Feature Article

PhRMA's New Code on Interactions with Healthcare Professionals

Survey Results and Discussion of Issues

Author: John Mack

Submit comments to editor online at:

This article is part of the September 2008 issue of Pharma Marketing News.

For other articles in this issue, see:
http://www.news.pharma-mkting.com/PMNissueSep08archive.htm
On July 10, 2008, the Pharmaceutical Research and Manufacturers of America (PhRMA) Board of Directors adopted measures to enhance the PhRMA Code on Interactions with Healthcare Professionals (download the code here). This new Code, which may have a profound effect on how pharmaceutical companies interact with physicians, will become effective on January 1, 2009.

To better understand the impact of this code on the pharmaceutical industry, Pharma Marketing News surveyed readers between July 10, 2008 and August 7, 2008, and collected comments from pharma-focused blogs and bulletin boards. The following is a summary of the PMN survey results and opinions of experts, bloggers, and anonymous commentators.

Some provisions of the new Code that the PMN survey focused on include the following:

- The new Code prohibits distribution of non-educational items (such as pens, mugs and other "reminder" objects typically adorned with a company or product logo) to healthcare providers and their staff. The Code acknowledges that such items, even though of minimal value, "may foster misperceptions that company interactions with healthcare professionals are not based on informing them about medical and scientific issues."

- Regarding Continuing Medical Education (CME), the new Code specifically states that a pharmaceutical company should separate its CME grant-making functions from its sales and marketing functions.

- Regarding use of non-patient identified prescription data, the new Code specifies that companies should voluntarily respect and abide by the wishes of any healthcare professional who asks that his or her prescription data not be made available to company sales representatives.

- Regarding disclosure requirements for healthcare providers who are members of committees that set formularies or develop clinical practice guidelines and who also serve as speakers or consultants for a pharmaceutical company, the new Code specifies that pharmaceutical companies should require these healthcare providers to disclose to the committee the existence and nature of their relationship with the company. This disclosure requirement should extend for at least two years beyond the termination of any speaker or consultant arrangement.

- Regarding compliance, the new Code states that companies that publicly announce their commitment to abide by the Code and who complete an annual certification that they have policies and procedures in place to foster compliance with the Code will be identified by PhRMA on a public web site. The certification must be signed by the company’s Chief Executive Officer and Chief Compliance Officer.

Survey Results

The PMN survey asked respondents’ their opinions of several new provisions of the Code having to do with distribution of non-educational items to healthcare professionals, CME grant-making functions, use of non-patient identified prescription data, disclosure requirements, and compliance issues. One hundred six (106) responses were collected and analyzed.

General Impressions

First, respondents were asked whether they agreed or disagreed with the following general statements regarding the new code:

- The code is merely a PR move that is an attempt to block more onerous laws that are being considered by the US Congress and various state legislatures.

- Patients will benefit greatly if the drug industry complies fully with this code.

Continues...
Physicians will NOT benefit from the new provisions of this code and may actually be adversely affected monetarily or otherwise.

Voluntary compliance is the only way to go.

Stronger methods for ensuring compliance should be developed. This could include naming and/or fining signatory companies that have been proven to violate the code or establishing an “Office of Accountability” similar to that for PhRMA’s DTC Guidelines.

A similar code should be developed for the medical device manufacturers by whichever trade association speaks for that industry.

Survey respondents’ comments in this section of the survey were concerned primarily with the following sections of the Code:

- **Section #2:** Informational Presentations by Pharmaceutical Company Representatives and Accompanying Meals
- **Section #3:** Prohibition on Entertainment and Recreation
- **Section #10:** Prohibition of Non-Educational and Practice-Related Items

Who Benefits from the New Code?

Several stakeholder groups will be affected if drug companies comply fully with the new code: physicians, patients, pharmaceutical sales representatives, and the pharma industry as a whole. As far as benefiting physicians and patients, a majority of PMN survey respondents believe the new code will benefit neither stakeholder group (see Figure 3, pg 4).

What Happens in Massachusetts Doesn’t Necessarily Stay in Massachusetts

Clearly, a majority (62.1% of all respondents; 53.3% of pharma industry respondents) believes the Code was designed to benefit the drug industry by blocking attempts of the US Congress and states to pass more onerous laws.

This goal, in fact, was partially achieved in Massachusetts where Gov. Deval Patrick recently signed new legislation—the Health Care Cost and Quality Act—into law. The original legislation proposed a total ban on pharmaceutical company gifts and meals to physicians; a requirement that payments for consulting and speaking be reported on a public website; and a ban on companies buying physician prescribing information. Some of these bans and “sunshine” provisions were removed or modified after intense lobbying by the drug industry. Sen. Mark C.W. Montigny, who sponsored the original bill, said "I have never seen lobbying this intense. They have been swarming the Statehouse for weeks."

