

# Pharmaceutical companies' DC marketing efforts increase to nearly \$98 million

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Drug companies spent \$97.5 million marketing pharmaceuticals in the District of Columbia in 2012, with \$30.5 million (31.3%) of that spending taking the form of payments and gifts to physicians, hospitals, and other healthcare providers, according to a report by researchers at the George Washington University School of Public Health and Health Services (SPHHS).

These expenditures represent the first year-on-year spending increase by drug companies since 2007. Between 2007 and 2011, spending declined each year to a low of \$84 million in 2011. The 2012 increase was driven by a jump in gifts, which include grants, speaker fees, food, and promotional items valued at more than \$25. Companies gave a total of \$19.6 million to hospitals, clinics, universities, and other organizations. That amount is nearly twice the \$10.8 million received by physicians and other individuals.

"Pharmaceutical companies may be focusing on organizational rather than individual gifts as physician gift disclosure becomes more prevalent," said Susan F. Wood, PhD, lead researcher and an associate professor of health policy and of environmental and occupational health at SPHHS. "There is nothing inherently wrong with drug companies making gifts to healthcare providers. However, many researchers and policymakers are concerned that large-scale marketing efforts, such as those seen in the District, may lead to some drugs being prescribed more widely than is appropriate."

As in past years, food was the most frequent, but not the most high-value, gift in 2012. Food accounted for 71.8 percent of gifts given and only 6.4 percent of their total dollar amount. Though inexpensive, food gifts may still affect healthcare and prescribing. "Inexpensive gifts foster loyalty," said Adriane Fugh-Berman, MD, a co-author on the report and an associate professor of pharmacology and physiology at Georgetown University Medical Center.

The [pharmaceutical marketing](#) data has been collected each year by the District of Columbia Department of Health (DOH) since the passage of a 2004 law requiring drug companies to file annual reports describing their prescription-drug marketing activities in the District. The law requires annual analyses of the data, as well as periodic reports on how the pharmaceutical marketing activities affect healthcare in the District.

"The reporting requirement enables the District of Columbia to determine the scope of prescription drug marketing costs, utilization, delivery of health care services, and essentially further the city's role as guardian of public interests," said Dr. Joxel Garcia, Director of the District of Columbia's Department of Health.

By March 31, 2014, pharmaceutical companies must file their first reports with the U.S. Department of Health and Human Services (HHS) under an Affordable Care Act provision requiring disclosures of all "transfers of value" made by drug companies to physicians and teaching hospitals. For 2013 expenditures only, reports will cover only transfers of values made from August 1 – December 31, 2013; future reports will cover entire calendar years.

In accordance with the District law, the SPHHS report does not disclose names of specific companies or gift recipients, but reports on aggregate expenditures. Transfers of value reported to HHS, however, will eventually be made public, so patients will be able to see what kinds of

gifts or research funds their physicians and hospitals are receiving from [drug companies](#).

"A new provision in The Affordable Care Act that takes effect this year will bring welcome transparency to drug-company marketing efforts targeted at physicians and teaching hospitals," said Wood. "The District's marketing reports are an important complement to the new federal reporting that will be required, because they also capture gifts to other healthcare providers, including nurses, physician assistants, and organizations other than teaching hospitals. The District law also tracks spending on employees and contractors engaged in marketing activities in the District (including representatives known as detailers), which in 2012 totaled \$61.5 million."

Other findings of the report on 2012 District of Columbia pharmaceutical marketing expenditures include:

- Physicians received \$10.2 million, including \$6.0 million in the form of speaking fees or related gifts. Fifteen physicians received speaking payments of more than \$100,000 apiece, totaling \$2.3 million.
- More than 3,200 physicians received at least one food gift. Of these, 20 physicians received 52 or more food gifts. This finding suggests some physicians are dining with, or receiving meals from, drug reps on a weekly basis.
- The top ten professional organizations (representing health professionals in a specific specialty or demographic group) received a total of \$7.8 million.

**More information:** The study can be found on the D.C. Department of Health Website at [doh.dc.gov/node/158762](http://doh.dc.gov/node/158762)

Provided by George Washington University

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