-individual recipients of gifts (including hospitals, clinics, universities, and organizations) received nearly \$20 million; ten professional organizations accounted for \$9.4 million of that amount. Individual recipients (including doctors, nurses, other health care providers, and pharmacists) received \$11.3 million, and recipients with MD credentials got nearly 90% of that, or \$10.2 million. The majority of gifts to doctors were described as being speaker fees.

Approximately half of all companies (54) reported *Advertising Expenses*, which totaled \$10.3 million. Most of the companies that did not report advertising expenses explained that they conducted their promotional campaigns at the national level, and did not have advertising expenses related specifically to District residents.

Findings related to overall expenditures include the following:

- In 2007, a total of 113 pharmaceutical manufacturers and labelers disclosed payments totaling \$158.2 million for *Advertising*, *Gift*, and *Aggregate* expenses in DC. Of this grand total, \$10.3 million were reported for *Advertising Expenses* (6.5%), \$31.3 million were *Gift Expenses* (20%), and \$116.6 million were *Aggregate Expenses* (74%).
- Compared to 2006, *Aggregate Expenses* (costs associated with persons engaged in advertising and marketing) accounted for a greater share of the total, while *Advertising* and *Gift* expenses fell as percentages of the total.
- Twenty-six companies reported over \$1 million apiece in total expenses; their expenditures represented 86% of the total reported expenses.
- Twenty companies spent more than \$1 million in *Aggregate Expenses*.
- Twelve companies spent more than \$1 million on *Advertising* and *Gift* expenses combined.
- For 42 companies, *Aggregate Expenses* constituted 90% of their total expenses.

Findings from our analysis of gift recipients include the following:

- Non-individual recipients (hospitals, organizations, etc.) received a total of \$19.9 million in gifts, while individual recipients received \$11.3 million.
- Analyzing gifts by the recipient types listed found that *Doctors* received \$7.9 million in gifts, while the *Other* category received \$9.4 million. However, when we analyzed gifts according to the recipient credentials, we found that \$10.2 million went to recipients with MD credentials – accounting for nearly 90% of the \$11.3 million in gifts given to individuals.
- Organizations received only a small percentage of the number of gifts (0.45%), but the gifts that they did receive tended to be large, totaling \$7.4 million, or 24% of the total dollar value of all gifts.

- The majority of gifts, 84%, took the form of *Food*, but *Food* only accounted for 15% of the total dollar amount spent.
- Although less than 1% of gifts were given in the form of *Grants*, this category accounted for \$12.7 million, or 41% of the total dollar value of all gifts.
- *Education* was reported most frequently as the primary purpose of gifts (42% of the time), and it accounted for 54% of the total dollar value of all gifts (\$16.9 million).
- *Doctors* received \$6.7 million for which the *Primary Purpose* was *Speaker Fees*.
- The top ten Professional Organizations (representing doctors in a specific specialty or demographic group) received \$9.4 million, with a median gift value of \$20,750.

We also analyzed the individuals receiving the highest total amount of gift payments, and found the following:

- 17 individuals received gifts with values totaling \$100,000 or more.
- This group of 17 individuals included multiple internal medicine doctors and multiple psychiatrists.
- The number of companies from which these individuals received gifts ranged from one to 12.
- For six of the 10 individuals receiving the largest gift totals, Speaker Fees accounted for more than 90% of the total value of their payments.

Overall, 2007 submissions were far more consistent and complete than 2006 submissions.

- 65% of submissions were classified as complete.
- 17% were almost complete, containing most of the required data but omitting information for a relatively small number of the reported items.
- 9% were incomplete, omitting important required information.
- The remaining 8% of submissions stated that the companies had no pharmaceutical marketing expenses to report.

Our analysis of marketing expenses in the District of Columbia can also inform the national discussion about disclosure of pharmaceutical marketing payments. In 2008, medical organizations and the Pharmaceutical Research and Manufacturers of America supported a version of the Physician Payments Sunshine Act (S. 2029) that would require disclosure of payments exceeding \$500 and preempt state reporting requirements. Of the 52,275 gift payments reported in the District in 2007, 47,141 of them were valued at or below \$500. These payments represented 90% of all reported gift payments and totaled \$4.1 million – but under the revised federal legislation, companies would not have been required to report them. Another version of the act, introduced in 2009, would lower the limit to \$100, and also preempt state reporting requirements. Using the \$100 threshold, reporting would not have been required for 34,532 of these payments. These payments represented 66% of all reported gift payments and totaled \$1.7 million.

II. SUMMARY OF PHARMACEUTICAL MARKETING EXPENDITURES

In 2007, 113 pharmaceutical manufacturers and labelers reported payments totaling \$158.2 million for *Advertising*, *Gift*, and *Aggregate* expenses in DC.

Total Expenses

Table 1 shows the totals spent in each category and compares the amounts to 2006 figures.

Table 1

2006 and 2007 Total Pharmaceutical Marketing Expenses in DC by Type of Expense				
Type of Disclosure	Total Value Disclosed for 2006 (\$)	% of Grand Total	Total Value Disclosed for 2007 (\$)	% of Grand Total
Advertising Expenses	10,892,163	7.5%	10,253,274	6.50%
Gift Expenses	34,461,608	23.7%	31,337,226	19.80%
Aggregate Expenses	100,141,658	68.8%	116,573,964	73.70%
Grand Total	145,495,429	100.0%	158,164,464	100.00%

Aggregate Expenses, or expenses associated with compensation for employees or contractors engaging in promotional activities in DC, accounted for 74% of the total figure in 2007, at \$116.6 million; this represents an increase from 69% and \$100.1 million in 2006. Of the 113 companies, 42 (37%) reported that *Aggregate Expenses* accounted for 90% or more of their total marketing expenses. Of those 42 companies, five companies reported that *Aggregate Expenses* accounted for 100% of their total marketing expenses.

*Gift Expenses*¹ – associated with educational programs, gifts, travel, or product samples – in 2007 represented approximately 20% of the grand total, at \$31.3 million, decreasing from 24% and \$34.5 million last year. Four companies (4%) reported that *Gift Expenses* accounted for 100% of their total marketing expenses.

As in 2006, companies spent less on *Advertising Expenses*, or those associated with the direct promotion of prescription drugs to DC residents (e.g., radio or print advertisements), than on the other two categories. *Advertising Expenses* accounted for

¹ Our analysis of gift expenses was conducted using the gift expense totals supplied on the main sheets of the submission files. (The main sheet of a submission file lists the totals for advertising, gift, and aggregate expenses, while each of the following spreadsheets reports details on one of those categories.) Eleven companies submitted files that had discrepancies between the gift expense total on the main sheet and the gift expense total from the gift expense detail sheet. All companies were asked to resolve the discrepancies, but only two had complied by the date of this report; for the companies that did not reply, figures from the main spreadsheets were used to report total expenditures, and the gift spreadsheets were used for the gift recipient analyses.

6.5% at \$10.3 million, compared to 7.5% and \$10.9 million in 2006. No companies reported that *Advertising Expenses* accounted for 90% or more of their total marketing expenses.

Total Advertising Expenses

Drug companies reported total *Advertising Expenses* of \$10.3 million in 2007. Company reports of total *Advertising Expenses* ranged from \$25 to \$1.4 million.

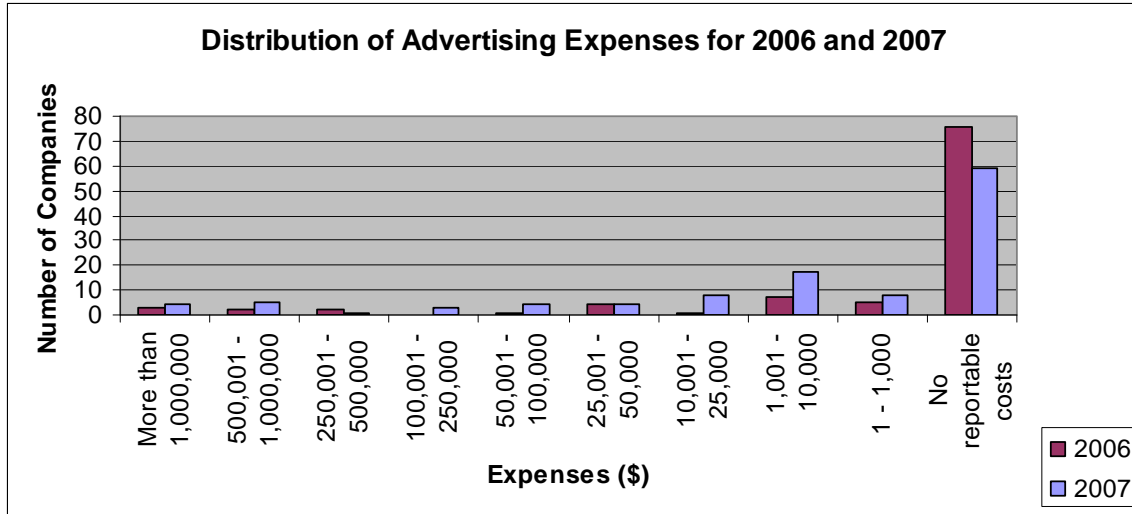
Approximately half of all companies did not disclose any payments related to *Advertising Expenses*. Most of these companies declared that any advertising and direct promotion campaign activities were conducted at a national level and therefore not specific to DC residents.

For the 54 companies that did disclose *Advertising Expenses*, 25 of them spent less than \$10,000. Ten companies spent over \$250,000. The remaining companies fell within the \$10,000 – \$100,000 range of total *Advertising Expenses*. This information is depicted in Table 2. A side-by-side comparison of 2007 and 2006 *Advertising Expenses* is depicted in Figure 1.

Table 2

Distribution of 2007 Total Pharmaceutical Advertising Expenses in DC				
Total Advertising Expenses (\$)	Number of Companies	% of Total	Total Value (\$)	% of Total
More than 1,000,000	4	4%	5,031,524	49.1%
500,001 - 1,000,000	5	4%	3,766,855	36.7%
250,001 - 500,000	1	1%	261,449	2.5%
100,001 - 250,000	3	3%	529,295	5.2%
50,001 - 100,000	4	4%	315,517	3.1%
25,001 - 50,000	4	4%	147,925	1.4%
10,001 - 25,000	8	7%	130,035	1.3%
1,001 - 10,000	17	15%	69,205	0.7%
1 - 1,000	8	7%	2,728	0.0%
No reportable costs	59	52%	0	0.0%
Total	113	100%	10,254,533	100.0%

Figure 1



Total Gift Expenses

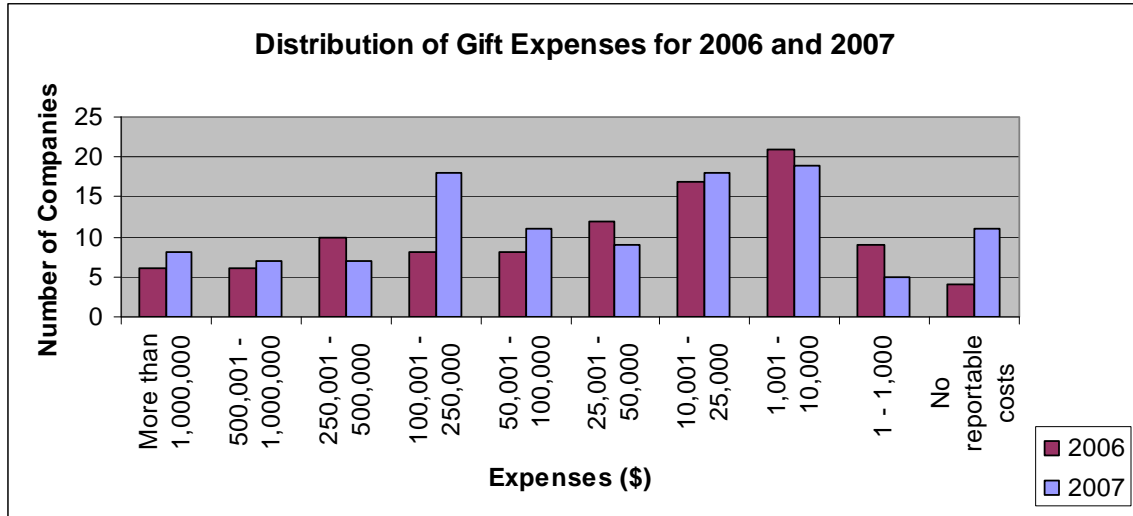
Total *Gift Expenses* for all companies amounted to \$31.3 million in 2007. Company reports of total *Gift Expenses* ranged from \$113 to \$3.8 million. There were eleven companies that reported no *Gift Expenses* in 2007.

Almost half of all companies (51 companies) reported *Gift Expense* totals under \$50,000; 32% (35 companies) spent between \$50,000 and \$500,000; 6% (7 companies) spent between \$500,000 and \$1 million; and 7% (8 companies) spent over \$1 million. The distribution of total *Gift Expenses* is shown in Table 3. A side-by-side comparison of the distribution of total *Gift Expenses* for 2007 and 2006 is depicted in Figure 2.

Table 3

Distribution of 2007 Pharmaceutical Total Gift Expenses in DC				
Total Gift Expenses (\$)	Number of Companies	% of Total	Total Value (\$)	% of Total
More than 1,000,000	8	7%	20,518,480	65.5%
500,001 - 1,000,000	7	6%	4,371,529	13.9%
250,001 - 500,000	7	6%	2,499,915	8.0%
100,001 - 250,000	18	16%	2,514,431	8.0%
50,001 - 100,000	11	10%	754,524	2.4%
25,001 - 50,000	9	8%	309,596	1.0%
10,001 - 25,000	18	16%	280,876	0.9%
1,001 - 10,000	19	17%	86,368	0.3%
1 - 1,000	5	4%	1,508	0.0%
No reportable costs	11	10%	0	0.0%
Total	113	100%	31,337,226	100.0%

Figure 2



Disclosure of pharmaceutical marketing expenses has become the subject of proposed national legislation. In September 2007, the Physician Payment Sunshine Act (S. 2029) introduced in the Senate would have required reporting of pharmaceutical marketing payments whose value exceeded \$25, as the District and Vermont already require. By July 2008, however, the act had been revised to raise that reporting threshold to \$500, and also to preempt state reporting requirements.² Medical organizations and the Pharmaceutical Research and Manufacturers of America have voiced their support for this revised version of the legislation. In another revised version of the legislation introduced in January of 2009, the threshold amount was reduced to \$100.

Because this national debate on pharmaceutical marketing is occurring, we also analyzed how different gift-reporting thresholds would have affected this year's data. National legislation would likely preempt the District's reporting requirements, which use the \$25 threshold. Under the \$500 threshold, a great deal of the information reported by manufacturers and labelers in 2007 would no longer qualify for reporting. Of the 52,275 gift payments reported in the District in 2007, 47,141 of them were valued at or below \$500. These payments represented 90% of all reported gift payments and totaled \$4.1 million, about 13% of the total dollar value of gift payments. Under the \$100, threshold, 34,532 of the 52,275 payments, totaling \$1.7 million, would not qualify for reporting.

Total Advertising and Gift Expenses

Drug companies spent \$41.6 million on all *Advertising and Gift* payments in 2007. Combined advertising and marketing expense totals ranged from \$113 to \$5.2 million.

The majority of total *Advertising and Gift* expense totals fell within the \$1 to \$25,000 range (38% of companies). Twenty-one percent of all companies reported *Advertising and Gift* expense totals in the \$25,001 to \$100,000 range, and another 21% reported totals in the \$100,001 to \$500,000 range. Four percent spent between \$500,000 and \$1 million,

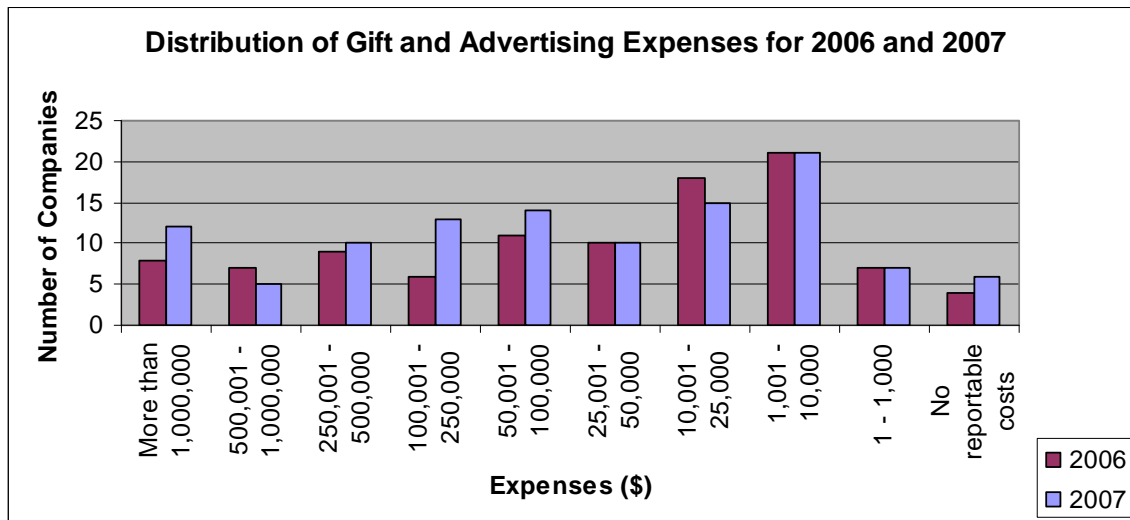
² See "Disclosure of Industry Payments to Physicians" by Robert Steinbrook, MD in the *New England Journal of Medicine*, August 7, 2008.

and 11% spent over \$1 million in total *Advertising and Gift* expenses. Six companies, or 5%, reported no *Advertising and Gift* expenses. Table 4 depicts the distribution of total *Advertising and Gift* expenses, and Figure 3 displays the side-by-side comparison of the 2007 and 2006 *Advertising and Gift* expense distributions.

Table 4

Distribution of 2007 Pharmaceutical Total Gift and Advertising Expenses in DC				
Total Gift & Advertising Expenses (\$)	Number of Companies	% of Total	Total Value (\$)	% of Total
More than 1,000,000	12	11%	31,209,961	75.1%
500,001 - 1,000,000	5	4%	3,459,983	8.3%
250,001 - 500,000	10	9%	3,422,014	8.2%
100,001 - 250,000	13	12%	1,785,063	4.3%
50,001 - 100,000	14	12%	963,234	2.3%
25,001 - 50,000	10	9%	358,192	0.9%
10,001 - 25,000	15	13%	257,540	0.6%
1,001 - 10,000	21	19%	109,503	0.3%
1 - 1,000	7	6%	2,623	0.0%
No reportable costs	6	5%	0	0.0%
Total	113	100%	41,568,113	100.0%

Figure 3



Total Aggregate Expenses

Pharmaceutical companies reported total *Aggregate Expenses* of \$116.6 million in 2007. *Aggregate Expenses* accounted for almost three-quarters of total marketing expenses. Total aggregate expenses ranged from \$1,176 to \$23.5 million. Several companies also included worksheets detailing employee compensation.