The final legislation empowers the Massachusetts department of health to establish regulations that would be at least as stringent as the new PhRMA Code on Interactions with Healthcare Professionals. “...the codes that the industry itself has developed would be the basis for the Massachusetts code,” said Sen. Senator Richard T. Moore, “and it will be legally enforceable if violated – something that the industry code does not provide. If the industry is serious about its own code of marketing and wants its member companies to follow, how can it be opposed to adopting that same code as the law for such companies doing business in Massachusetts?” (See Moore’s complete statement here.)

Free Gifts to Physicians

Regarding free gifts to physicians—ie, reminder items aka “tchotckes” such as pens, pads, etc.—a large majority (69.9%) of PMN survey respondents agree with the statement “The Code makes a mountain over a mole hill because gifts have no effect on prescribing decisions” (see Figure 3).

No one really knows how much money the industry spends on gifts, but a million $ here and a million $ there and pretty soon we’re talking about real money! Eliminating gifts to physicians may save drug companies money that could bolster the bottom line or be used elsewhere.

Several anonymous posters to the social network CafePharma, which caters to pharmaceutical reps blowing off steam, had this interesting exchange:

Continues...
**Figure 3: General Impressions.** Respondents were asked, “Please indicate your level of agreement or disagreement with the following general statements regarding the new PhRMA code.” Plotted here are results from the top 2 boxes (Strongly agree/Somewhat agree) and the bottom 2 boxes (Strongly disagree/Somewhat disagree).

**Figure 4: Regarding the Prohibition of Gifts to Physicians.** Respondents were asked, “Regarding the prohibition of the distribution of gifts to physicians, please indicate which of the following statements you agree with.”
“Like the 2002 changes (thanks Fred Hassan) this is all about two things: (1) Election Year-Keep Pharma out of the limelight, now we have a defense when some House of Representatives 1st time candidate bashes Big Pharma over causing MD’s to mis-prescribe for some old lady because he was bribed by a pen. (2) Cost savings to the companies. Since 2002, no golf, fishing, Christmas parties, 1,500 ‘consultants’ to a new drug have save $ millions. Now we can cut out he chotchkies (sic) and save even more.”

Reply: “My guess is that the companies are now signing on these ‘new’ guidelines (as opposed to guidelines back in the early 90’s that said the same thing) is that they realize that the return-on-investment on those programs stink to high heaven.”

Reply: “So is all the todo about losing pens and notepads? We quit giving those out at least two years ago because they don’t bring value and the money is better spent in other places. We have some great patient education items that provide more value.”

Reply: “This just in on the news wire. Bic pen company stock drops 15% overnight with announcement of the new PhRMA Guidelines.”

This last post, although a spoof, raises an interesting conundrum: what may be a cost savings for the industry is a disaster for the companies that produce promotional items. A PMN survey respondent who works for a promotional products company had this to say:

“We are a 20 year old manufacturer of medically relevant promotional hand soaps and antiseptic hand products, private labeled for drug brand promotion,” said Rich Butler, President, The W.I.S.E. Group. “Our products fully comply with the 2002 PhRMA Guidelines. Our hand care products benefit the patient and practice of medicine. … The new guidelines effectively put us out of business. Is this the unintended consequence of these new guidelines? Is a bottle of soap, private branded for a doctors office, the reason why health care costs are spiraling out of control? The logical answer is "no"!

While we agree that health care costs need to be controlled, the 100% ban of all promotional products, including meaningful hand care … items, is ridiculous and ill conceived. We are hurt badly by the new guidelines. We feel our products have merit and are beneficial in the medical environment. Our labeling can also serve as an educational format for prescribing physicians. We sincerely hope that the code is re-evaluated to include those promotional products that "really do make sense". The guidelines have gone too far and [are] not the real solution to today’s health care cost problems. We hope reason will prevail.”

An anonymous PMN survey respondent who also is employed at a promotional products company added:

“Simply put, the unintended consequences of the new guidelines have put many many Americans out of work in the promotional products industry. Assuming detail reps and other pharma employee will also be affected the number of out of work people could easily top 10’s of thousands of people if not more.”

While such predictions may be self-serving, it’s hard not to “feel the pain” of companies that specialize in developing promotional items for the pharmaceutical industry.

What Sales Reps Have to Say
The PMN survey did not ask specifically how the new Code would affect sales representatives. After all, conventional wisdom tells us the Code must be detrimental to reps’ efforts to gain access to

Continues...

Law Threatens Clinical Research in Massachusetts

It is not likely that the new PhRMA Code will be 100% successful in short-circuiting more stringent state and federal legislation aimed at drug industry gifts to physicians. The Massachusetts Health Care Cost and Quality Act, for example, requires pharmaceutical companies to report the “value, nature, purpose and particular recipient of any fee, payment, subsidy or other economic benefit with a value of at least $50, which the company provides, directly or through its agents.”

In addition, these fees paid to doctors by pharmaceutical companies must be disclosed publicly—something the drug industry is now fighting strenuously against.

