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New federal disclosure law may have little impact on drugs prescribed

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A Colorado School of Public Health researcher has found that laws designed to illuminate financial links between doctors and pharmaceutical companies have little or no effect on what drugs physicians prescribe.

"If the policymakers who passed these measures were hoping for a deterrent effect they may be disappointed," said the study's lead author, Genevieve Pham-Kanter, Ph.D., an assistant professor in the Department of Health Systems, Management and Policy at the Colorado School of Public Health and a research fellow at Harvard University and Massachusetts General Hospital.

The report, published Monday in the Archives of Internal Medicine, was prompted by passage of the Physician Payments Sunshine Provision of the Affordable Care Act.

The new federal law requires drug manufacturers to disclose certain payments made to physicians including money for consulting, honoraria, gifts and travel.

"This law is based on the premise that transparency in these transactions is of public importance and that disclosure requirements can act as a deterrent against quid pro quo exchanges – physicians may be reluctant to accept large payments from pharmaceutical firms if payments are publicly known and perceived as financial compensation for prescribing certain therapies," said Pham-Kanter who is also an assistant professor

of economics at the University of Colorado Denver.

Working with Kavita Nair, Ph.D., associate clinical professor at the University of Colorado Skaggs School of Pharmacy and Pharmaceutical Sciences and G. Caleb Alexander, MD, MS, Johns Hopkins Bloomberg School of Public Health, Pham-Kanter examined West Virginia and Maine, two states with disclosure laws already on the books.

She specifically investigated the effect of the laws on the prescribing of HMG-CoA reductase inhibitors (statins) and selective serotonin reuptake inhibitors (SSRIs). Marketing plays a heavy role in a physician's choice of therapy since members of each class of drug are similar and highly substitutable, Pham-Kanter said.

The researchers theorized that if disclosure laws were effective and doctors were deterred from taking payments from pharmaceutical companies, they in turn would be less likely to prescribe branded statins and SSRIs over similar generic drugs.

Using a wide variety of public data, they compared Maine, which enacted a disclosure law in 2004, with New Hampshire and Rhode Island, two demographically similar states without such laws. Then they compared West Virginia, which also passed its disclosure law in 2004, with Kentucky and Delaware which had none.

In Maine, the law was associated with a 0.8 percentage point reduction in the use of branded statins compared to New Hampshire, and a 5.3 percentage point reduction compared to Rhode Island. The researchers found little to no effect in West Virginia.

"Our results show that the disclosure laws in the two states we examined had a negligible to small effect on physicians switching from branded therapies to generics and no effect on reducing prescription costs," said

Pham-Kanter.

She noted that despite the laws, accessing information about how much money a physician received from a pharmaceutical company is still difficult and opaque. Much of the information is not on-line yet.

"Transparency is important in its own right, but if deterring unnecessary, costly prescribing is a concern for policymakers, more direct action may be required," Pham-Kanter said.

Provided by University of Colorado Denver

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