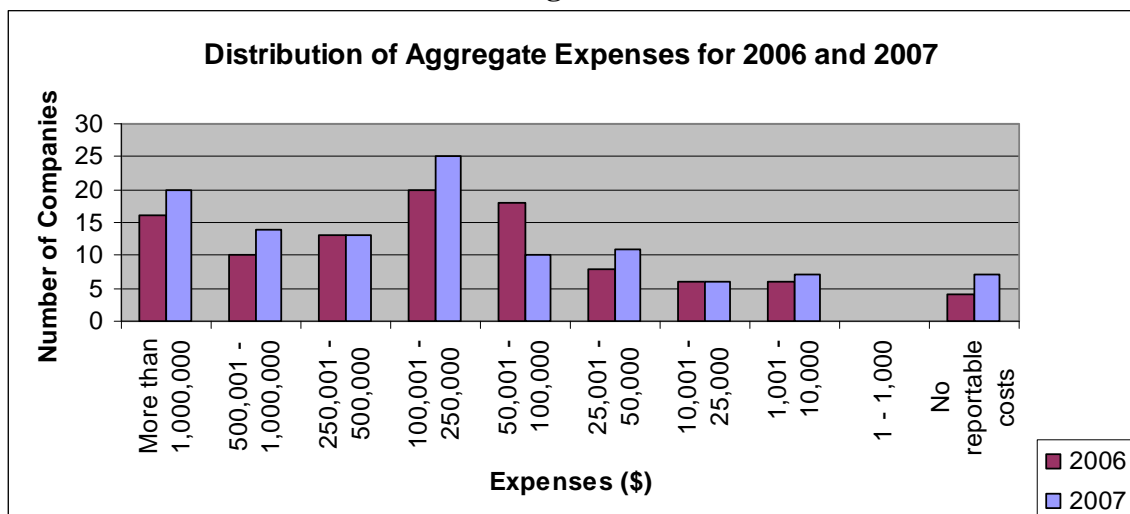
Nearly three-fourths of companies reported more than \$50,000 in total *Aggregate Expenses*, and more than half of these companies' totals fell within the \$50,000 to \$500,000 range. Thirteen percent of companies reported spending between \$500,000 and \$1 million in total *Aggregate Expenses*, and 18% spent over \$1 million.

Twenty-one percent of companies spent less than \$50,000 in total *Aggregate Expenses*. Ten percent of companies spent between \$25,000 and \$50,000, 5% spent between \$10,000 and \$25,000, and 6% spent between \$1,000 and \$10,000. Seven companies, or 6%, had no reportable *Aggregate Expenses*. The distribution of total *Aggregate Expenses* is shown in Table 5. A comparison of *Aggregate Expenses* distributions for 2007 and 2006 is depicted in Figure 4.

Table 5

Distribution of 2007 Pharmaceutical Total Aggregate Expenses in DC				
Total Aggregate Expenses (\$)	Number of Companies	% of Total	Total Value (\$)	% of Total
More than 1,000,000	20	18%	96,765,316	83.0%
500,001 - 1,000,000	14	12%	9,824,919	8.4%
250,001 - 500,000	13	12%	4,806,874	4.1%
100,001 - 250,000	25	22%	3,934,502	3.4%
50,001 - 100,000	10	9%	720,126	0.6%
25,001 - 50,000	11	10%	402,959	0.3%
10,001 - 25,000	6	5%	97,757	0.1%
1,001 - 10,000	7	6%	21,512	0.0%
1 - 1,000	0	0%	0	0.0%
No reportable costs	7	6%	0	0.0%
Total	113	100%	116,573,964	100.0%

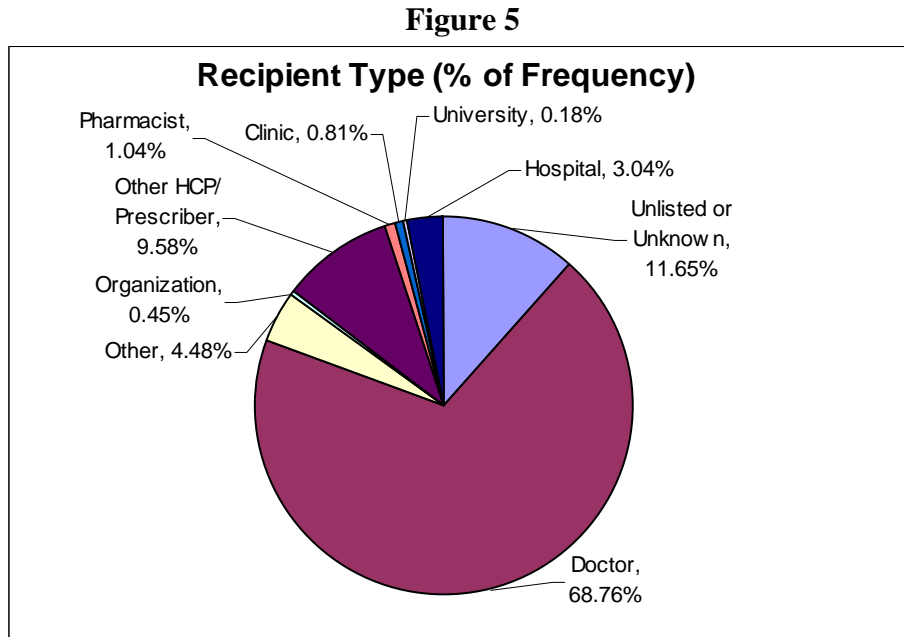
Figure 4



Gift Recipient Type Analysis (Frequency and Total Amount)

For this analysis, *Gift Expenses* for each company were compiled into an Access database. A basic filter was then run for each company to identify expenses by *Recipient Type*, and for each *Recipient Type* an Excel spreadsheet was created in order to count both the frequency and dollar of amount for each *Recipient Type* category. *Recipient Types* were broken down into nine categories, which include *Unlisted or Unknown*, *Doctor*, *Other*, *Organization*, *Other Healthcare Provider/Other Prescriber*, *Pharmacist*, *Clinic*, *Hospital*, and *University*. For those companies that listed *Other* for *Recipient Type* and also provided information in the *Other Type* Category, the types they specified varied considerably and included *Social Worker*, *Psychologist*, and *Medical Society*.

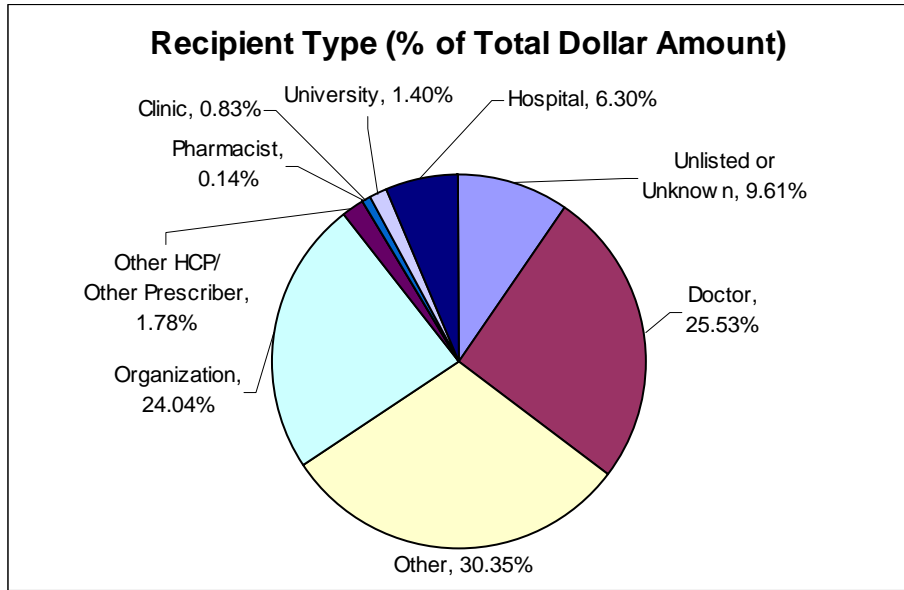
Doctors constituted the most frequently occurring recipient type, with 69% of all payments going to *Doctors*; this is consistent with 2006 findings. Figure 5 reflects the frequency of payments to each recipient type.



102 Total Companies with Reportable Gift Expenses

However, in terms of total dollar amounts, the *Other* category accounted for the largest amount, claiming 30% of total gift dollars (approximately \$9.4 million) while only being listed 4.5% of the time. The second-highest beneficiary in total dollar amounts was *Doctors*, who received 26% (\$7.9 million) of the total gift expenditures, and the third-highest recipient was *Organization*, which received 24% (\$7.4 million). It is important to note that although *Organization* was the third-highest *Recipient Type* in total dollar amount, it was the second-to-lowest in frequency, only being explicitly listed as a *Recipient Type* 0.5% of the time. Figure 6 depicts the percent of total dollar amounts that each type received.

Figure 6



102 Total Companies with Reportable Gift Expenses

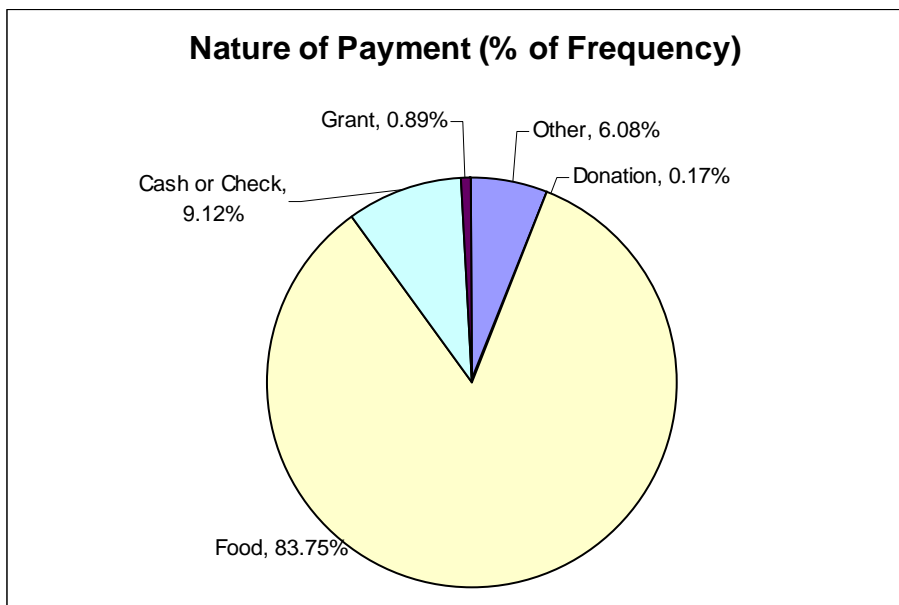
Also worth noting are both the frequency and the dollar amount for the *Unlisted or Unknown* category. The *Unlisted or Unknown* category designation was selected for approximately 12% of total reported gifts and accounts for 10% of the total dollar value of *Gift Expenses*, for a total of nearly \$3 million. The relatively large amount of unlisted *Recipient Types* can be primarily accounted for by one of the largest companies failing to list *Recipient Types* for any of its payments. However, 22 companies out of the 113 had at least one payment for which the *Recipient Type* was unlisted.

Gift Nature of Payment Analysis (Frequency and Total Amount)

For this analysis, each company's marketing expenses were entered into a common database and filtered by the *Nature of Payment*; then, an Excel worksheet was created for each category in order to count both frequency and total dollar amount per *Nature of Payment* category. For this analysis, five primary categories were used: *Food, Grant, Cash or Check, Donation, and Other*. The category of *Other* for the purposes of this analysis is defined as *Nature of Payments* listed as *Other* as well as *Book, Lodging, Transportation, Honorarium, and Expenses*. These existing categories were placed under the *Other* umbrella because they constituted such small percentages of the frequency and total dollar amount. The *Other* category also includes other terms that were not on the list of options for *Nature of Payment*, but that were entered by users (e.g., *Speaker Fee* or *Consulting*, which are options for the *Purpose* categories but not for *Nature of Payment*).

As we found in 2006, *Food* was the most frequent *Nature of Payment*, accounting for 84% of all payments. For the remaining 16%, *Cash or Checks* and *Other* constituted the majority, being listed 9% and 6% of the time, respectively. The frequency of *Nature of Payments* is depicted in Figure 7.

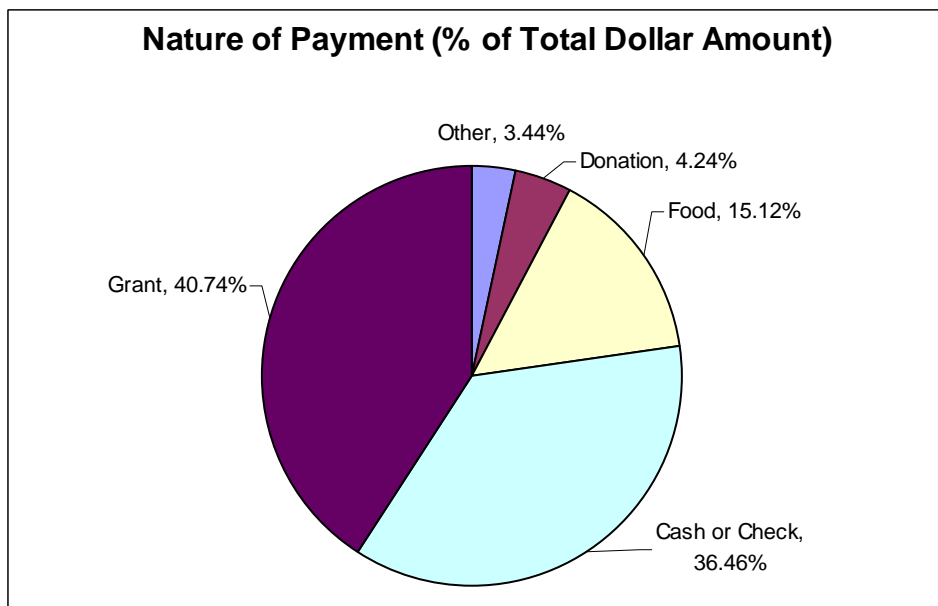
Figure 7



102 Total Companies with Reportable Gift Expenses

However, when considering the *Nature of Payment* by total dollar amount received, the picture is dramatically different. Only 0.9% of payments were classified as *Grants*, but this category accounted for 41% of the total dollar amount of gifts (\$12.7 million). The next-largest category, *Cash or Checks*, accounted for 36% of that total sum (\$11.4 million). While *Food* was listed 86% of the time as the *Nature of Payment*, it only accounted for 15% (\$4.7 million) of the total dollar amount spent. *Donations* accounted for 4% of the total dollar amount but were only listed as the *Nature of Payment* 0.2% of the time. Lastly, *Other* received 3.5% of the total amount spent. Figure 8 shows the percent of the total dollar amount by *Nature of Payment*.

Figure 8



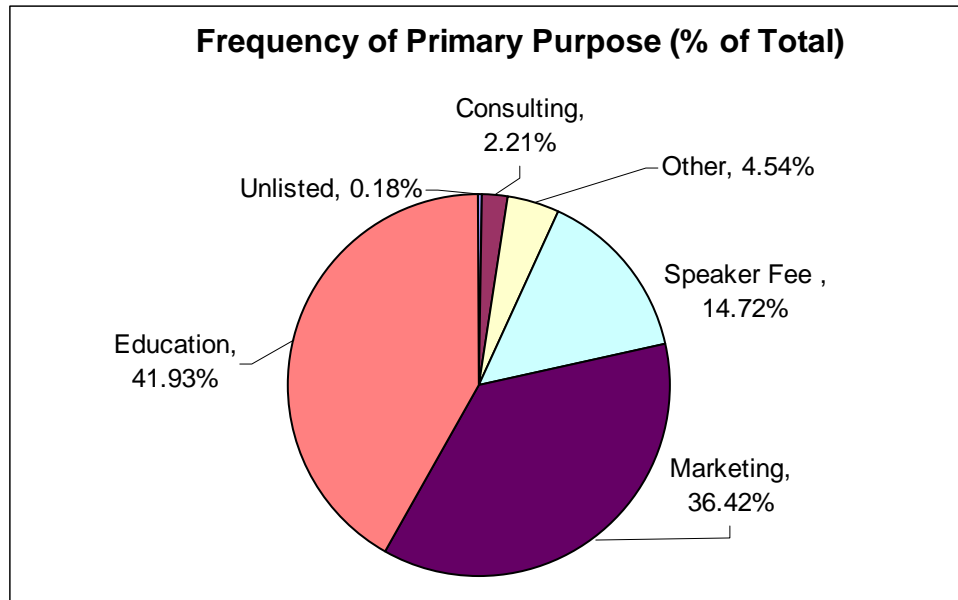
102 Total Companies with Reportable Gift Expenses

Gift Primary Purpose Analysis (Frequency and Total Amount)

For this analysis, we used the same procedure to determine the frequency and total dollar amounts of *Primary Purpose* that we used for *Recipient Type* and *Nature of Payment* (see pages 12 and 13). *Primary Purpose* was broken down into the following categories: *Unlisted*, *Consulting*, *Other*, *Speaker Fee*, *Marketing*, and *Education*. In this case, the *Other* category is composed not only of those payments listed as *Other*, but terms that were not on the list of options for *Primary Purpose of Payment*, but that were entered by users.

As was the case last year, *Education* was the *Primary Purpose* listed most often, for 42% of payments. *Marketing* and *Speaker Fees* constituted the majority of the remaining most frequently listed purposes, being listed 36% and 15% of the time, respectively. *Other* was listed as the *Primary Purpose* approximately 5% of the time, *Consulting* 2% of the time, and *Unlisted or Unknown* 0.2% of the time. Some submissions left the *Primary Purpose* field blank, but these omissions were less frequent than those of *Recipient Type*. The frequency of *Primary Purpose* is depicted in Figure 9.