"Governor Patrick’s decision to sign S 2863 is deeply disappointing—and very likely damaging for medical partnerships, clinical research and patients in Massachusetts," said PhRMA Senior Vice President Ken Johnson.

"The language in question, which would require public disclosure of payments between pharmaceutical research companies and healthcare providers, could chill ongoing clinical research in the state,” said Johnson.

Julie Corcoran, PhRMA’s Deputy VP of State Policy said "from our perspective, that [public disclosure of payments] info speaks to proprietary information that could put us at an disadvantage...The disclosure requirements are so broad that it could put competitors at a competitive disadvantage.”

It could, Corcoran implied, be interpreted to include disclosure of proprietary information about clinical trials (see "Pharma Threatens Massachusetts Over New Bill").
physicians. While it remains to be seen how detrimental it will be, several survey respondents and anonymous posters to CafePharma thought a ban on gifts of small value would actually benefit sales reps by making them rethink what’s of real value to physicians:

“...anybody who has to debate the merits of the new guidelines is already missing the point because they are stuck in the old paradigm (sic). What is so lacking in your product or its presentation that it can’t stand without being propped up by a menu? Instead of bringing them food, bring them food for thought. That means you are going to have to re-think your value proposition and present it in such a way that the doctor knows it’s not only good medicine, it’s also good medical economics. Don’t you think there is something wrong with a model where reps AND their companies believe they are pushing the envelope on innovation because instead of taking in pizza and doughnuts they take in bagels and a fruit basket? Don’t you think it’s stupid for a rep to take in meatball sandwiches into a cardiology office to talk to them about preventing heart disease? Don’t you think it’s the ultimate in hypocrisy when patients can’t afford their healthcare and now can barely afford to drive to the doctor, and a rep who makes $100,000/yr walks in with a tray of "free" sandwiches to doctors making $600,000/yr? The lowest point in my pharma career was when I was in a waiting room and a rep walked in with a catered lunch and a patient said: ‘Somebody is getting a free lunch.’ I didn’t have the heart to say, ‘No, ma’am, it’s very expensive...and you are paying for it.’

“God help us all if we need new PhRMA guidelines to take us kicking and screaming into the next frontier. And that goes double for your neanderthal marketing department.” – Anonymous (“20-year industry vet”) CafePharma poster

“While I think that these new guidelines could have gone further, they are substantial in that pharma sales forces will have to adapt significantly. For instance, many sales representatives see the ban on items of low-value as key for gaining access. Without these small gifts, representatives will have to reconsider their relationships (and the value they can deliver) with gatekeepers and other staff.” – Anonymous (pharmaceutical company employee) PMN survey respondent.

“What’s great about the guidelines is that it sets the industry on a path to be of better value to our physician customers and thereby helping those physicians be more valuable to their patients. So anything we give to physicians needs to be educational. Yet if we provide more educational opportunities to the docs and that leads to better patient compliance, it seems our whole value proposition has improved over the perspective of Reps as pen, mug, and pad slingers.” – Anonymous CafePharma poster

Compliance is the Elephant in the Room

Critics of the new PhRMA Code cite the voluntary nature of compliance with the code. First, not all drug companies will agree to abide by the Code. Second, the Code merely states that companies that publicly announce their commitment to abide by the Code and who complete an annual certification that they have policies and procedures in place to foster compliance with the Code will be identified by PhRMA on a public website. Other pharmaceutical industry codes of conduct—eg. The Association of the British Pharmaceutical Industry’s (ABPI’s) Code of Practice—include mechanisms for reviewing complaints such as compliance advisory boards, fines, and expulsion from the trade association of signatory companies that violate the code. See Table 1 (pgs 7 and 8) for a comparison of PhRMA’s Code with relevant provisions of the ABPI Code.

When asked if stronger methods for ensuring compliance should be developed, a slim majority (51.4%) of PMN survey respondents strongly agreed/somewhat agreed (18% vs. 33%, respectively) and 38.1% strongly agreed/somewhat disagreed (14.2% vs. 23.8%, respectively; see Figure 3, pg 4). Interestingly, a large majority of all respondents as well as pharmaceutical company respondents (65.0% vs. 69.0%, respectively) believe that the PhRMA Code should include more stringent compliance mechanisms similar to PhRMA’s DTC Guidelines; ie, an “Office of Compliance” that receives and reviews complaints and issues annual reports on how well companies are complying with the Code (see Figure 4, pg 4).

Some other comments from survey respondents:

“Compliance, voluntary or otherwise, is meaningless unless there is a mechanism for registering violations and mandatory corrective actions for the guilty.” – Mike Altmann, Global Communications Manager, Pharmaceuticals, The Dow Chemical Company.

“Either option would be a nightmare. Small start-up won't comply at all and will have an advantage. Many individual reps will still treat their Doc's to 'special gifts'. Having a snitch office at PhRMA will only be window dressing to appease legislative bodies.” – Renee Domeier, Medical Marketing Specialist, Lee Wayne Corp. (a promotional products company).

