The impact of disclosure laws on prescription patterns from companies that pay them

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It's not uncommon for U.S. pharmaceutical companies to pay medical doctors to promote their medications. Questions over possible conflicts of interest have led to introduction of laws that require payment disclosure so that the public can see which pharmaceutical companies are paying which doctors.

Researchers studied the impact of payment disclosure laws in Massachusetts and compared that impact with neighboring states that do not have such laws to determine whether the laws are making a difference.

They found that the Massachusetts disclosure law did result in a decline in prescriptions in all three drug classes studied: statins, antidepressants and antipsychotics.

The research study, to be published in the June edition of the INFORMS journal *Marketing Science*, is titled "Let the Sunshine In": The Impact of Industry Payment Disclosure on Physician Prescription Behavior. It is authored by Tong Guo of Duke University, and S. Sriram and Puneet Manchanda of the University of Michigan.

"U.S. pharmaceutical companies spent more than $6 billion as marketing payments to physicians between 2013 and 2015," said Guo. "The long-held financial relationship between the industry and the clinical practice has led some states to create disclosure laws on the assumption that disclosure of the payments would increase public scrutiny and persuade firms to decrease such payments or cause physicians to prescribe certain medicines more conservatively, or switch to less expensive generic alternatives."

The INFORMS *Marketing Science* journal article reported that state lawmakers believed that through enhanced disclosure, some physicians also may be less willing to accept marketing payments from drug companies, or they would be more motivated to switch from prescribing branded drugs to generic ones.

"Our study examined the Massachusetts open payment law that went into effect in July 2009 to determine how physician prescription behavior changed as a result," said Manchanda. "We used outpatient prescription information at the claim level during a six-year period, from January 2006 through December 2011."

Study co-author Sriram added, "Our results revealed that, on average, the disclosure law resulted in a decline in the prescription of branded drugs in Massachusetts. Specifically, the intervention led to a 46-54 percent decrease for branded statins, a 50-56 percent decrease for branded antidepressants, and a 31-32 percent decrease for branded antipsychotics, when we considered physicians in the state of Massachusetts, and then compared their patterns with those of physicians in neighboring states."

"Although less pronounced, the prescriptions of generic drugs in all three drug classes also declined as a result of the disclosure, suggesting an overall decline in prescriptions in these three categories. As generic drug manufacturers do not usually make payments to physicians, we conjecture that the reduction in prescriptions was likely driven by self-monitoring among physicians to curb "over-diagnosis" rather than changes in how firms deliver payments."

More information: Tong Guo et al. "Let the Sunshine In": The Impact of Industry Payment Disclosure on Physician Prescription Behavior, *Marketing Science* (2020). DOI: 10.1287/mksc.2019.1181

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