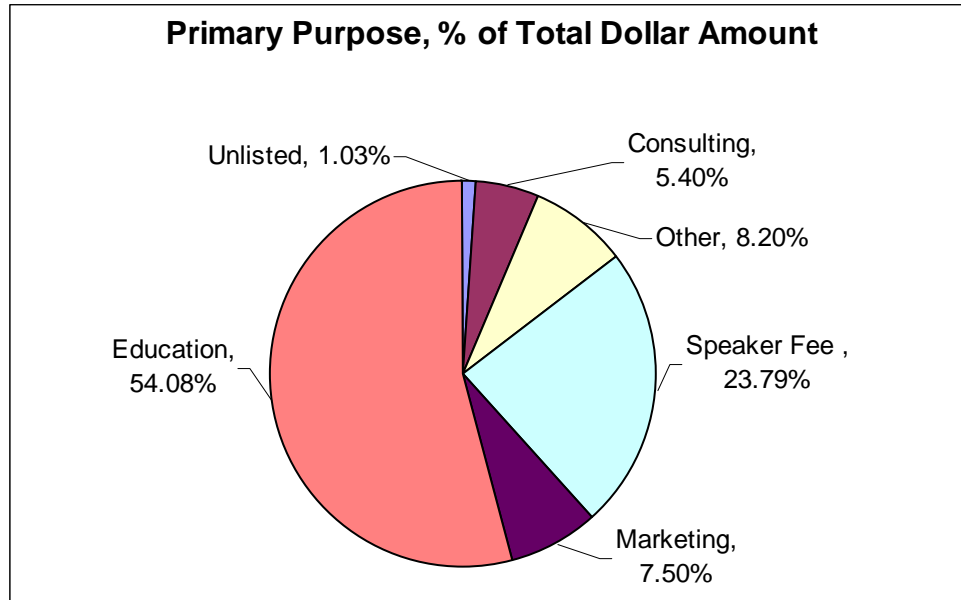
Figure 9



102 Total Companies with Reportable Gift Expenses

Education also received the greatest proportion of the total gift dollar amount, with 54% of total expenses (\$16.9 million). *Speaker Fees* accounted for the second-greatest proportion of the total dollar amount, with 24% (\$7.4 million), even though that category only accounted for 15% of the payments. *Other* and *Marketing* had almost equal proportions of total dollar amounts, receiving 8% and 7.5%, respectively. Collectively *Consulting* and *Unlisted* accounted for approximately 6% of the total dollar amount spent on gifts. The percentage of total dollar amounts for each *Primary Purpose* category is depicted in Figure 10.

Figure 10



102 Total Companies with Reportable Gift Expenses

III. ANALYSIS OF GIFT RECIPIENTS

To characterize the recipients of gifts from pharmaceutical companies, we first separated the gift payments given to organizations and institutions 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.³ We found that organizations and institutions (hereafter referred to as “non-individual recipients”) received \$19.9 million in gifts, and individuals received \$11.3 million.

From the 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 ten organizations within each category that received the largest amounts from pharmaceutical companies.

Out of these three groups, the top ten Professional Organizations received the largest sum: \$9.4 million. For both the top ten Disease-Specific and Professional Organizations, *Grants* designated as being for educational purposes were the most frequent gifts and accounted for the largest dollar values. The top ten Clinical Organizations received *Food* gifts most frequently, but *Grants* for educational purposes also accounted for the largest dollar share of their gifts.

In examining gifts given to individuals, we analyzed gifts where the recipient’s credentials were listed as MD and those where the recipient’s credentials matched the nursing profession (RN, NP, APRN). Doctors received a total of \$10.2 million in gifts (nearly 90% of the amount given to individuals), while nurses received less than \$300,000. For both groups, gifts were most frequently given in the form of *Food*, but for doctors *Speaker Fees* accounted for the largest percentage of the dollar value. The top three individual recipients collectively received around \$650,000 in speaker fees alone. The median values of gifts for both groups were well under \$100, but the value of gifts to doctors went as high as \$42,750, while for nurses the largest payment was just \$5,000.

We also analyzed the individuals receiving the highest total amount of gift payments, and found that 17 individuals received gifts with values totaling \$100,000 or more. This group of 17 individuals included multiple internal medicine doctors and multiple psychiatrists. While some of these individuals collected all of their gifts from one or two companies, the number of companies making gifts to a single doctor ranged up to 12. For six of the 10 individuals receiving the largest gift totals, *Speaker Fees* accounted for more than 90% of the total value of their payments.

Table 6 summarizes the findings of our analysis on recipients.

³ In a relatively small number of instances, both the Non-Individual Recipient and Recipient Last Name cells were populated for a single gift item, leading to that item being counted in both the Individual and Non-Individual tallies. To reduce the amount of double-counting, we checked all gifts over \$1,000 that had both cells populated and determined which of the two categories they belonged in based on the description of the gift.

Table 6

Recipients of Gifts from Pharmaceutical Companies, 2007							
Recipient Type	Total Amount Received (\$)	Median Gift Value (\$)	Range of Gift Values (\$)	Most Frequent Nature of Payment	Nature of Payment Receiving Most Money	Most Frequent Primary Purpose	Primary Purpose Receiving Most Money
All Non-Individual Recipients	19,867,540	201	6 - 600,000	Food	Grant	Marketing	Education
Top Ten Clinical Organizations	1,835,455	224	9 – 295,808	Food	Cash or Check	Marketing	Education
Top Ten Disease-Specific Organizations	2,052,639	36,100	5,000 – 171,350	Grant	Grant	Education	Education
Top Ten Professional Organizations	9,412,515	20,750	175 – 600,000	Grant	Grant	Education	Education
All Individual Recipients	11,321,042	67	0 – 42,750	Food	Cash or Check	Education	Speaker Fee
Doctors	10,187,515	70	0.15 – 42,750	Food	Cash or Check	Education	Speaker Fee
Nurses	298,538	48	0.41 – 4,931	Food	Food	Marketing	Speaker Fee ⁴

Payments to Non-Individual Recipients

Non-Individual Recipients were analyzed first as a whole group and then broken into three subgroups, which consisted of the top ten recipients within Clinical Organizations, Disease-Specific Organizations, and Professional Organizations.

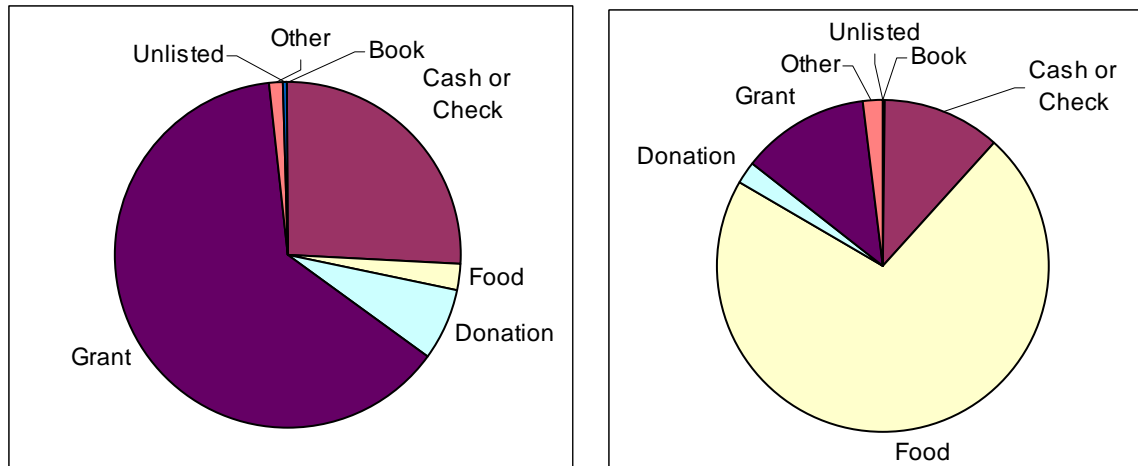
Non-Individual Recipients as a whole

As noted above, Non-Individual Recipients received a total of \$19.9 million. The median value for all payments to Non-Individual Recipients was \$201, and payments ranged from \$6 to \$600,000. *Grants* constituted the *Nature of Payment* with the highest dollar amount, with \$12.6 million; *Cash or Check* was the second-highest, with \$5.1 million; and *Donations* constituted the third-highest, with \$1.3 million. The four remaining categories – *Book*, *Food*, *Other*, and *Unlisted* – received less than 3% of the total dollar value. As was the case for all recipients, *Food* was listed as the *Nature of Payment* for the largest number of payments; in the case of Non-Individual Recipients, it was listed 71% of the time. *Grants* were listed with the second-highest frequency, at around 13%. *Cash or Check* was listed around 12% of the time. The remaining categories of *Book*, *Donation*, *Other*, and *Unlisted* were listed with less than 2% frequency.

⁴ Some of the gifts that listed nurses as recipients took the form of Food but specified Speaker Fee as a payment.

Figure 11 shows the percent of total dollar amount versus the percent of frequency for each *Nature of Payment*.

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



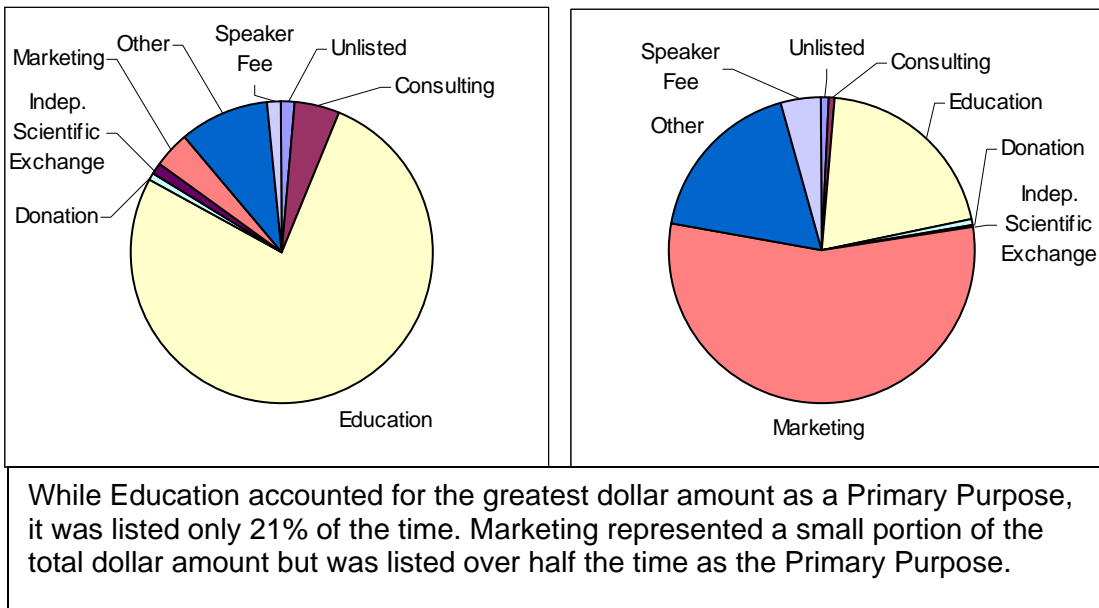
Grants and Cash or Check represent the largest total dollar amount, collectively accounting for nearly 90% of the money given to Non-Individual Recipients. Food was the most frequently listed.

Education was identified as the *Primary Purpose* with the highest dollar amount of gift payments to Non-Individual Recipients; it accounted for \$15.2 million, over three-quarters of the total value of gift payments to Non-Individual Recipients. The *Other* category had the second-highest amount, with \$1.9 million. *Consulting* as a *Primary Purpose* accounted for close to \$1 million, and *Marketing* for \$0.8 million. The remaining categories – *Unlisted*, *Donation*, *Independent Scientific Exchange*, and *Speaker Fee* – each accounted for less than \$300,000.

Marketing was listed as the *Primary Purpose* most frequently, about 55% of the time. *Education* was listed with the second-highest frequency, roughly 21% of the time; and *Other* had the third-highest frequency, being listed 18% of the time. The remaining categories were collectively listed less than 7% of the time.

The percent of total dollar value compared to the percent of frequency for each *Primary Purpose* is depicted in Figure 12.

Figure 12
Non-Individual Recipients: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



Clinical Organizations

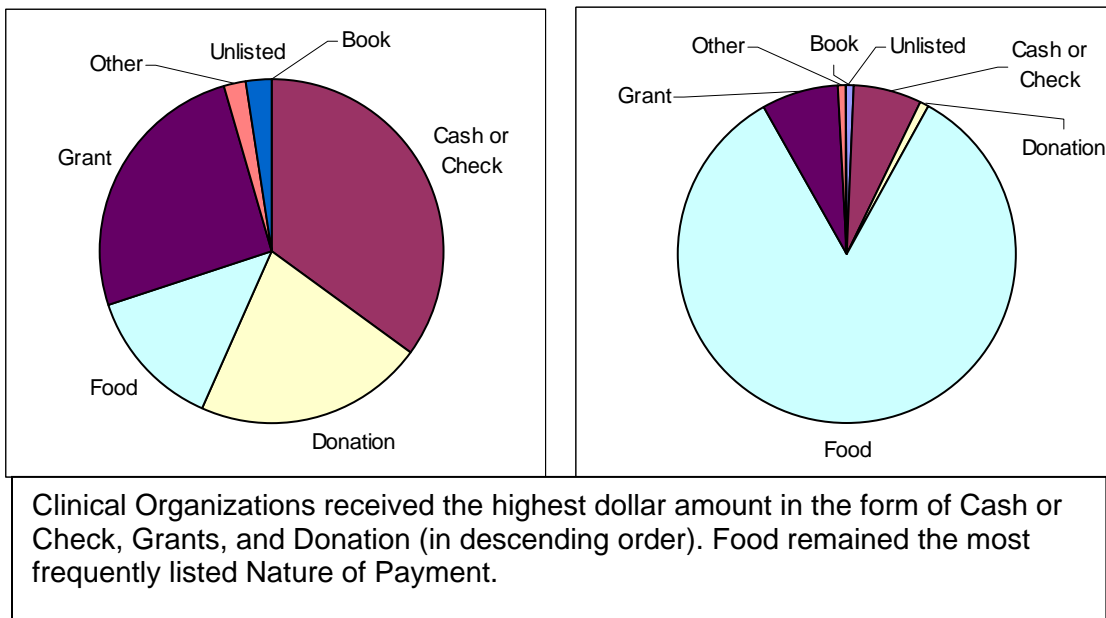
The top ten Clinical Organizations in our analysis, including hospitals or local area health clinics, received approximately \$1.8 million from pharmaceutical companies in 2007. These organizations were listed as recipients by 53 of the 102 companies that reported gift expenditures. The median value for all payments made to these organizations was \$224, and the payments ranged from \$9 to \$295,808. In addition, five clinical organizations received over \$100,000 in 2007.

Cash or Check was the *Nature of Payment* accounting for the largest dollar amount, with close to \$650,000; *Grants* had the second-highest total, with close to \$470,000. *Donations* represented the third-highest *Nature of Payment*, with almost \$400,000, and *Food* fourth-highest with \$240,000. The remaining three categories – *Unlisted*, *Other*, and *Book* – received less than \$50,000 each.

Food, listed 84% of the time, had the highest frequency among the different categories of *Nature of Payment*. Another 7% of the payments were listed as *Grants*, and slightly less than 7% as *Cash or Check*. The remaining categories were listed less than one percent of the time.

Figure 13 depicts the percent of total dollars versus percent of frequency for *Nature of Payment*.

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

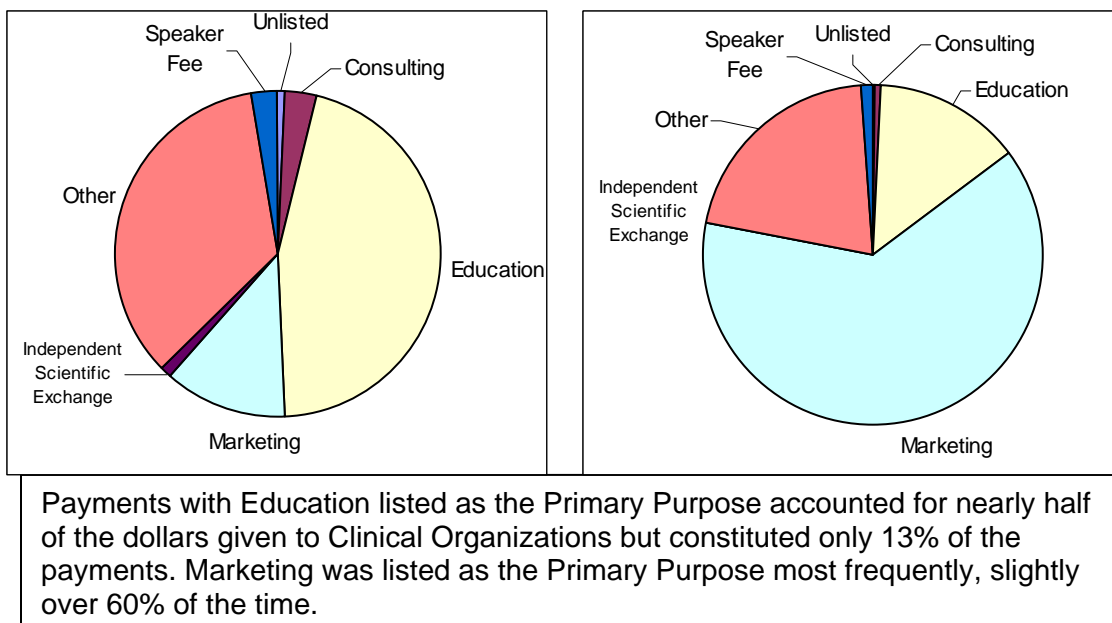


Education and Other were the top *Primary Purposes* for Clinical Organizations. *Education* payments totaled \$830,000, and *Other* payments totaled \$640,000. *Marketing* had the third-highest dollar total, with \$230,000. The four remaining categories – *Consulting*, *Speaker Fees*, *Unlisted*, and *Independent Scientific Exchange* – accounted for less than \$60,000 each.

Marketing was the most frequently listed *Primary Purpose*, constituting 63% of all payments. Another 21% of the payments listed *Other* as the *Primary Purpose*, and 14% of them listed *Education*. The four remaining categories were collectively listed for fewer than two percent of the payments.

Figure 14 illustrates the percent of the total value compared to percent of frequency for each *Primary Purpose*.