Under and Outside the Code’s Radar Box

Meanwhile, as already mentioned, companies are free NOT to sign on and comply with the new Code. “While the signatory companies will usually comply, it is often the companies that believe they are ‘under the radar’ who will continue to violate all the ethical codes and foster the poor image our industry has earned over the past decade,” said Mike Altmann, Global Communications Manager, Pharmaceuticals, The Dow Chemical Company, in comments submitted to the PMN survey.

Continues...
<table>
<thead>
<tr>
<th>Provision</th>
<th>PhRMA Code</th>
<th>ABPI Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance</td>
<td>Administered by trade association (PhRMA); requires public announcement of commitment to code and listing signatories on public web site; annual compliance certification signed by CEO/Compliance officer of signatory company; complaints forwarded to compliance officer of signatory company; companies encouraged to seek external verification “periodically”; no sanctions specified.</td>
<td>Administered by independent Prescription Medicines Code of Practice Authority; complaints reviewed by independent Code of Practice Panel; sanctions include audits of procedures, corrective action, public reprimand, “administrative” charges (ie, fines), and suspension or expulsion from ABPI.</td>
</tr>
<tr>
<td>Provision of Non-Educational and Practice-Related Items (ie, “Gifts”) to Physicians</td>
<td>Prohibits distribution of non-educational items (such as pens, mugs and other “reminder” objects typically adorned with a company or product logo) even if practice-related; allows medical textbooks as gifts if value is less than $100.</td>
<td>Allows inexpensive gifts relevant to medical practice and if beneficial to patient care; allows medical textbooks as gifts to physicians.</td>
</tr>
<tr>
<td>Meals Accompanying Sales Presentations</td>
<td>Occasional meals may be offered to in-office or in-hospital settings in conjunction with presentations made to physicians; does not allow provision of meals outside the office (eg, at restaurants).</td>
<td>Representatives organizing meetings are permitted to provide hospitality (eg, meals); does not specify that meals may only be provided in-office or in-hospital.</td>
</tr>
<tr>
<td>Entertainment</td>
<td>Prohibits provision of entertainment (eg, theatre tickets) or recreational items (vacation trips) to physicians.</td>
<td>Other than prohibiting companies from sponsoring entertainment at medical meetings or using venues noted for entertainment, the code does not address the provision of entertainment items to physicians by sales reps.</td>
</tr>
<tr>
<td>Use of Prescription Data</td>
<td>Requires “responsible” use of non-patient identified prescription data; must allow physicians to op-out of use of their prescribing data by sales reps; no restrictions placed on other uses of these data (ie, for marketing or non-sales rep use).</td>
<td>Does not address use of physician prescribing data; the collection of prescribing data at the individual physician level is generally prohibited in the UK and the rest of Europe.</td>
</tr>
<tr>
<td>Continuing Medical Education (CME, in US) and Continuing Professional Development (CPD, in UK)</td>
<td>CME grant-making functions should be separated from sales and marketing functions; financial support should be given to CME provider, not to individual physicians; no direct or indirect financial support for costs of travel, food, etc; follow ACCME (independent accrediting agency) standards for commercial support.</td>
<td>Allows payment of travel and hospitality fees for scientific meetings, which may include CPD meetings; does not address independence of grants from marketing nor adherence to guidelines of independent accrediting agencies.</td>
</tr>
</tbody>
</table>

Table 1: PhRMA vs. ABPI: How Do the Codes Compare? The ABPI Code of Practice for the Pharmaceutical Industry became effective on July 1, 2008. It includes many provisions regarding interactions with and promotion to physicians that are not addressed by the PhRMA Code. This table compares provisions common to both the PhRMA and the ABPI Codes. Table 1 continues on page 8...
<table>
<thead>
<tr>
<th>Provision</th>
<th>PhRMA Code</th>
<th>ABPI Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for 3rd Party Educational or Professional Meetings</td>
<td>No direct-to-physician support, only to 3rd party meeting organizer; no control over content; no financial support for travel, lodging, or time spent by physicians at conference.</td>
<td>Does not make a clear distinction between company-sponsored and 3rd-party sponsored meeting; allows for payment to physicians attending meetings to cover costs of meals, travel, and accommodation; no compensation for time; no payment for spouses; if company sponsors meeting, disclosure must be made in all published proceedings and papers.</td>
</tr>
<tr>
<td>Company-Sponsored Meetings</td>
<td>Allows modest meals and receptions, but no recreational activities and no payment of honoraria to non-consultant attendees in conjunction with these meetings.</td>
<td>See “3rd Party Educational or Professional Meetings”.</td>
</tr>
<tr>
<td>Speaker Programs and Speaker Training Meetings</td>
<td>See “Consultants;” speakers and their materials should clearly identify the sponsoring company.</td>
<td>See “3rd Party Educational or Professional Meetings”.</td>
</tr>
<tr>
<td>Consultants</td>
<td>Consultant arrangements should not be inducements or rewards for prescribing; allows reasonable reimbursement for travel, lodging, and meal expenses in addition to compensation for services; describes factors that determine a bona fide consulting arrangement; compensation must reflect fair market value (token consultancy not allowed); does not specifically require disclosure by consultants (see, however, “Speaker Programs and Speaker Training Meetings” and “Conflict of Interest Disclosure Requirements”).</td>
<td>Consultant arrangements should not be inducements or rewards for prescribing; requires consultant to declare his/her role as consultant in all written materials and speeches; compensation must reflect fair market value (token consultancy not allowed).</td>
</tr>
<tr>
<td>Conflict of Interest Disclosure Requirements</td>
<td>Healthcare providers who are members of committees that set formularies or develop clinical practice guidelines and who also serve as speakers or consultants for a pharmaceutical company are required to disclose to the committee the existence and nature of his or her relationship with the company. This disclosure requirement should extend for at least two years beyond the termination of any speaker or consultant arrangement.</td>
<td>Doesn’t specifically address disclosure of such conflicts of interest except as noted under “Consultants”.</td>
</tr>
</tbody>
</table>

Table 1 (continued): PhRMA vs. ABPI: How Do the Codes Compare?
Sales reps who work for “under the radar” companies are already gloating as demonstrated by this post made to CafePharma:

“I’m at a company that did not sign on to Pharma (sic) guidelines...we see this as a huge opportunity for our ‘non-big pharma’ company! Heck, we still play golf and do ‘dashes’. Soon we will be one of the few that will have the reminder marketing advantage. Maybe next year you big pharma robots can stop controlling the lunch calendars access with your armies (sic) of reps......I hope the guidelines move to kick you out of lunches next.”

Many bloggers and anti-pharma organizations have commented on the weak compliance system that the new Code puts into place and suggest that there are many ways to work around the code in the real world.

“Get a new district manager, and everything changes,” says Harry Brody, blogger at Hooked: Ethics, Medicine, and Pharma. “One district manager might be strict on following the PhRMA code, the guy in the next district over treats everything (sic) in the code with a wink and a smile. As soon as I hear of a drug rep getting paid a bonus based on degree of adherence to the PhRMA code of ethics, instead of sales quantity, then I will start to believe that this industry leopard intends to change its spots. Until then, don’t call me.”

The PhRMA Code does not apply to the medical device industry. A large majority (62.1%) of PMN survey respondents agree strongly/agree somewhat that a similar code should be adopted by that industry. So far there’s been no news on that front from the device people.

**Does the Code Address the Real Problem?**

Several respondents to the PMN survey suggested that the issues addressed by the new PhRMA code are not important compared to other issues negatively impacting the pharmaceutical industry.

“This code tackles the least significant aspect of the overall problem. What about those $50,000 payments to certain doctors and the underlying conflicts of interest in everything from CME to committees writing clinical guidelines...?” – PMN survey respondent who admits to being “Very unsupportive” of the drug industry.

“The ethical issues confronting the pharmaceutical industry today, including accusations of influence-peddling, are not rooted at the sales rep level, nor are they rooted at the nominal cost promotional products level. The proposed revisions to the Code offer only the appearance and not the effect of propriety. Sales reps will be hurt and promotional products manufacturers will be hurt. Pharmaceutical manufacturers, however, will emerge relatively unaffected. The proposed changes simply removes the same selling and marketing tool from each of their sales forces, enabling the same ‘level playing field’ upon which to compete.” – PMN survey respondent: Vincent Franco, PMN survey respondent and COO, Stethocap, Inc., a manufacturer of logo-message enhanced, antimicrobial stethoscope caps and disposable diaphragms.

“Research just released by PhRMA indicates physicians place greater emphasis on their clinical knowledge and experience as well as unique circumstances of the patient when deciding what to prescribe. Communication is a critical part of marketing and helps to inform and educate physicians regarding options. I do not believe a physician is influenced by a promotional product although I do know these tools are valuable as they deliver information regarding additional and/or new options. Patients desire and deserve a relationship with an informed medical practitioner...If a physician makes a decision based on receiving one of these gifts, most folks would be looking for a new physician. It’s hard to believe there are many physicians who would fit this profile. Regulate for the rule, not the exception.” – Anonymous PMN survey respondent who is employed by a promotional products company.

Are physicians more likely to prescribe a product if the rep has lavished him or her with gifts of nominal value? Maybe not, but there is recent research that indicates that physicians who view sales reps as “friends” are more likely to write scripts for the products detailed by these reps (see “Friendly Pharma Sales Reps Earn More Bucks with Fewer Sales Calls!”, pg 10). And gifts are important for establishing friendly relations.

A few PMN survey respondents felt that DTC advertising was the real factor affecting physician prescribing habits, not the free pens and pads:

“Certainly do not need all the trinkets, but pens and pads are vital to my staff and other physicians. The more pressing issue is DTC advertising on TV. That causes more problems with doctor-patient relationships.” – Anonymous physician PMN survey respondent who is “somewhat supportive” of the drug industry.