Figure 14
Clinical Organizations: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



Disease-Specific Organizations

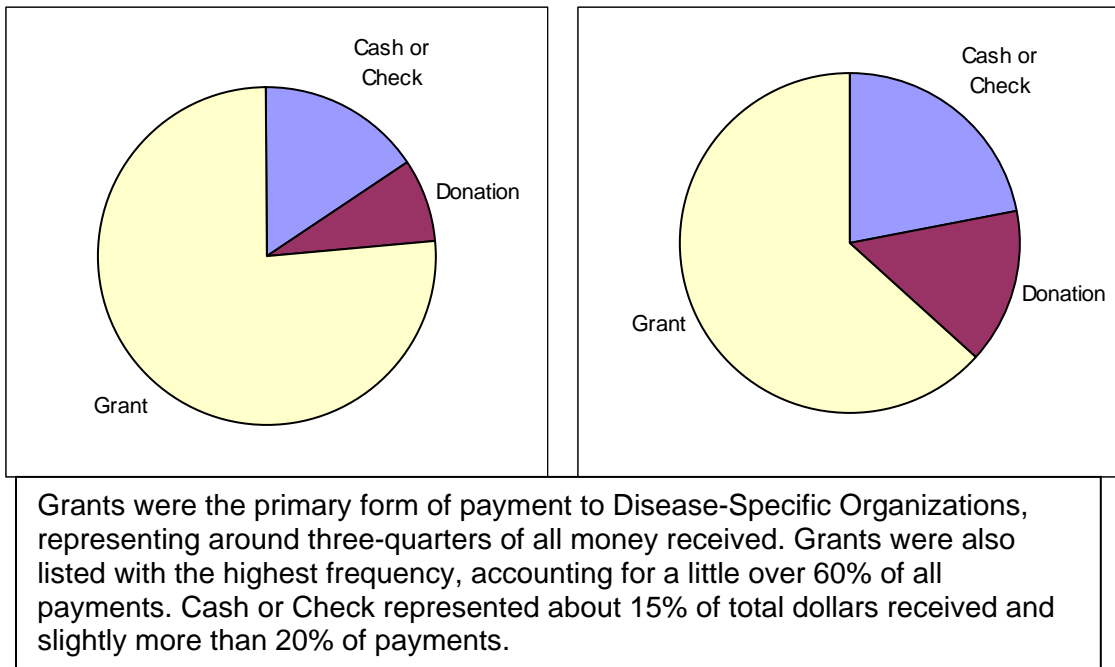
The top ten Disease-Specific Organizations in our database collectively received almost \$2.1 million. These organizations were listed by only eight of the 102 companies that reported gift expenses. The median value for all payments received by these organizations equaled \$36,100, and payments ranged from \$5,000 to \$171,350. Seven of the top ten Disease-Specific Organizations received more than \$100,000 from pharmaceutical companies in 2007.

There were only three different forms reported for *Nature of Payments* to Disease-Specific Organizations: *Cash or Check*, *Donation*, and *Grant*. The largest portion of the \$2.1 million took the form of *Grants*, which totaled close to \$1.6 million. Another \$322,000 was given in the form of *Cash or Check*, and \$163,000 as *Donations*.

For this group, *Nature of Payment* frequency corresponds well to the total dollar amount. *Grant* was listed around 63% of the time, *Cash or Check* was listed 22% of the time, and *Donation* was listed about 15% of the time as the *Nature of Payment*.

Figure 15 shows the percent of the total dollar amount versus the percent of frequency for the *Nature of Payment*.

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

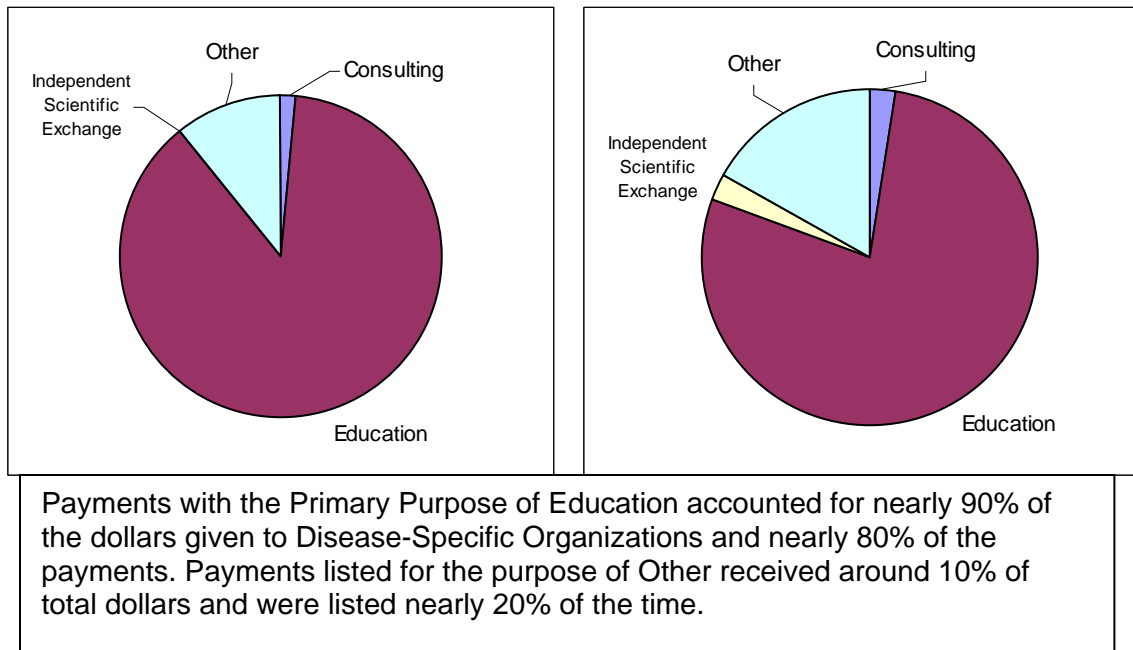


For Disease-Specific Organizations, 88% of the total dollar amount, or \$1.8 million, was classified as having the *Primary Purpose* of *Education*. *Other* as a *Primary Purpose* accounted for the second-highest dollar amount, with \$220,000. *Consulting* accounted for almost \$33,000, and *Independent Scientific Exchange* for only \$5,000.

For this group, the frequency with which each *Primary Purpose* was listed corresponds to the relative share of money for each purpose. *Education* was listed most often, 78% of the time; *Other* was listed for about 17% of the payments; and each of the remaining categories was listed for 2-3% of the gift payments.

The percent of total dollar amount compared to percent of frequency for each *Primary Purpose* is depicted in Figure 16.

Figure 16
Disease-Specific Organizations: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



Professional Organizations

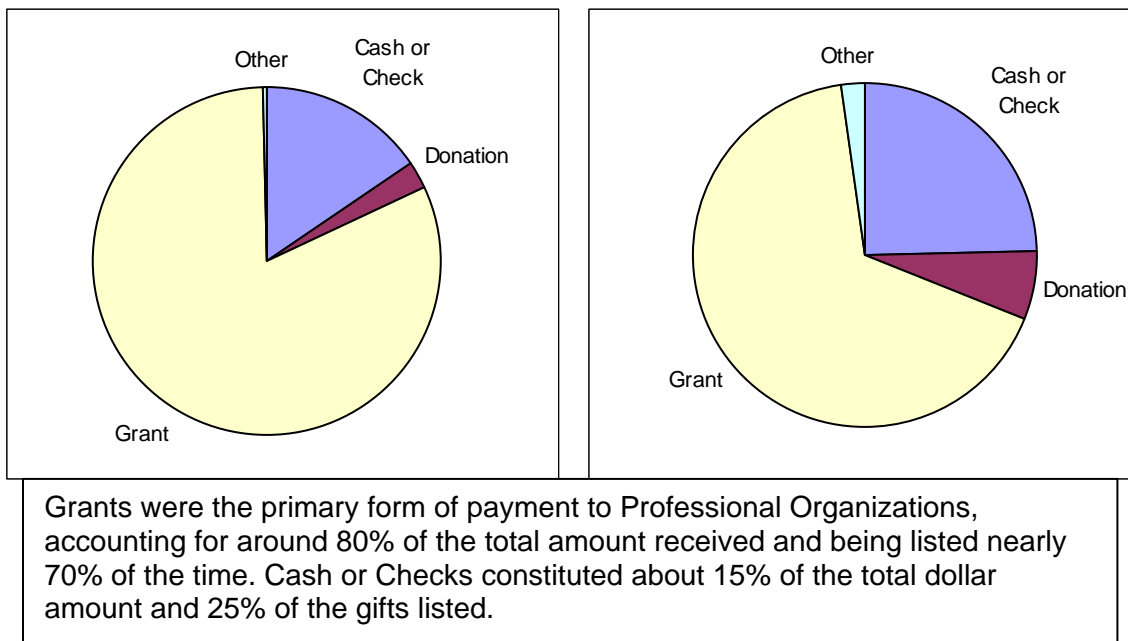
For the purpose of our study, Professional Organizations included organizations that represent healthcare professionals of particular demographic groups, or those that promote research activity within certain fields of medicine. The top ten Professional Organizations received more money than the top ten Clinical and Disease-Specific Organizations; gifts to Professional Organizations totaled \$9.4 million, which is almost half of all money received by Non-Individual Recipients. The median payment value was \$20,750, and payments ranged from \$175 to \$600,000. These organizations were listed as gift recipients by 26 of the 102 companies that reported gift expenses. In 2007, 23 Professional Organizations received more than \$100,000 from pharmaceutical companies, and three of these organizations received over one million dollars.

There were four categories for *Nature of Payment* for Professional Organizations: *Cash or Check*, *Donation*, *Grant*, and *Other*. *Grants* accounted for the highest dollar amount, with 82% of the total amount, or \$7.7 million. *Cash or Check* had the second-highest dollar amount, with \$1.5 million. *Donations* accounted for only \$225,000, and *Other* for \$29,000.

Professional Organizations are similar to Disease-Specific Organizations in that the number of payments corresponds to the total dollar amount. *Grants* were listed as the *Nature of Payment* for 67% of the gifts, *Cash or Check* for 25%, *Donation* for 6%, and *Other* for 2%.

Figure 17 shows the percent of the total dollar amount versus the percent of frequency for *Nature of Payment*.

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

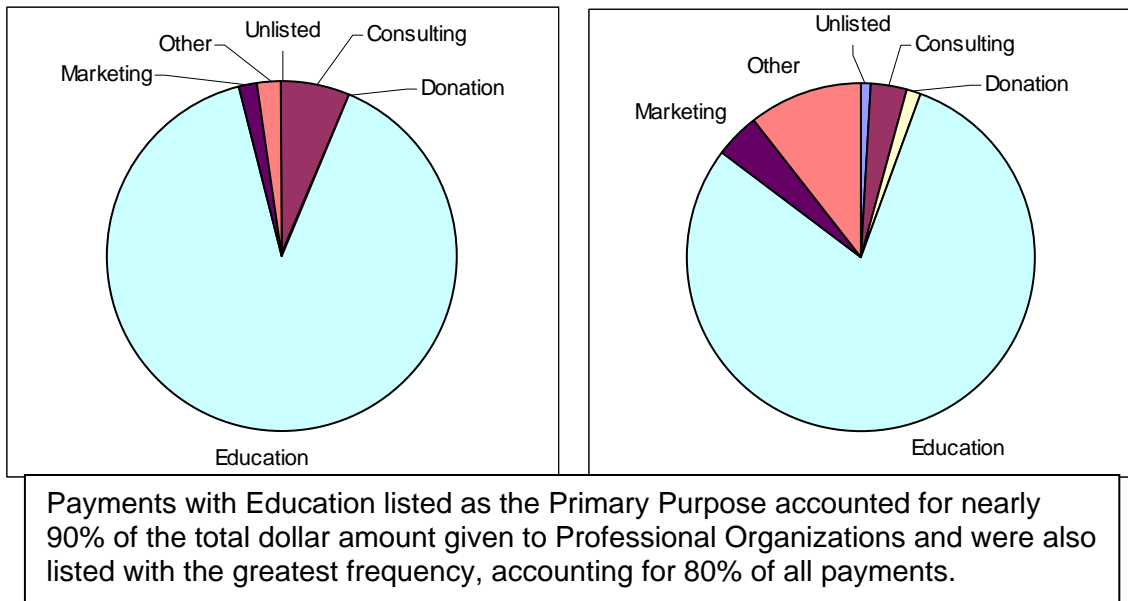


For Professional Organizations, *Education* as a *Primary Purpose* accounted for nearly 90% of all payments, equaling around \$8.4 million. All remaining categories of purpose totaled less than \$1 million. *Consulting* had the second-highest dollar amount with about \$600,000, and *Other* had the third-highest with \$220,000. *Marketing* had the next-largest dollar amount with close to \$140,000. *Donation* was listed as both a *Nature of Payment* and *Primary Purpose*. As a *Primary Purpose* it accounted for only \$7,500. *Unlisted* was the final category, with only \$2,000.

Education was also the *Primary Purpose* listed most frequently, about 80% of the time. Another 11% of payments listed *Other* as the *Primary Purpose*. All remaining categories were listed less than five percent of the time.

Figure 18 depicts the percent of the total dollar amount compared to percent of frequency for each *Primary Purpose*.

Figure 18
Professional Organizations: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



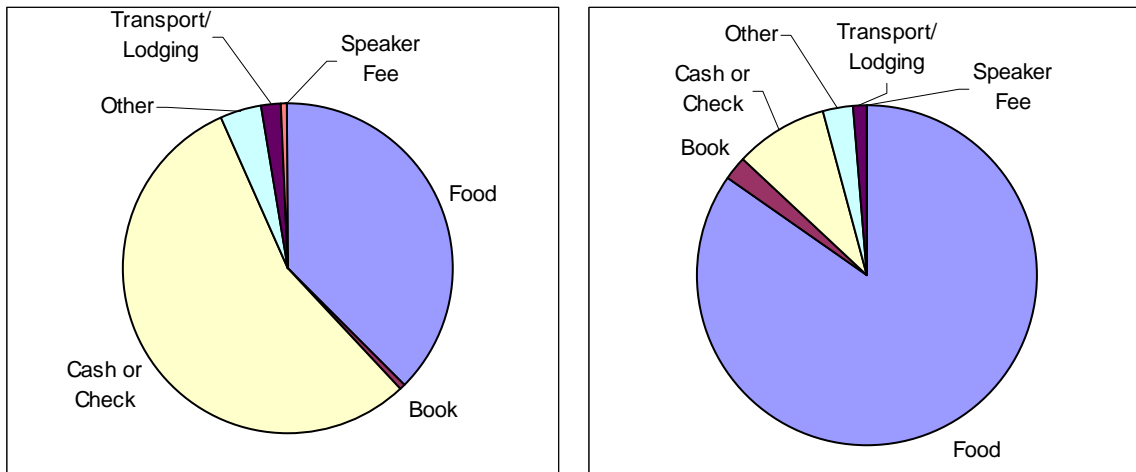
Payments to Individual Recipients

As mentioned previously, Individual Recipients received a total of \$11.3 million. The median value for all payments to Individual Recipients was \$67, and payments ranged from less than \$1 to \$42,750. In addition, 17 individuals received more than \$100,000 in 2007 from pharmaceutical companies. All of these individuals were listed with MD credentials. When considering *Nature of Payment*, \$6.2 million took the form of *Cash or Check*; \$4.2 million took the form of *Food*; and under \$500,000 in gifts was classified as *Other*. The four remaining categories – *Book*, *Transportation/Lodging*, *Grant*, and *Speaker Fee* – accounted for less than \$250,000 each.

Looking at the frequency of *Nature of Payment* categories presents a different picture: 85% of the gift payments took the form of *Food*, and only 9% took the form of *Cash or Check*. The remaining categories of *Book*, *Other*, *Transportation/Lodging*, *Grant*, and *Speaker Fee* were listed for fewer than 3% of the payments.

Figure 19 depicts the percent of total dollar amount compared to percent of frequency given for each *Nature of Payment*.

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



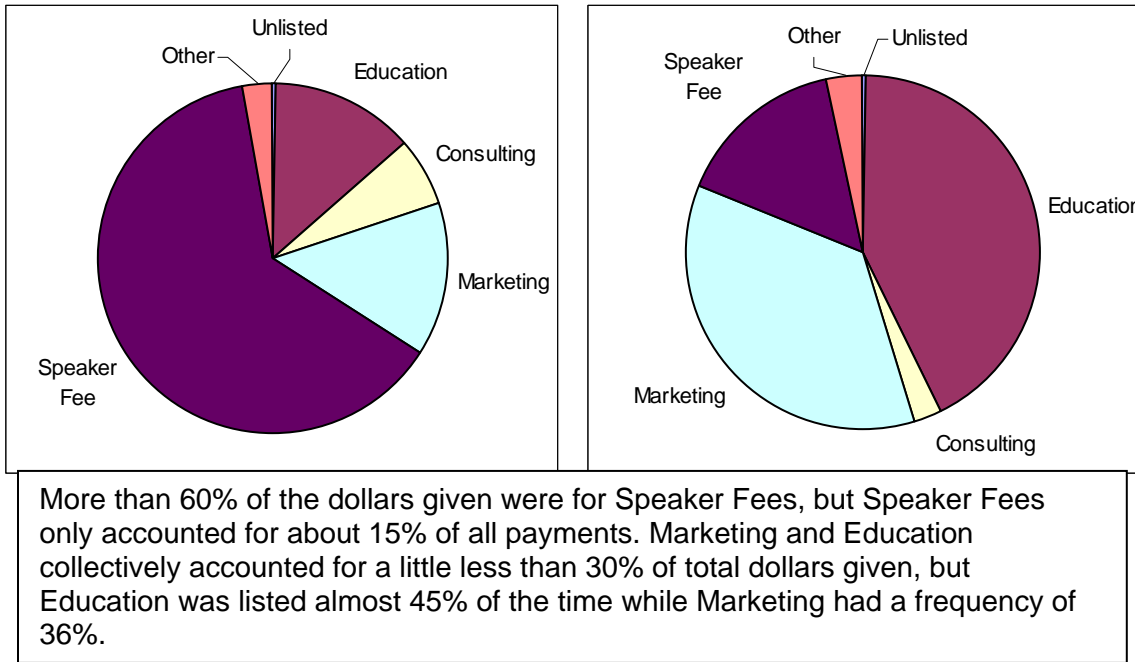
For Individual Recipients as a whole, the largest dollar amount was paid by Cash or Check, which accounted for 55% of total dollars given. Payment in the form of Food accounted for almost 40% of the total amount but was listed with the most frequency, representing nearly 85% of all payments. Cash or Check as the form of payment was listed less than 10% of the time.

For Individual Recipients, *Speaker Fees* as a *Primary Purpose* accounted for approximately 63% of the total payments, equaling \$7.1 million. *Marketing* accounted for \$1.6 million, *Education* for close to \$1.5 million, and *Consulting* for \$0.7 million. The remaining two categories, *Unlisted* and *Other*, accounted for around \$300,000 and \$34,000, respectively.

Education was listed as the *Primary Purpose* most frequently, about 43% of the time. *Marketing* was listed roughly 36% of the time, and *Speaker Fees* 16%. The remaining categories were collectively listed less than 7% of the time.

The percent of total dollar value versus percent of frequency for each *Primary Purpose* is shown in Figure 20.