“The online and television/radio advertising, is far more effective than a promotional product. The television/radio advertising targets the general population. If a doctor makes his/her decision based on a coffee mug, I question why that doctor is practicing medicine.” – Anonymous PMN survey respondent who claims to be “very unsupportive” of the drug industry yet who is employed by a promotional products company.

**Support for Continuing Medical Education**

The new PhRMA Code on Interactions with Healthcare Professionals addresses issues other than free “reminder” items, meals, and entertainment of physicians. The Code also addresses Continuing Medical Education (CME) and specifically states that a pharmaceutical company should separate its CME grant-making...
"Friendly" Pharma Sales Reps Earn More Bucks with Fewer Sales Calls!
By John Mack

Originally published on Pharma Marketing Blog

Did you know that the average pharmaceutical sales rep earned $94,200 in total compensation in 2007, compared with $87,500 in 2006? This was an estimate made by the National Association of Pharmaceutical Sales Representatives (NAPSRx; see "PHARMACEUTICAL SALES COMPENSATION OUTLOOK FOR 2008"). And, according to NAPSRx, the average pharma sales rep is working LESS for that increased income! According to NAPSRx, sales reps are now expected to make 8 calls a day, down from nine, "which is surprising," says NAPSRx.

NAPSRx has an explanation: "This change probably means that pharmaceutical companies are being more realistic in their expectations as they are emphasizing the need for quality interaction with physicians."

The drug industry would like to define a quality interaction as one that provides the physician with the most value. But what do physicians consider valuable about their relationships with pharmaceutical sales reps?

PeopleMetrics, a marketing research firm, thinks it has the answer to that question: friendship!

In April 2008, PeopleMetrics Rx fielded a national self-funded study of 239 PCPs (Primary Care Physicians) and 235 psychiatrists. What they measured was "Physician Engagement" using the "REAP" Model consisting of 4 survey questions:

1. **Retention**: Given the choice, I would keep my sales representative as the representative who is assigned to my practice
2. **Extra Effort**: I would go out of my way to meet with my sales representative
3. **Advocacy**: I would recommend that my colleagues meet with my sales representative
4. **Passion**: I enjoy meeting with my sales representative

It turns out—surprise, surprise—that these "emotional" determinants of physician engagement (as opposed to functional determinants like the quality of the product and clinical information delivered, the reputation of the company that markets it, and how the rep can help the physician improve the quality of patient care) are "the most impactful drivers of physicians' prescribing behaviors."

Physicians with higher levels of engagement are inclined to prescribe more than those who are disengaged (see left).

Fully Engaged physicians spend more than twice as long speaking with their reps on a per-visit basis and meet with them twice as frequently compared to their disengaged counterparts (see below; the latter takeaway is not charted here.)

Ergo, the "friendlier" the rep, the more the doctor will prescribe the product being detailed by the rep. The more prescriptions, the greater the rep's bonus! Of course, spending more time with each physician means that "friendlier" reps see fewer physicians overall.

Forget the technology. Forget the delivery of the message. The key to sales force effectiveness is charm. Good looks also help.

BTW, now that the kibosh has been placed on tchotchkes—free gifts to physicians—ugly, unfriendly pharma sales reps are at a distinct disadvantage. This means that the pharmaceutical industry will be forced to hire even more cheerleaders as sales reps!
functions from its sales and marketing functions, among other things (see Table 1, pg 7, for a list). A plurality (46.3%) of PMN survey respondents felt that most pharmaceutical companies already complied with this provision (see Figure 5).

Comments from survey respondents on CME provisions in the Code:

“[T]he OIG guidance asked for this in 2003. Any companies who have not already made this move are asking for trouble. This is the weakest part of the code; did not go far enough.” – An anonymous respondent who claims to work in a pharmaceutical, biotech, or device company and who is "very supportive of the industry".

“Perhaps the only way to dispel the perception of corporate influence over CME is to outright block all specific funding and create a universal fund that everyone contributes to.” – Mike Altmann.

**Pfizer Cuts Funds for MECCs**

Interestingly, Pfizer has taken the Code one step further by unilaterally eliminating all direct funding for physician CME programs provided by medical education and communication companies (MECCs). Pfizer will continue to support CME programs at leading academic medical centers and teaching hospitals, as well as programs sponsored by associations, medical societies and community hospitals.

“This move by Pfizer, to my knowledge the first among commercial supporters of CME, represents a significant advance in the profession’s ability to address the complex issue of conflict of interest,” said Dave Davis, MD, Vice President, Continuing Education and Improvement, Association of American Medical Colleges.

In 2006, more than a third of all CME income came from MECCs. Another third came from medical societies, whereas only 18% came from medical schools.