Figure 20
Individual Recipients as a Whole: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



Doctors

Different methods for identifying doctors who received gifts yielded different results. Selecting all of the gifts for which the *Recipient Type* was listed as *Doctor* resulted in doctors being identified as the recipients for 69% of all gifts and accounting for \$7.9 million of the gift total. Selecting all of the gifts for which the *Recipient Credentials* were listed as MD, on the other hand, resulted in doctors being identified as the recipients for 81% of all gifts and accounting for \$10.2 million in gift payments from pharmaceutical companies. This suggests that submission forms frequently list a *Recipient Type* other than *Doctor* even when the recipient has an MD. For our analysis, we used the group identified by the MD credential.

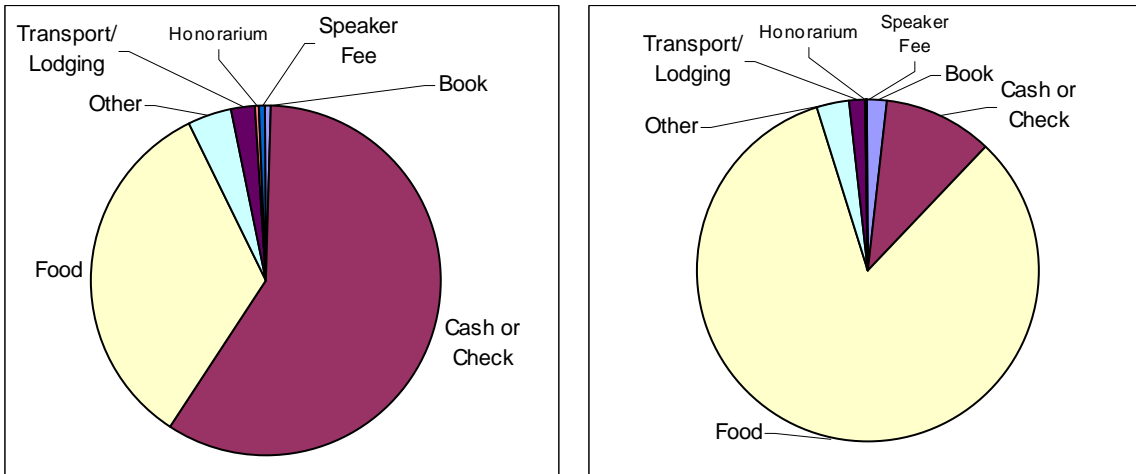
We identified approximately 8,000 unique Individual Recipients with MD credentials, but the figure is probably substantially lower due to variations in spelling that lead to the same individual being classified as multiple unique recipients. Doctors received about \$10.2 million from pharmaceutical companies in 2007, representing almost 90% of payments to individual recipients. The median payment value was \$70, and payments ranged in value from \$0.15 to \$42,750. The top ten doctor recipients received a little less than \$2 million, roughly 20% of the total payments received by individuals with MD credentials.

Cash or Check was the *Nature of Payment* accounting for the largest dollar amount, totaling almost \$6 million; *Food* had the second-highest total, with \$3.4 million. *Other* represented the third-highest *Nature of Payment*, with \$400,000. *Transportation* and *Lodging* accounted for a little over \$200,000, and *Books* and *Honorarium* for less than \$50,000 each.

In terms of frequency, 83% of the payments identified *Food* as the *Nature of Payment*, and 10% identified *Cash or Check*. The remaining categories of *Book*, *Other*, *Transportation/Lodging*, *Grant*, and *Honorarium* were each listed for fewer than 3% of the payments.

Figure 21 shows the percent of total dollar amount compared to percent of frequency for each *Nature of Payment*.

Figure 21
Individual Doctor Recipients: Nature of Payment
% of Total Value (Left) vs. % of Frequency (Right)



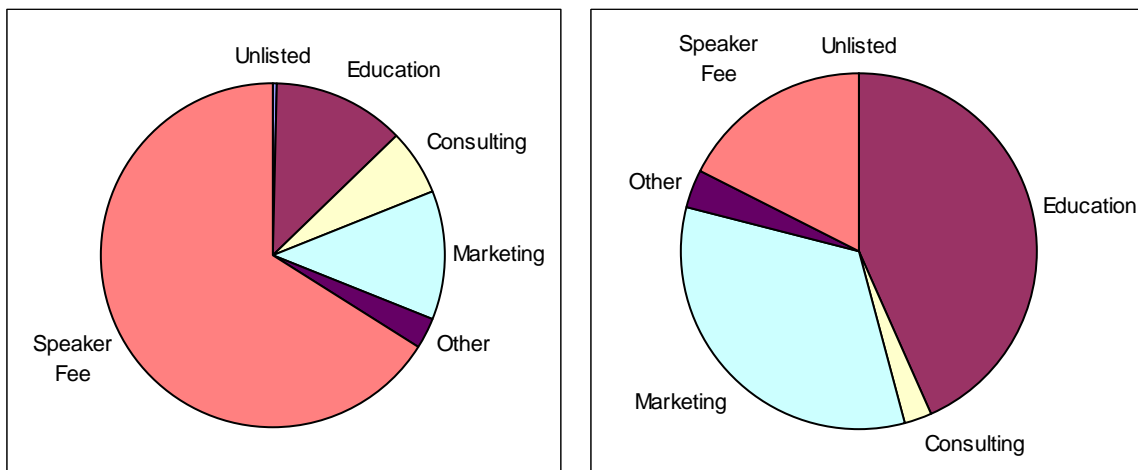
A majority of the gifts given to doctors took the form of Cash or Check, which accounted for nearly 60% of the total dollar amount. However, Cash or Check was only listed as the form of payment a little more than 10% of the time. Food was listed with the most frequency, for almost 85% of payments, but it only accounted for slightly more than 30% of the total dollar amount.

A total of \$6.7 million of the gifts given to doctors had the *Primary Purpose* of *Speaker Fees*; \$1.3 million was for *Education*, and \$1.2 million for *Marketing*. Approximately \$630,000 had the *Primary Purpose* of *Consulting*, and *Other* accounted for \$280,000. Almost \$27,000 worth of payments had no *Primary Purpose* listed.

Education was listed as the *Primary Purpose* most frequently, about 43% of the time. *Marketing* was listed approximately 33% of the time, and *Speaker Fees* 17%. The remaining categories were collectively listed less than 7% of the time.

Figure 22 depicts the percent of total dollar value versus the percent of frequency for each *Primary Purpose*.

Figure 22
Individual Doctor Recipients: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



Almost 70% of the total dollar amount given to doctors was for Speaker Fees, but these were listed as the Primary Purpose less than 20% of the time. Education and Marketing had the highest frequency, but each only accounted for a little more than 10% of the total dollar amount.

Nurses

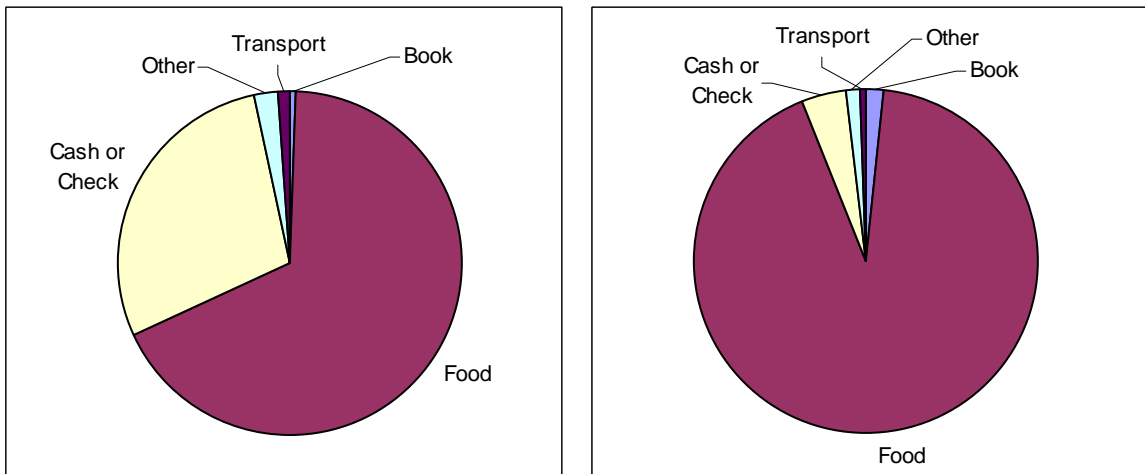
As with doctors, the identification of individual recipients as nurses was based on credential entries of *RN*, *NP*, *APRN*, or *Nurse*. (Although *Nurse* was not one of the options given for the credentials field, some submissions included it there.) There were about 1,500 unique individual recipients who fit these credential criteria – although, as was the case with doctors, spelling variations likely mean that some individuals appear multiple times in this count. Gift payments to nurses totaled almost \$300,000, which is about 3% of the value of gift payments to individuals; doctors, on the other hand, received almost 90% of the total value of gift payments to individuals. The median value of payments to nurses was \$48, and payments ranged from \$0.41 to \$4,931.

Out of the total of nearly \$300,000, \$200,000 took the form of *Food* and \$85,000 took the form of *Cash or Check*. The three remaining payment categories – *Book*, *Other*, and *Transportation* – each accounted for less than \$7,000.

In terms of frequency, *Food* was listed for 92% of the payments, and *Cash or Check* was listed for approximately 4%. The remaining categories of *Book*, *Other*, and *Transportation* were collectively listed less than 4% of the time.

Figure 23 shows the percent of total dollar amount compared to percent of frequency for each *Nature of Payment*.

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



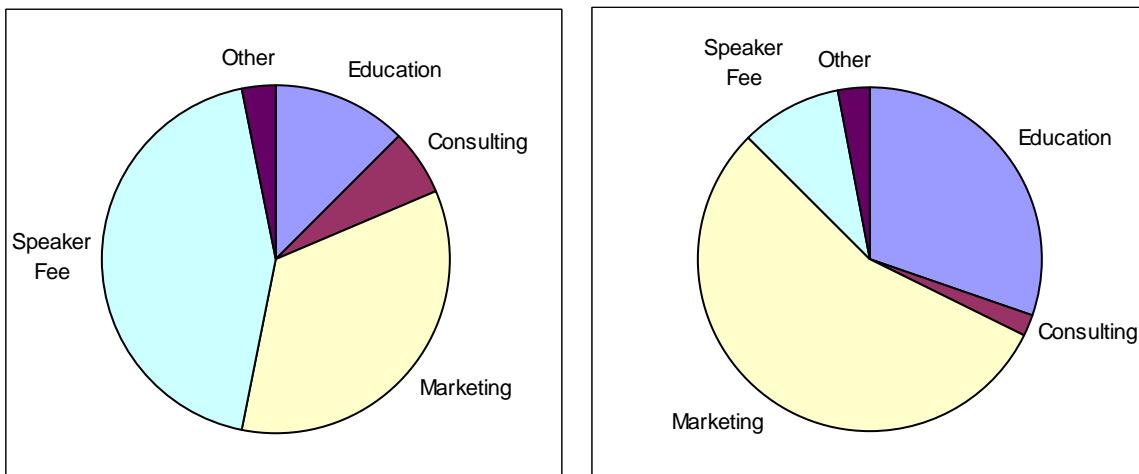
Food accounted for the majority of total dollars given to nurses, a little less than 70%, and was listed most frequently, almost 95% of the time. Cash or Check represented around 30% of the total amount spent but was listed less than five percent of the time.

For nurses, *Speaker Fees* as a *Primary Purpose* accounted for \$130,000. *Marketing* accounted for \$100,000, and *Education* for \$37,500. The remaining two categories, *Consulting* and *Other*, accounted for around \$18,000 and \$9,000, respectively.

Marketing was listed as the *Primary Purpose* most frequently, about 55% of the time. *Education* was listed roughly 30% of the time and *Speaker Fees* 10%. The remaining categories were collectively listed less than 5% of the time.

Figure 24 depicts the percent of total dollar value versus percent of frequency for each *Primary Purpose*.

Figure 24
Individual Nurse Recipients: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



Speaker Fees accounted for a little over 40% of the total dollar amount given to nurses, although Speaker Fee was listed as the Primary Purpose less than 10% of the time. Marketing accounted for 35% of the total dollar amount but was listed more than half the time as the Primary Purpose.

IV. SUBGROUP ANALYSIS

Gift Expenses Subgroups

We conducted additional analyses on three subgroups to obtain further information on patterns of gift expenses. Based on total *Gift Expenses* rank, the three subgroups represent three to four high-level, medium-level, and low-level spending pharmaceutical manufacturers.

Gift Expenses: Subgroup A

Subgroup A includes the three companies that spent the most in the *Gift Expenses* category. Their total *Gift Expenses* equaled close to \$10.7 million, about one-third of the total gift expenses for all companies.

Recipient Type

For Subgroup A, *Doctor* constituted the most frequently named *Recipient Type*, being listed 93% of the time. However, *Other* was the *Recipient Type* accounting for the most gift dollars: close to \$7.7 million.

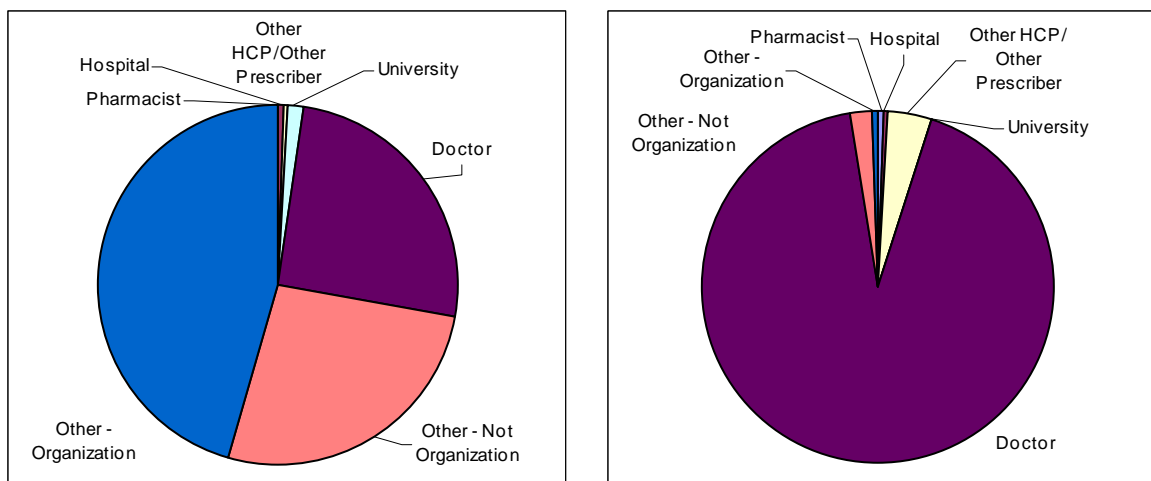
Where *Recipient Type* was listed as *Other*, we used the details provided in the *Other Recipient Type* cell to classify the *Recipient Type* as either *Other-Organization* or *Other-Not Organization*. After this was completed, *Other-Organization* was the highest-ranking recipient type, receiving almost \$4.9 million while only being listed as the recipient for less than one percent of the gifts. *Other-Not Organization* accounted for \$2.8 million and approximately two percent of the gifts. The third-highest recipient was *Doctors*, who received \$2.7 million and were listed as recipients most frequently. The other four categories – *Pharmacists*, *Hospitals*, *Universities*, and *Other Healthcare Providers* – only received a little over two percent of the total dollar amount and were listed as the recipients for approximately five percent of the gifts.

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

- **Doctors:** median payment of \$63.33, with payments ranging from \$0.60 to \$6,750
- **Other-Not Organization:** median payment of \$480, ranging from \$19 to \$295,808
- **Other-Organization:** median payment of \$25,000, ranging from \$2,500 to \$600,000

The percent of total dollar amount received versus percent of total frequency is shown in Figure 25.

Figure 25
Subgroup A: Recipient Type
% of Total Value (Left) vs. % of Frequency (Right)



While Doctors received the largest number of payments from Subgroup A, recipients classified as Other-Organization received the highest dollar amount, followed by recipients classified as Other-Not Organization.

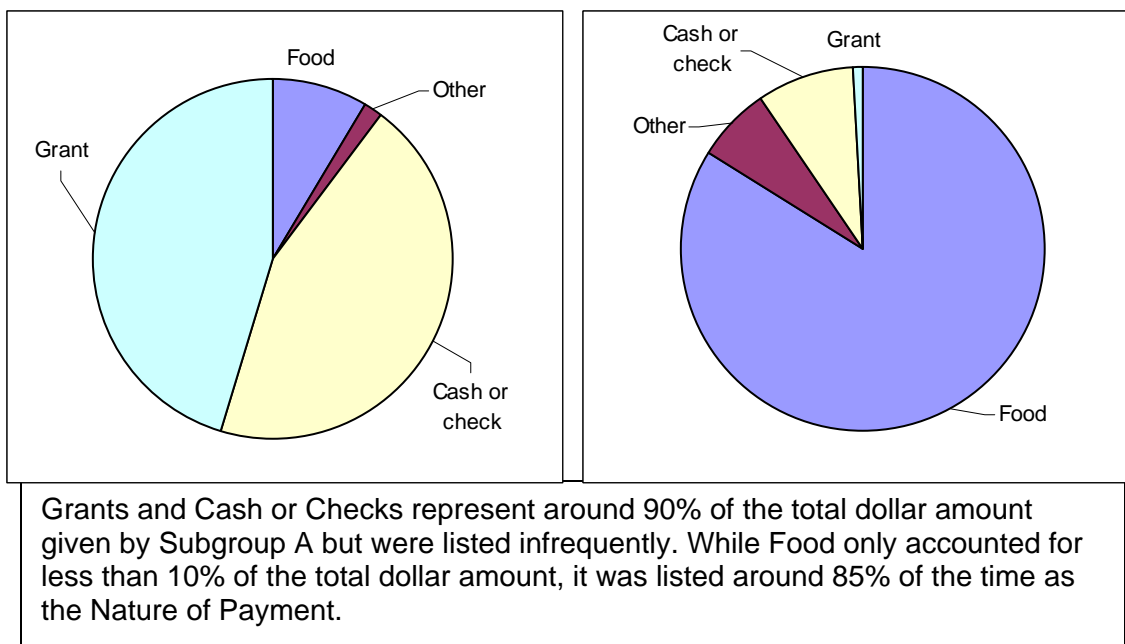
Nature of Payment

Gift Expenses for Subgroup A were broken down into four basic forms of payment: *Food, Cash or Check, Grant, and Other* (which includes *Book, Lodging, and Transportation*, as well as gifts for which *Other* was specified as the *Nature of Payment*). Payments in the form of *Grants* accounted for the highest dollar amount, about \$4.8 million; *Cash or Check* was the second-highest, with \$4.7 million. *Food* was listed most frequently – 84% of the time – as the *Nature of Payment*, but it accounted for only \$1 million of the total gift expenses. *Grants* were listed less than one percent of the time as a *Nature of Payment*, and *Cash or Checks* were only listed about 9% of the time. *Other* was listed about 7% of the time and accounted for less than \$0.2 million.

The median value of all payments was \$64, and payments ranged from \$0.41 to \$600,000.

The percent of total dollar amount compared to percent of frequency for each *Nature of Payment* is depicted in Figure 26.

Figure 26
Subgroup A: Nature of Payment
% of Total Value (Left) vs. % of Frequency (Right)



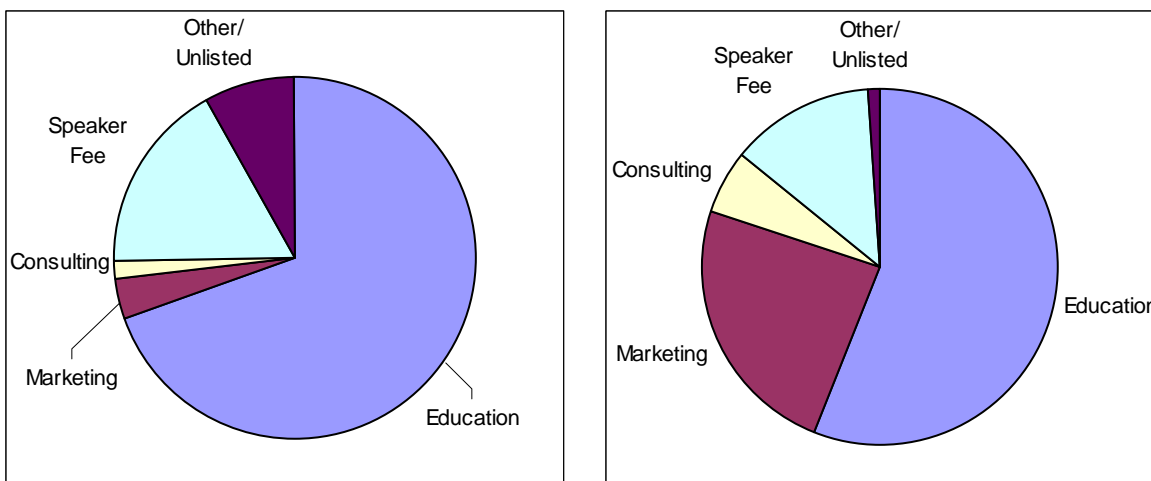
Primary Purpose

For Subgroup A, *Education* was listed most frequently as the *Primary Purpose*, occurring 56% of the time; it accounted for the largest dollar amount, at \$7.4 million (69% of the total amount). *Speaker Fee* accounted for \$1.8 million and was listed 13% of the time (third-highest frequency). *Other/Unlisted* was the third-highest *Primary Purpose*, accounting for \$0.8 million and being listed 7% of the time. *Marketing* accounted for the second-lowest dollar amount, \$0.38 million, and had the second-highest frequency, being listed 24% of the time.

For the two top *Primary Purpose* categories, *Education* and *Speaker Fee*, the median value and range of payments were calculated for each. For *Education*, the median payment value was \$45, and payments ranged from \$0.41 to \$600,000. For *Speaker Fees*, \$800 was the median value, and payments ranged from \$3.50 to \$6,750.

The percent of total dollar amount for each *Primary Purpose* is shown in Figure 27 compared to the percent of frequency.

Figure 27
Subgroup A: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



In this case, Education accounted for both the highest percentage of total dollars and the highest number of expenditures by Subgroup A. Speaker Fees claimed the second-highest dollar amount, almost 20%, while only being listed 13% of the time

Gift Expenses: Subgroup B

Subgroup B consisted of four companies whose *Gift Expense* totals centered on the median value for all *Gift Expense* totals greater than zero, which equaled \$46,356. This group represents the mid-level spending group of pharmaceutical companies. The four companies' *Gift Expenses* totaled \$189,586.

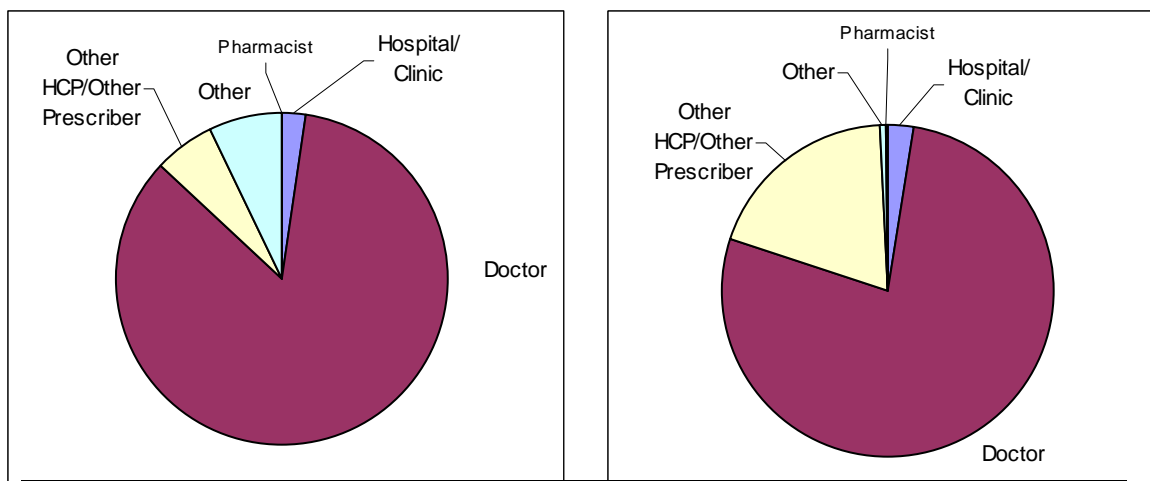
Recipient Type

For Subgroup B, *Doctors* received the largest share of the total dollar value as well as the most payments: They received \$160,285 and were listed 77% of the time. In a distant second place, recipients listed as *Other* received \$13,600 and accounted for less than one percent of the payments. *Other Health Care Provider/Other Prescribers* were the third-highest paid recipients, receiving about \$11,200 and being listed 19% of the time. *Hospital/Clinic* and *Pharmacist* were the remaining recipient types, receiving \$4,350 and \$155, respectively. *Hospital/Clinic* was listed about 3% of the time, and *Pharmacists* less than 1% of the time.

The median value for payments made to doctors was about \$80 and ranged from \$25 to \$3,750. However, the median value of payments listed for *Other* was \$4,249 and ranged from \$105 to \$5,000. Although recipients listed as *Other* received larger payments, they represented a smaller fraction of total payments, explaining the large value discrepancy between *Doctor* and *Other* recipient type payments.

Figure 28 depicts the percent of the total dollar amount for each Recipient Type versus the percent frequency.

Figure 28
Subgroup B: Recipient Type
% of Total Value (Left) vs. % of Frequency (Right)



For Subgroup B, in contrast to Subgroup A, Doctors represent both the highest-paid group and the Recipient Type listed with the greatest frequency. Other Healthcare Providers received the second-largest number of payments, but their payments only equaled about 6% of the total dollar amount. Recipients listed as Other received the second-highest dollar amount but were listed less than one percent of the time.

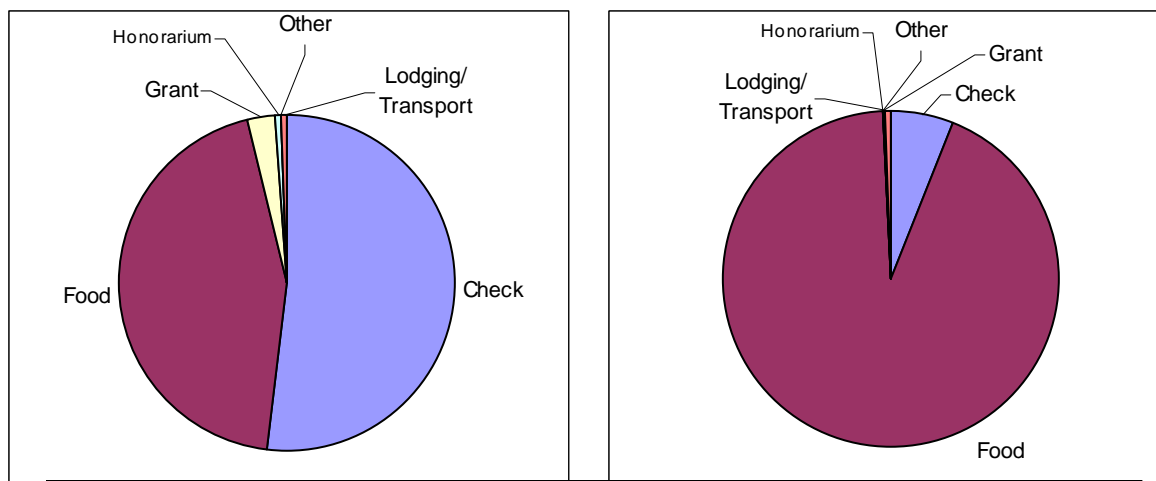
Nature of Payment

For Subgroup B, *Cash or Check* and *Food* are the two *Nature of Payment* types accounting for the largest dollar amount, and they were also the most frequently listed. *Cash or Check* accounted for approximately \$98,500 of the total dollar amount spent but was only listed 6% of the time. *Food* was listed as the *Nature of Payment* 93% of the time but was second in terms of dollar value, accounting for close to \$84,000. The next-highest-ranking *Nature of Payment* was *Grant*, which accounted for \$5,000 but was listed less than one percent of the time. *Honorarium*, *Other*, and *Lodging/Transportation* represented the remaining three categories for *Nature of Payment*, and all constituted less than one percent of the total dollar amount and overall frequency.

The median value of all payments for Subgroup B equaled \$73, with a range of values between \$25 and \$5,000.

The percent of total dollar amount compared to the percent of frequency for each *Nature of Payment* is shown in Figure 29.

Figure 29
Subgroup B: Nature of Payment
% of Total Value (Left) vs. % of Frequency (Right)



The two largest Nature of Payment categories for Subgroup B were Cash or Check and Food, but Food was listed around 90% of the time while Cash or Check was only listed about 6% of the time.

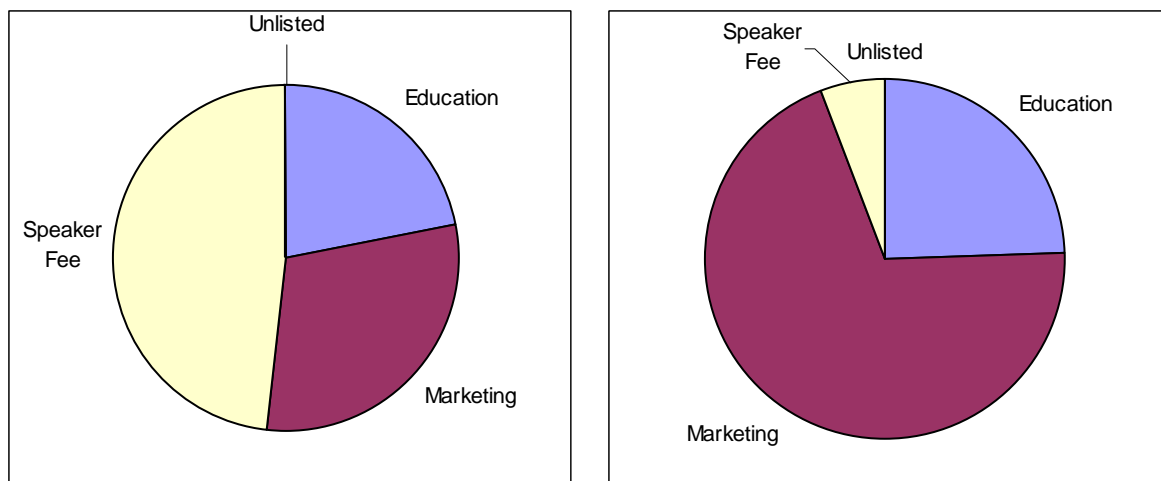
Primary Purpose

The four *Primary Purposes* listed for Subgroup B were *Education*, *Marketing*, *Speaker Fee*, and *Unlisted*. *Speaker Fees* accounted for the highest percent of total dollar value, accounting for close to \$91,500, although they were listed as the *Primary Purpose* for only 6% of the payments. *Marketing* had the second-highest dollar value with \$56,500, but had the highest frequency, being listed 70% of the time as the *Primary Purpose*. *Education* accounted for \$41,600 and had the second-highest frequency, being listed almost a quarter of the time. *Unlisted* accounted for less than one percent of the total dollar amount as well as the frequency.

The median value for *Speaker Fee* payments was \$1,260 and ranged from \$48.50 to \$3,750. *Marketing* payments had a median value of \$60 and ranged from \$25 to \$441.

The percent of total dollar amount versus percent of frequency for each *Primary Purpose* is shown in Figure 30.

Figure 30
Subgroup B: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



Speaker Fees account for nearly half of the total dollar amount of Subgroup B's gifts, but was listed less than 10% of the time. Marketing was listed most frequently but only accounted for about 30% of the total dollar amount. Education's number of expenditures was close in proportion to how much total money was received through Education payments.

Gift Expenses: Subgroup C

Subgroup C *Gift Expenses* are representative of the low-level spending pharmaceutical companies. This subgroup is composed of three companies whose *Gift Expenses* center around the median value of all *Gift Expenses* less than \$50,000 and greater than zero, which was equal to \$11,426. The total *Gift Expenses* of the three companies equaled \$34,195.

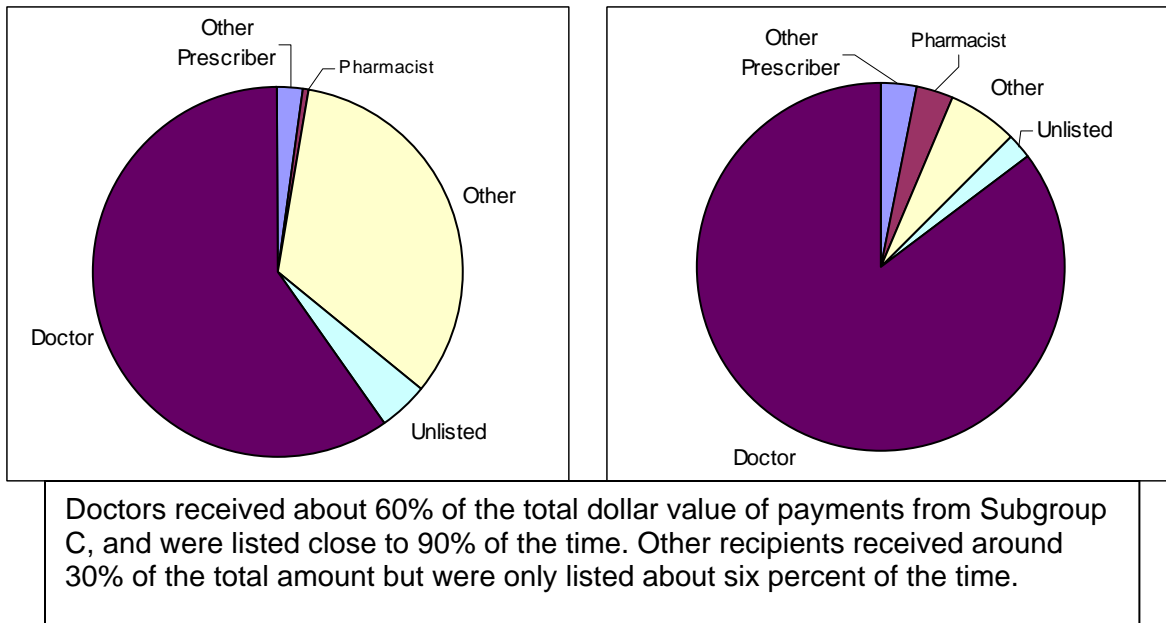
Recipient Type

As was the case with Subgroup B, *Doctors* represent both the highest-paid *Recipient Type* as well as the *Recipient Type* listed most often. For Subgroup C, *Doctors* received close to \$20,400 and were listed as the *Recipient Type* for 85% of the gifts. *Other* was the second-highest recipient with a little over \$11,000. The *Other* category included *Recipient Type* listed as *Other* and two payments (listed as *Grants*) to individuals whose credentials did not classify them as doctors, other prescribers, or pharmacists. Recipients in the *Other* category were listed for 6% of the gifts. The other three *Recipient Type* categories were *Unlisted*, *Other Prescriber*, and *Pharmacist*; they received \$1,500, \$730, and \$187, respectively, and each of these three categories accounted for 2-3% of the gifts from Subgroup C.

The median value for *Doctor* payments from Subgroup C was just under \$12, and the payments ranged from \$0.94 to \$3,000. The median value for payments received by *Other* recipients was \$33, and those payments ranged from \$3.74 to \$5,000.

The percent of total dollar amount compared to percent of frequency for each *Recipient Type* is shown in Figure 31.

Figure 31
Subgroup C: Recipient Type
% of Total Value (Left) vs. % of Frequency (Right)



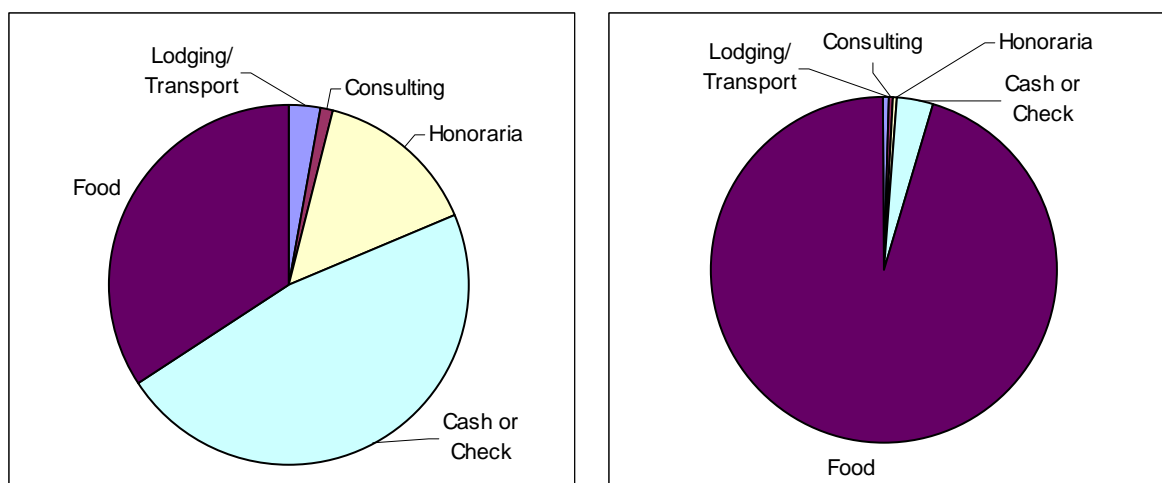
Nature of Payment

Subgroup C is similar to Subgroup B in that *Cash or Check* and *Food* represent the categories of *Nature of Payment* with the highest dollar values. *Cash or Check* accounted for a little over \$16,000 of the total *Gift Expenses* but was only listed 3% of the time. *Food* accounted for almost \$12,000 of the total amount and was listed with the highest frequency, 95% of the time. *Honoraria*, *Lodging/Transportation*, and *Consulting* were the three remaining categories for *Nature of Payment*; they accounted for \$5,000, \$945, and \$400, respectively. Each of those three categories accounted for less than one-half of one percent of the number of payments.