How big an impact this will have on MECCs is open for debate. Pfizer will allow an accredited non-commercial provider to submit a grant request with a MECC as a joint sponsor. The grant funds would go directly to the non-commercial provider, which then would pay the MECC a fee for services. This is not exactly a loophole, but it means that the flow of CME “oxygen” to MECCs won’t be completely cut off. Also, so far there hasn’t been a stampede by other pharmaceutical companies following Pfizer’s lead although a few—eg, Lilly and GSK—have started or will soon start to publicly disclose all educational and charitable grants made to hospitals, teaching institutions, managed care organizations, professional associations, patient advocacy groups, and continuing medical education companies (see, for example, GSK’s press release).

**Use of Prescription Data**

The new PhRMA Code specifies that companies should voluntarily respect and abide by the wishes of any healthcare professional who asks that his or her non-patient identified prescription data not be made available to company sales representatives.

Prescription data are often used by pharmaceutical sales reps to confront doctors who are under-prescribing or not writing as many scripts as they promised. This kind of sales tactic has been frowned upon by many physicians.

The PMN survey asked respondents what effect physician opt-out would have on measuring sales return-on-investment (ROI) and the ability to offer physicians valuable targeted information. The latter “benefit” was used as an argument by IMS—a firm that specializes in collecting and selling prescription data—against state legislation aimed at prohibiting access to Rx data by pharmaceutical companies. For more on this topic, see “Whose Data Is It Anyway?” (PMN Reprint #56-04), “Specious Arguments in Favor of Rx Data Use,” and a summary of survey results.

A large majority (74.3%) of respondents to the PMN survey felt opting out would have a negative impact.

**Figure 5: Separate CME from Marketing Budgets.** Respondents were asked, “Regarding the provisions regarding separating CME from marketing budgets, please indicate which of the following statements you agree with.”
effect on measuring ROI of the sales force (see Figure 6). A smaller majority (57.1%) felt it would diminish the ability of drug companies to offer physicians valuable targeted information. “This will diminish the ability of drug companies to hound targeted physicians into prescribing their drugs,” quipped one PMN survey respondent.

A good proportion (48.2%) of respondents, for example, felt that all physician consultants—not just those serving on formulary committees—should disclose their ties to the industry, although how that would be accomplished was not specified.

Formulary Committee Disclosure

The new PhRMA Code requires healthcare providers who are members of committees that set formularies or develop clinical practice guidelines and who also serve as speakers or consultants for a pharmaceutical company to disclose to the committee the existence and nature of his or her relationship with the company. This disclosure requirement should extend for at least two years beyond the termination of any speaker or consultant arrangement, says the Code.

The PMN survey asked if this provision went far enough or if other forms of disclosure would be more appropriate. The results are shown in Figure 7. A good proportion (48.2%) of respondents, for example, felt that all physician consultants— not just those serving on formulary committees—should disclose their ties to the industry, although how that would be accomplished was not specified.

Comments from survey respondents on transparency provisions in the Code:

“Disclosure is between the individual physician and the patient. It really doesn't and shouldn't involve any other parties. Physicians should be required to make disclosures to individual patients, not register their names on a massive list (nor should drug companies be required to provide such limits).”

“We are all dead if disclosure and transparency is not tightened up everywhere.”

“It does not seem reasonable to require disclosure beyond the time of compensation. Disclosure should be guided by eliminating or identifying a relationship that could be perceived as affecting the information provided.”

Scenarios

The PhRMA Code includes a Q&A section that lists several scenarios that are allowed or disallowed by the code. Here's an example: “A district sales manager at Company C invites 30 physicians to a corporate suite at a professional baseball game for a 45-minute scientific and educational presentation followed by a buffet and the three-hour game. Does this conform to the Code?” The answer, BTW, is “No.”

In a previous Pharma Marketing News survey regarding the use of prescribing data by pharmaceutical companies, about 57% of respondents agreed that prescribing data allow pharmaceutical promotion to be relevant and specific, making the whole process more cost-effective. About 52% also agreed that physicians should be able to opt-out of having their Rx data sold to pharmaceutical companies for ANY USE. Click here to access the results of that survey.
PMN Survey respondents were asked to think of a scenario that may need to be reviewed by PhRMA to determine if it IS or IS NOT permissible under the new Code. Several serious and a few not-so-serious scenarios were submitted, a few of which are presented here.

The following scenario poses an interesting case regarding gratuities/meals/hospitality given to physicians at meetings outside the United States:

“A sales rep learns that several physicians in the territory are planning to attend an international conference in Spain. The rep arranges a cocktail reception in Spain for them and transportation for ‘his/her’ physicians from the airport to their hotel. Does this conform to the code as it is all being done outside the United States?”

A respondent employed by a promotional products company asks a question that suggests a way to create disease awareness promotional items that conform to the Code:

“Is it permissible to give pens or mugs that have educational information printed on it? Such as the brand logo with text like: Check your glucose before each meal! Or a custom printed spiral note book for logging glucose levels with a company logo on the front, a brand logo on each page? Or a clipboard with educational info for the doctor printed on it?”