The median value for all payments was \$12, with a range of values from \$0.94 to \$5,000.

The percent of total dollar amount versus percent of frequency for each *Nature of Payment* is shown in Figure 32.

Figure 32
Subgroup C: Nature of Payment
% of Total Value (Left) vs. % of Frequency (Right)



While Cash or Check accounted for nearly half of the total dollar amount given by Subgroup C, it was listed less than five percent of the time. Food represents only 35% of the total dollar amount but was listed 95% of the time.

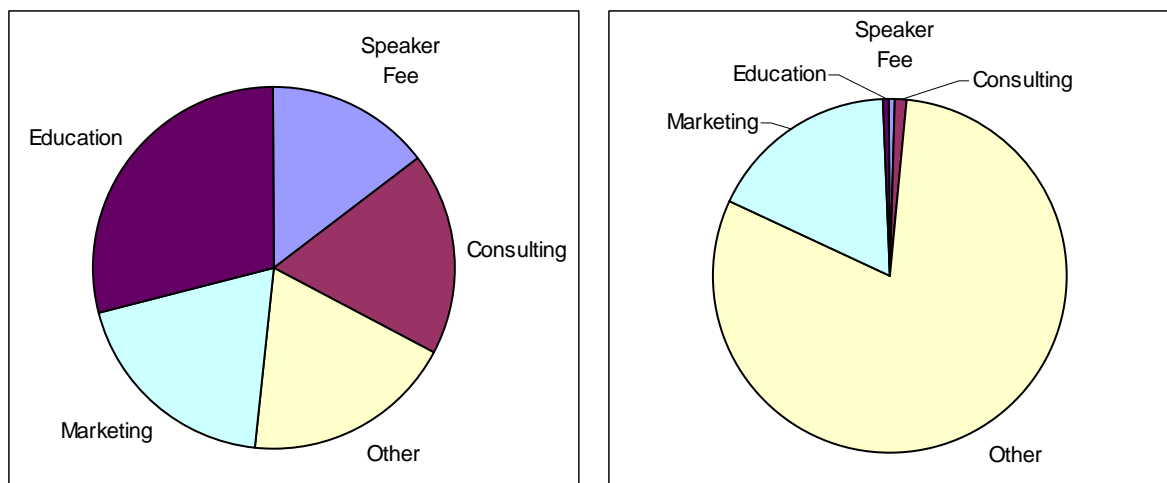
Primary Purpose

Education was the *Primary Purpose* for Subgroup C that accounted for the largest total dollar value, but it was listed for fewer than one percent of the payments. *Marketing*, *Other*, and *Consulting* accounted for similar dollar values: \$6,600, \$6,400, and \$6,200, respectively. *Other* had the highest frequency of all of the payment purposes, being listed 80% of the time. *Marketing* was listed as the purpose of approximately 18% of the payments, and *Consulting* for less than 2%. The last category, *Speaker Fee*, had a dollar value of \$5,000 and was listed less than one percent of the time.

Only two payments were designated as being for the purpose of *Education*, and both were equal to \$5,000. The median value for payments with the primary purpose of *Marketing* was \$62, and those payments ranged from \$0.94 to \$379.

Figure 33 depicts the percent of total dollar amount compared to the percent of frequency for each *Primary Purpose*.

Figure 33
Subgroup C: Primary Purpose
% of Total Value (Left) vs. % of Frequency (Right)



For Subgroup C, the percent of the total dollar amount was nearly equally distributed among the different categories of Primary Purpose, with Education having a slight majority of 30%. However, Other was listed with a frequency of 80%.

Gift Expenses Subgroup Comparison

From the analysis of the three Subgroups, comparisons can be drawn between the overall *Gift Expenses* as well as between the three groups. In terms of *Recipient Type*, for all three subgroups, *Doctors* were the most frequently listed type, similar to all companies as a whole. Subgroup A is similar to the overall analysis (which is not surprising, since Subgroup A accounts for nearly one-third of *Gift Expenses*) in that the *Recipient Types* of *Other* and *Organizations* accounted for the largest proportion of dollars. For Subgroups B and C, *Doctors* represented the highest-paid recipients.

The difference with regards to *Recipient Types* between Subgroup A and the other two Subgroups are clearly linked to the marked differences between *Nature of Payment* and *Primary Purpose* between the three groups. In the analysis of Subgroup A, *Grants* constitute the largest dollar value for *Nature of Payment* (45% of the total dollar amount), followed by *Cash or Check* (44%) and then *Food* (9%). This is very similar to the figures for companies as a whole, where *Grants* constituted 41%, *Cash or Check* 37%, and *Food* 15%. For Subgroup B and C, *Grants* are not even listed as a *Nature of Payment*, and organizations and institutions are not listed as recipients. The marketing efforts of medium-sized and small companies focus primarily on *Doctors*. For all three subgroups and the companies as a whole, *Food* was most frequently listed as the *Nature of Payment*.

From the analysis of the data it appears that grants paid to organization recipients are generally made for an educational primary purpose. For companies as a whole and Subgroup A, *Education* accounts for the majority of the total dollar value amount (54% and 69%, respectively) and is also listed with the most frequency (42% and 56% of the time, respectively). For Subgroup B, *Speaker Fees* represent the largest portion of total

dollars, and *Marketing* is the most frequently listed *Primary Purpose*, suggesting that medium-sized pharmaceutical companies focus on marketing their products to individual prescribers. *Education* represents the largest portion of total dollars for Subgroup C (30%), while *Consulting*, *Other*, and *Marketing* all represent around 20% each. In terms of number of payments, there are so few *Education* payments that the other categories represent the majority of payments.

In summary, these data suggest that high-spending pharmaceutical companies marketing in the District provide large educational grants to organizations, rather than focusing on gifts to individuals. Mid-level and low-level spending pharmaceutical companies in the District focus on marketing their products to individual doctors.

Table 7 presents information about the *Gift Expenses* of Subgroups A, B, and C.

Table 7

Comparison of Companies as a Whole to Subgroups A, B, and C							
	Total Amount Spent (\$)	Most Frequent Recipient Type	Recipient Type Receiving Most Money	Most Frequent Nature of Payment	Nature of Payment Receiving Most Money	Most Frequent Primary Purpose	Primary Purpose Receiving Most Money
Companies as a whole	31,337,226	Doctor	Other	Food	Grant	Education	Education
Subgroup A	1,835,455	Doctor	Other - Organization	Food	Grant	Education	Education
Subgroup B	189,586	Doctor	Doctor	Food	Cash or Check	Marketing	Speaker Fees
Subgroup C	34,195	Doctor	Doctor	Food	Cash or Check	Other	Education

Advertising Expenses Subgroup Comparison

An analysis was performed on all companies that reported advertising expenses, and also on two subgroups, one of companies that spent large amounts on advertising and another of companies that spent smaller amounts.⁵ Subgroups were drawn from the three companies with the highest advertising expenses and four companies whose advertising expenses centered on the median value for expenses greater than zero, which was \$11,905. Both the *Type of Activity* and *Medium Type* were compared.

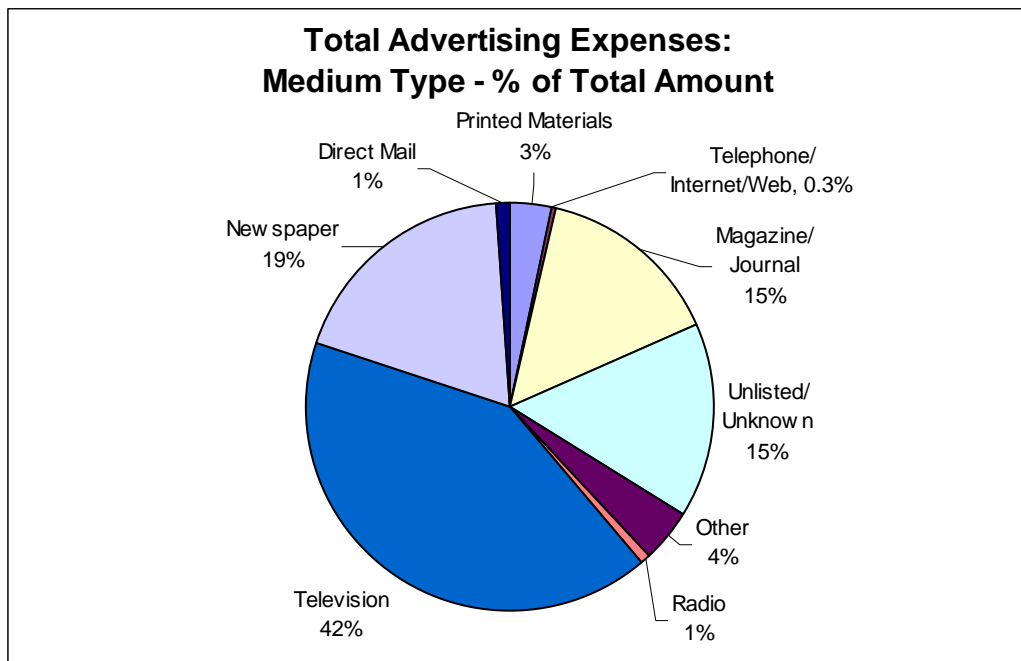
⁵ Due to a smaller number of companies that reported advertising expenses, the median value for all companies with a value greater than zero was a substantially smaller number than the value for the top three companies; therefore, the creation of subgroups was limited to these two groups.

Advertising Expenses: Companies as a Whole

As stated previously, 54 of the 113 companies reported *Advertising Expenses* totaling \$10.3 million. Advertising activities listed varied considerably among companies but could be sorted into ten general categories: *Advertising, Exhibit Fees, Direct Promotion, Education, Marketing, Media Placement, Other,*⁶ *Market Research, Sponsorship, and Direct-to-Consumer Advertising.* *Advertising* had the greatest dollar value, with slightly over \$5.8 million. *Education* had the second-highest dollar value, with \$1.7 million. *Marketing, Media Placement, and Direct-to-Consumer* activities had dollar values ranging from \$275,000 to \$620,000. The remaining five categories had dollar values smaller than \$150,000.

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

Figure 34

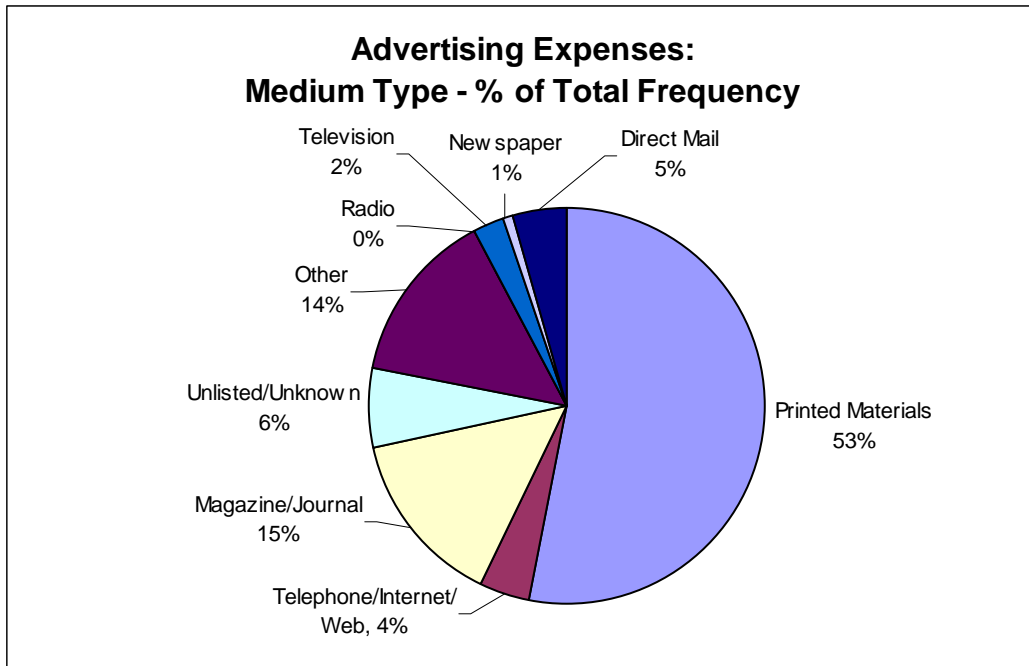


Medium Type also varied considerably among companies, and responses were classified into nine general categories: *Printed Materials, Telephone/Internet/Web, Magazine/Journal, Unlisted/Unknown, Other, Radio, Television, Newspaper, and Direct Mail.* *Television Advertising* had the highest dollar value, accounting for \$3.9 million. Following *Television, Newspaper, Unlisted/Unknown, and Magazine/Journals* had the highest dollar value amounts. Companies spent \$1.8 million on *Newspaper* advertising, \$1.5 million on *Unknown or Unlisted* media, and \$1.4 million on *Magazines/Journals.* *Other* media and *Printed Materials* were the next highest, with \$390,000 and \$318,000, respectively. For the three remaining medium types – *Telephone/Internet/Web, Radio, and Direct Mail* – \$100,000 or less was spent for each type.

⁶ Other includes Types of Activity listed as Development, Product Info, Reprints, Book, Detailing, Patient Starter Kit, Direct Sale, Speaker Related, and Unlisted Activities. All of these constituted percentages too small to be significant.

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

Figure 35

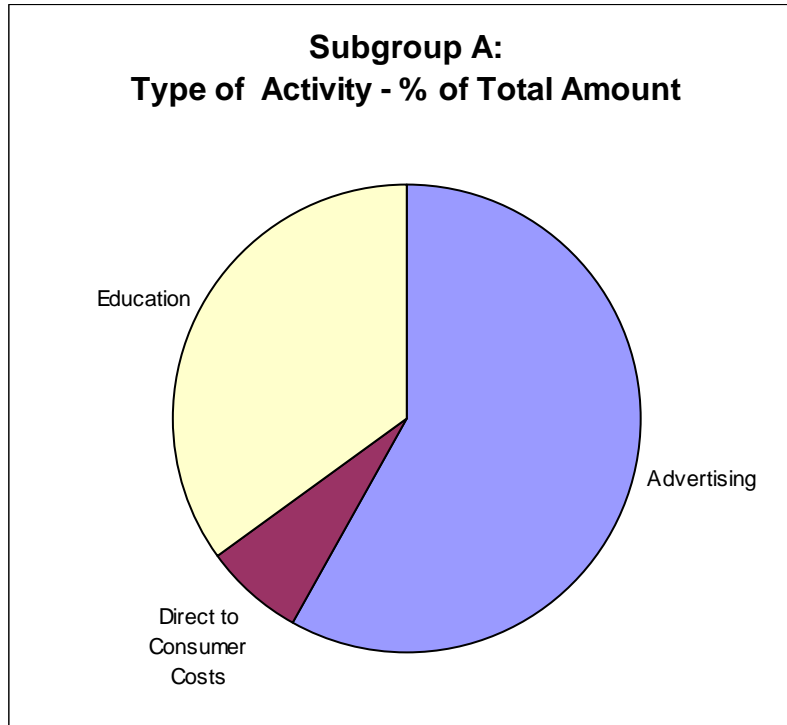


Advertising Expenses: Subgroup A

Subgroup A consisted of the three companies that reported the largest *Advertising Expense* totals. The advertising expenses for these three companies equaled almost \$4 million (39% of total advertising expenses for all companies). These companies listed only three types of activities: *Advertising*, *Direct-to-Consumer*, and *Education*. *Advertising* accounted for \$2.3 million, *Education* for \$1.4 million, and *Direct-to-Consumer* costs for less than \$300,000.

Figure 36 depicts the percent of total dollar amount for the three *Activity Types*.

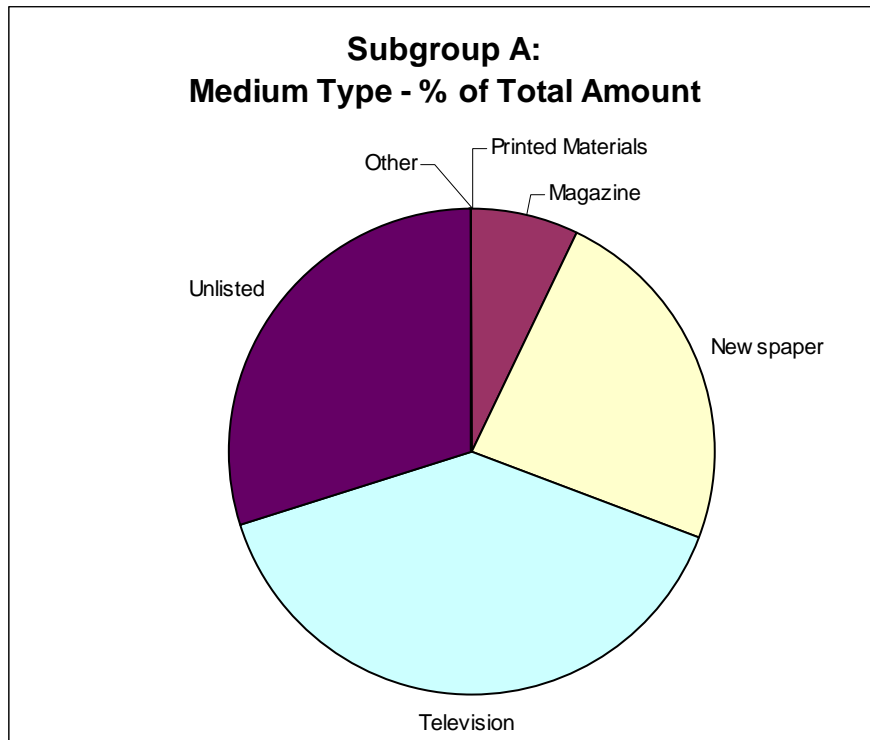
Figure 36



Advertising activities for Subgroup A can be categorized into six *Medium Types*: *Printed Materials*, *Magazine*, *Newspaper*, *Television*, *Unlisted*, and *Other*. The greatest dollar amount was spent on *Television* advertisements in 2007, reaching close to \$1.6 million, which represents 41% of *Television* advertising for companies as a whole. *Unlisted* advertising activities were the second-highest recipient, with almost \$1.2 million; this represents close to 80% of the value of *Unlisted Medium Types* for all companies. The next-highest recipient of advertising dollars from Subgroup A was *Newspaper* ads, receiving \$0.9 million, or half of total *Newspaper* advertising expenses for all companies. Close to \$300,000 was spent on *Magazines*, and less than \$3,000 was spent on each of the remaining two categories of *Printed Materials* and *Other*.

Figure 37 depicts the percent of total dollar amount for the *Medium Types*.

Figure 37

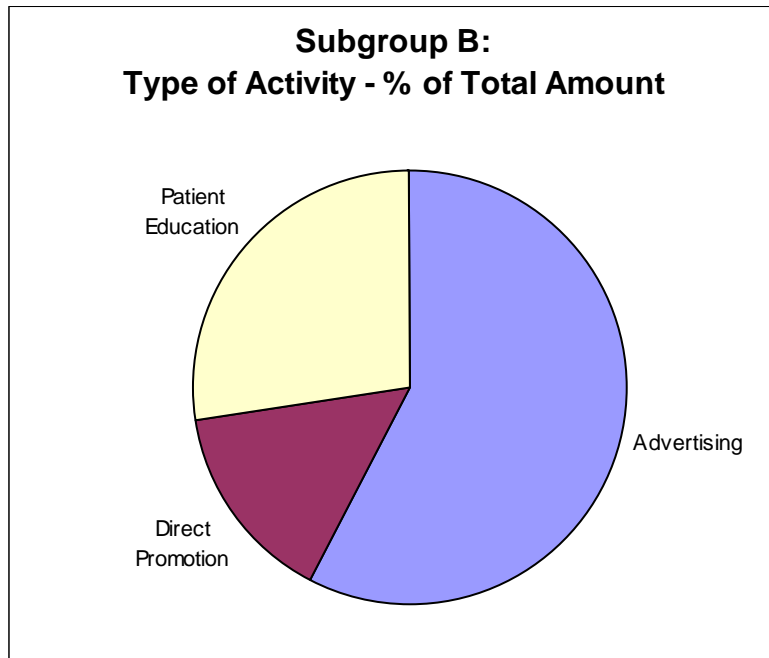


Advertising Expenses: Subgroup B

Subgroup B represents the smaller subgroup of companies that reported *Advertising Expenses*. Their total *Advertising Expenses* combined equaled \$44,135. Advertising activities for Subgroup B were limited to three types: *Advertising*, *Direct Promotion*, and *Patient Education*. Like Subgroup A and companies as a whole, Subgroup B spent the greatest dollar amount on *Advertising* activities, roughly \$25,000. *Patient Education* represented the activity with the second-greatest dollar amount spent, with a little over \$12,000. Lastly, a little over \$6,500 was spent on *Direct Promotion* activities for Subgroup B.

Figure 38 depicts the percent of total dollar amount for the *Activity Types*.

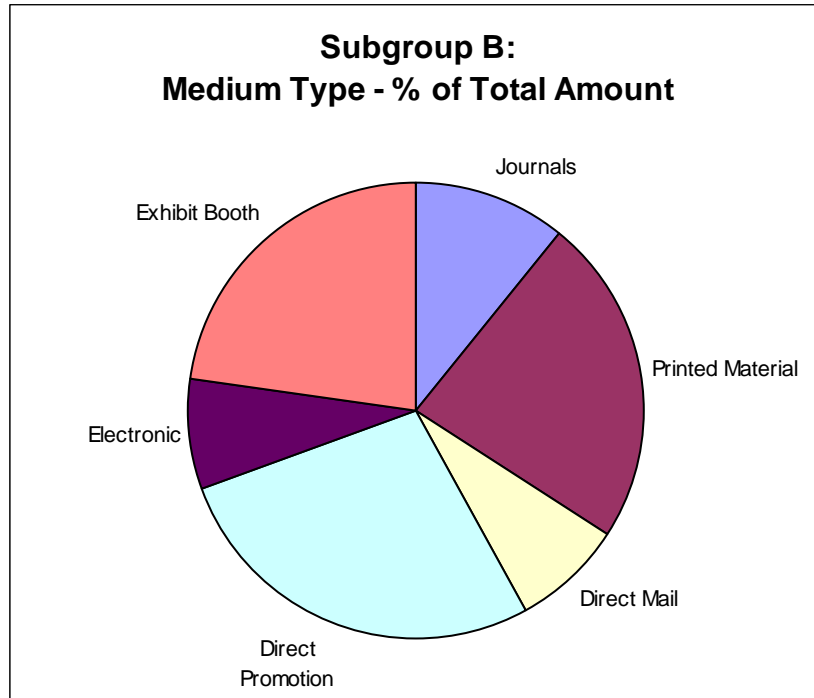
Figure 38



Advertising activities for Subgroup B were broken down into six *Medium* type categories: *Journals*, *Printed Materials*, *Direct Mail*, *Direct Promotion*, *Electronic*, and *Exhibit Booth*. *Direct Promotion* (listed as both a *Type of Activity* and *Medium Type*) received the most in advertising dollars, around \$12,000, a little more than a quarter of the total. *Printed Materials* and *Exhibit Booths* closely follow, receiving \$10,300 and \$10,000, respectively in advertising dollars. Close to \$5,000 was spent on *Journal* advertisements, \$3,500 was spent on *Electronic* advertisements, and almost \$3,400 was spent on *Direct Mail*.

Figure 39 depicts the percent of the total dollar amount spent for each medium type for Subgroup B.

Figure 39



Advertising Expenses: Subgroup Comparisons

Comparing companies as a whole and the two subgroups, *Advertising* activities received the greatest proportion of total dollars for all the three groups. Because Subgroup A constitutes such a large proportion of the total *Advertising Expenses*, medium type percentages are consistent with companies as a whole. Subgroup B, with a substantially smaller advertising budget, reported spending no funds on expensive media of advertising such as *Television*. *Journal* advertising was also proportionally smaller in Subgroup B compared to companies as a whole and to Subgroup A.

V. OVERVIEW OF COMPANY SUBMISSIONS

Method of Submission

For the 2007 reporting period, drug companies disclosed reportable marketing expenses using the Excel worksheet found on the DC DOH website. Of the 113 companies, 105 submitted their reports in Excel format as requested (93%), five companies submitted both Excel and PDF versions of their reports (4%), one company submitted their report electronically but in a PDF format (1%), and two companies submitted only paper copies of their reports (2%). All companies who failed to submit reports that could be analyzed were contacted; all but one either supplied the required documents or information or provided enough information that we were able to incorporate it into our analysis (e.g., by manually entering data from a PDF document into an Excel spreadsheet).

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.⁷

Of the 113 companies, 12% did not specify in their annual reports, cover letters, or assumptions and explanation documents if the information was designated as a trade secret. Nearly all of these companies did note that the data was confidential and not for public record, but did not expressly designate trade secret status.

Thirty-eight percent of all reporting companies declared their annual reports as trade secrets, 4% listed some information in their report as trade secrets and other information as not, and the majority, 53%, declared their annual reports as not trade secrets.

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

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

⁷ §1899.1 of Chapter 18 of Title 22 of the DCMR

- 1) The information being disclosed has independent economic value to the Company that is not readily ascertainable to others;
- 2) The information, if manipulated by unauthorized personnel, may create an unfair business advantage for competitors of the Company;
- 3) The Company has made concerted efforts to maintain the secrecy of this information; and
- 4) The Company has determined that the information being disclosed warrants protection under D.C.'s law.

Wet Signature/Certification

§1801.4(c) of AccessRx requires companies to file wet signature certifications with their annual reports, ensuring the legality and accuracy of the report. Specifically, the certification should state that “under penalty of law the information contained in the report is to the best of [the responsible individual’s] knowledge after due diligence to inquire about the truthfulness and accuracy of the report,” and should also include an “acknowledgment that providing false information or omitting required information on the report is unlawful.”⁸ Approximately 98% of all companies provided various versions of this certification with their reports. The remaining 2% consisted of two companies that failed to provide wet signatures at all (i.e., did not provide signed paper copies of their reports).

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, 65% of all companies provided complete submissions. These annual reports included all the information specifically required in §1802 (e.g., date of payment, full names and credentials of recipient, type of recipient, nature of payment, primary purpose of payment, and value of payment).

Another 17% of companies provided almost complete submissions. These reports contained most of the information required in §1802, but were missing information – often recipient type details – for a relatively small number of the items they reported.

Approximately 9% of companies provided incomplete submissions. Some important required information was absent from these annual reports, the most common being

⁸ §1801.4(c) of Chapter 18 of Title 22 of the DCMR

recipient type. These companies also cited “other” many times for required data fields but did not provide a corresponding explanation.

Finally, 8% of companies did not report any expenses associated with food, entertainment, or gifts as required by §1801.1(b)(2).

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.

VI. BENCHMARKS

For 2006, 101 pharmaceutical manufacturers and labelers reported marketing expenses totaling \$145,495,429; for 2007, 113 manufacturers and labelers reported spending \$158,210,607. This represents an 8.74% increase from 2006 to 2007, but much of that increase may be attributable to improvements in reporting. Pharmaceutical companies had little time to prepare their 2006 submissions after the regulation was finalized, and some of them only submitted expenses for the last quarter of 2006 (as the regulation allowed, for 2006 only). With more companies submitting more-complete reports, an increase in the total reported expenses is expected. Data from future years will provide a better sense of the change in total marketing expenditures from year to year.

Regardless of how much of this increase is attributable to differences in reporting, pharmaceutical marketing expenditures in the District grew more slowly from 2006 – 2007 than did expenditures in Vermont. Because Vermont has similar disclosure requirements and analyzes and reports its data annually, we can compare their pharmaceutical marketing figures to ours. (Note, however, that Vermont uses a July 1- June 30 fiscal year, rather than the calendar year the District uses.) From FY 2006 to FY 2007, reported expenditures in Vermont jumped 33%. Since total reported expenditures in Vermont are far lower than those in the District, however, this large percentage increase translates into a relatively small dollar amount – \$771,790, versus an increase of \$12,715,178 in the District.

Table 8

Increase in Pharmaceutical Marketing Expenditures, 2006-2007, DC and Vermont				
	2006 total	2007 total	% change	\$ change
DC	\$145,495,429	\$158,210,607	8.7%	\$12,715,178
Vermont	\$2,367,004	\$3,138,794	32.6%	\$771,790

To provide a sense of pharmaceutical marketing expenditures relative to the size of the medical establishments in Vermont and the District, we divided the total expenses by the number of practicing physicians in each location. Last year, we reported that pharmaceutical companies spent \$34,691 per practicing District physician compared to just \$1,134 per practicing Vermont physician; however, we noted that many national organizations are headquartered in the District and likely accounted for a substantial portion of the total expenses.

With higher-quality submissions for 2007, we were able to separate total expenditures given to individuals from those given to organizations, and to arrive at a figure that better represents payments actually given to doctors, nurses, and other practitioners. We determined that individuals in the District received \$11,481,142 in 2007. Vermont determined that \$3,009,372 of the reported payments in its state went to healthcare providers. Using the figures representing total payments to individuals, we calculated that in reporting year 2007, pharmaceutical companies spent \$1,493 per practicing Vermont physician and \$2,716 per practicing District physician.

Table 9

2007 Pharmaceutical Gift Payments per Practicing Physician, DC and Vermont			
	Payments to Individuals	Practicing Physicians ⁹	Payments per Physician
DC	\$11,481,142	4,228	\$2,715.50
Vermont ¹⁰	\$3,009,372	2,015	\$1,493.48

⁹ From the Federation of State Medical Boards' *Summary of 2007 Board Actions*

¹⁰ From *Pharmaceutical Marketing Disclosures: Report of Vermont Attorney General William H. Sorrell*, July 8, 2008

VII. RECOMMENDATIONS

Based on our analysis of the 2007 data, we identified the following steps to allow for more useful analyses of future data submissions. The first recommendation, requiring unique identifiers and product marketed information, will require changes to the regulation, while the remaining recommendations, pertaining to instructions and compliance, can be implemented without regulatory changes.

1. Require unique recipient identifiers and “product marketed” information

Information about the doctors and drugs that companies target with their marketing dollars is likely to be useful for efforts to reduce the District’s prescription-drug expenditures. Collecting that information for submissions will require changes to Chapter 18.

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

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

The National Provider Identifier is a good choice of unique identifier, since all providers who bill Medicare are required to have one.

- **“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 doctors) 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.

2. Provide instructions for calculating aggregate expenses

The regulation requires pharmaceutical manufacturers and labelers to report:

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

Instructions for 2006 and 2007 submissions did not elaborate on how companies should calculate aggregate costs, and as a result, companies may calculate them differently and produce numbers that are not comparable. We recommend revising the instructions to specify using a method that some companies indicated that they used: list the salaries, benefits, and commissions paid to both national/regional-level employees and contractors and to DC-based employees and contractors, and multiply the totals by the percentage of time they spend on promotional activities conducted within the District or targeted at recipients who work in the District.

3. Improve compliance with instructions

The most common failure to follow instructions involved a failure to comply with lists of acceptable values and to provide additional information when necessary. The instructions to manufacturers and labelers state that when *Other* is entered, users should provide specifics in the next column. For instance, if *Other* is selected for *Recipient Type*, the user should specify the recipient type in the next column, which is labeled *Other Type*. The same situation exists for *Recipient Credentials*, *Nature of Payment*, *Primary Purpose*, and *Secondary Purpose*. However, many of the submissions use the *Other* option extensively without specifying what *Other* refers to in the adjacent columns.

Additionally, 11 companies' submissions were found to have discrepancies between the gift expense total listed on the main page of their submission and the gift expense total from the gift expense spreadsheet. (The first sheet of the submission file require the totals for advertising, gift, and aggregate expenses, while each of the following spreadsheets collect details on one of those categories.)

In future years, instructions should emphasize the importance of complying with the list of acceptable values and providing more information when *Other* is selected as an option, and remind filers to check that the totals from the detail spreadsheets match the totals listed on the main spreadsheet. Formatting changes may make it easier for companies to follow directions. Follow-up with companies that failed to provide the necessary information may also improve compliance.

4. Alter the accepted values in the Recipient Type category

The category of “doctor” is broader than that of “physician”; pharmacists, psychiatrists, and dentists are doctors, but they are not physicians. The current list of accepted values for the Recipient Type column includes “doctor,” “pharmacist,” and “other prescriber.” We suggest replacing “doctor” with “physician” and adding “psychiatrist.” This will be in keeping with standard medical terminology and will also allow for an analysis of payments going to psychiatrists.

APPENDIX A: AccessRx Requirements

Review of AccessRx Requirements

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

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

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

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

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

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

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

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

(3) The aggregate cost of all employees or contractors of the manufacturer or labeler who directly or indirectly engage in the advertising or promotional activities listed in paragraphs (1) and (2) of this subsection, including all forms of payment to those employees. The cost reported under this paragraph shall reflect only that portion of payment to employees or contractors that pertains to activities within the District or to

recipients of the advertising or promotional activities who are residents of or are employed in the District.

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

(1) Expenses of \$25 or less;

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

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

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

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

§48-833.04 addresses confidentiality:

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

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

APPENDIX B: Instructions to Pharmaceutical Manufacturers and Labelers

The District provided these instructions to manufacturers and labelers for submitting 2007 data.

Prescription Drug Marketing Costs A Guide for Pharmaceutical Manufacturers and Labelers Published by the District of Columbia Department of Health Calendar Year 2007

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,” and “Advertising Expenses” sheets of the spreadsheet titled “2007_Prescription_Drug_Marketing_Costs.xls,” and email it to DC.Accessrx@dc.gov. In addition, print out the “Company Information” sheet *only*, provide wet signature certification, and mail it to the Department accompanied by a **\$2,500** 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: Helen Y. Saccone, PharmD
717 14th St N.W. Suite 600
Washington, D.C. 20005

Spreadsheet Instructions

The “2007_Prescription_Drug_Marketing_Costs.xls” document contains three sheets in which information should be entered: *Company Information*, *Gift Expenses*, and *Advertising Expenses*. (The fourth sheet, Instructions, is for reference purposes.) **Please make sure you fill out all three 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 “2007 Marketing Expenses” section of this sheet should contain the relevant totals from the Gift and Advertising sheets (described below), plus the aggregate cost, as defined 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.

Add the Gift Expenses, Advertising Expenses, and Aggregate Cost figures to get the Total Marketing Expenses.

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

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

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

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

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

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

The following expenses are not subject to reporting requirements:

- (1) Marketing expenses of twenty-five dollars (\$25) or less per day and per health care provider or entity;
- (2) Reasonable compensation and reimbursement for expenses in connection with a bona fide clinical trial of a new vaccine, therapy, or treatment;
- (3) Scholarships and reimbursement of expenses for attending a significant educational, scientific, or policy-making conference or seminar of a national, regional, or specialty medical or other professional association if the recipient of the scholarship is chosen by the association sponsoring the conference or seminar; and
- (4) Expenses associated with advertising and promotional activities purchased for a regional or national market that includes advertising in the District if the portion of the costs pertaining to or directed at the District or cannot be reasonably allocated, distinguished, determined or otherwise separated out.

Using one line per payment, fill in the information required for each of the columns. Please note that for some columns, there is a limited set of accepted values. Detailed instructions about the information required for each column appear in the “Column Instructions” section on page 4 of this document.

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” section on the next page 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.

G. Other Credentials

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

H. Recipient Affiliated Facility

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

I. Recipient Type

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

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

J. Other Type

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

K. Nature of Payment

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

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

L. Other Nature

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

M. Primary Purpose

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

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

N. Other Primary Purpose

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

O. Secondary Purpose

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

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

P. Other Secondary Purpose

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

Q. Value

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

R. Trade Secret?

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

22 DCMR 1899.1 defines a Trade Secret as follows: “Information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

(A) Derives actual or potential independent economic value, from not being generally known to, and not being readily ascertainable by, proper means by another who can obtain economic value from its disclosure or use; and

(B) Is the subject of reasonable efforts to maintain its secrecy.”

S. Trade Secret Explanation

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

T. Resubmission?

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

U. Original Submission Date

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

V. Resubmission Description

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