The following question posed by a physician survey respondent who claims to be somewhat supportive of the drug industry seems to be derived from real-life experience:

“A sales representative smiles [at] a physician. Then [he/she] talks to a physician about the physician’s family for 5 minutes. Then they provide a set of glossies to the physician about Drug xyz. Then they say that opinion leader so-and-so uses drug xyz all the time. Then they ask the physician to use drug xyz in their next 5 patients. Does this conform to the code?”

The following scenario submitted by a healthcare professional posits a chance meeting of a sales rep and a physician “friend” at a local restaurant, as if such coincidences were common. It does, however, bring up the issue of the importance of perception of impropriety.

“You and your spouse have a personal friendship with a physician and spouse that pre exists your medical marketing career. You are out one evening with your spouse and your physician friends show up at the same restaurant. The wait is extremely long but you can be seated immediately, you invite your friends to join you? Is this a violation due to perception?”

Here’s a similar unlikely-to-be-coincidental scenario. Good tit-for-tat situation, however.

“Doc and drug rep have season tickets next to each other for their local football team. Doc buys the first round, rep buys second round. Is this a violation of the code?”

The preceding were serious or at least semi-serious questions and scenarios. Now for the jokesters:

“Pharma Sales rep brings a Japanese traveling hibachi chef and equipment with Japanese (sic) female staff to serve the food with beverage service to the Physicians office to prepare hot lunch for staff whilst he provides his educational presentation.”

Only an advertising professional could think of that! Very creative. Here’s an even more creative scenario submitted by another advertising agency respondent:

“A district sales manager at Company C invites 30 physicians to a strip club for a 45-minute scientific and educational presentation. The rep speaks from the speaker booth and the presentation is a power point which is projected on a screen on the stage behind the stripper pole, while food, drinks, and lap dances are served to the physicians at their seats in front of the stage.”

This last one was inspiration for a totally inappropriate visual first published on Pharma Marketing Blog (see Figure 8).

![Figure 8: Is This OK Under PhRMA's New Code?](image-url)

Death by a “Thousand Cuts”

When announcing the new PhRMA Code on Interactions with Healthcare Professionals, Billy Tauzin, the president of PhRMA, said, “It’s an accumulation of things some companies did over the years, now it’s death by a thousand cuts. We gotta stop the bleeding” (see “Note to Pharma: ‘Your House Is On Fire, and You’re Still Smoking in Bed’”).

Continues...
Tauzin was referring to the declining reputation of the drug industry and he offered the new Code as a way to “stop the bleeding.”

Many critics, however, suggest that the Code is merely a band-aid and more is needed to stem the flow of “blood.”

Looked at in another way, the new Code itself could be another self-inflicted “cut” as the industry continues to “cave in” to critics one step at a time. Each code of practice limits the industry’s ability to interact and communicate with physicians and consumers. A code here and a code there, and pretty soon you’re living in Europe! Not that there’s anything wrong with that, but as one survey respondent said: “I think this whole thing is stupid. You can’t stop drug companies from advertising their products. That is limiting free trade.”

Another survey respondent envisioned the ultimate endgame scenario: “Unless PhRMA fights this, legislators will want all gifts and all forms of marketing & advertising banned,” said Renee Domeier.

Experts Consulted

The following experts/survey respondents were cited and/or quoted in this article.

• Mike Altmann, Global Communications Manager, Pharmaceuticals, The Dow Chemical Company, 732-563-5088, maltmann@dow.com, LinkedIn Profile
• Harry Brody, Blogger at Hooked: Ethics, Medicine, and Pharma
• Rich Butler, President, The W.I.S.E. Group, 561-966-9180, rich@cosmicare.com, LinkedIn Profile
• Renee Domeier, Medical Marketing Specialist, Lee Wayne Corp., 818-782-1049 ext 117, rdomeier@gte.net, LinkedIn Profile
• Vincent Franco, COO, Stethocap, Inc., (847) 812-0779, vince@stethocap.com

Resource Consulted

The following resources were used in preparation of this article.

• PhRMA Code on Interactions with Healthcare Professionals (2008), PhRMA, http://www.phrma.org/code_on_interactions_with_healthcare_professionals/

Pharma Marketing News

Pharma Marketing News is an independent, free monthly electronic newsletter focused on issues of importance to pharmaceutical marketing executives. It is a service of the Pharma Marketing Network—The First Forum for Pharmaceutical Marketing Experts—which brings together pharmaceutical marketing professionals from manufacturers, communications companies, and marketing service providers for wide ranging discussions and education on a multitude of current topics.

Pharma Marketing Network & Pharma Marketing News provide executive-level content, professional networking & business development with permission-based emarketing opportunities.

Subscribe Online  •  Download Media Kit  •  Request a Rate Card

Publisher & Executive Editor
John Mack
VirSci Corporation
www.virsci.com
PO Box 760
Newtown, PA 18940
215-504-4164, 215-504-5739 FAX
mailto:johnmack@virsci.com