

Article

Pharma Begins to Report Payments to Physicians

Analyzing the Numbers to Spread the Sunshine

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In January 2009, Senate Special Committee on Aging Chairman Herb Kohl (D-WI) and Senate Finance Committee Ranking Member Charles Grassley (R-IA) introduced the Physician Payments Sunshine Act of 2009. This act, which has been introduced in previous sessions of Congress, attempts to provide for transparency in the relationship between physicians and pharmaceutical companies with respect to payments and other transfers of value. Several states, including Massachusetts, Vermont, and Minnesota, have either passed or threaten to pass their own "sunshine" that forbid or put limits on gifts to physicians by pharma companies. Typically, these laws require the public disclosure of the types and amounts of payments made to physicians above a certain limit.

In response, several pharma companies have voluntarily published or announced that they will publish a list of payments to physicians. Eli Lilly was the first pharma company to do so, followed by Merck and GSK. Pfizer, Johnson & Johnson, Cephalon, and Medtronic have promised to do so in 2010.

This article reviews the latest lists published by Merck and GSK for payments made in a single quarter of 2009 (Q3 for Merck; see <http://bit.ly/2jx7x>, and Q2 for GSK; see <http://bit.ly/55X1L7>). This analysis gives us more insight into the fees paid by various companies, how the money was distributed by state and region in the US, and what types of activities (eg, speaker fees vs. consulting fees) physicians were paid to perform.

No Standard Format

Merck and GSK present their physician payment data in unprotected PDF files that can be downloaded and copied into Excel spreadsheets for easy analysis (obtain the raw Excel data here: <http://bit.ly/4nRnem>). Lilly's Faculty Registry, on the other hand, uses a FlashPaper format, which can only be viewed online. It is not possible to copy the data into a spreadsheet or to print for easy analysis. Therefore, the analysis of Lilly's data is not included in this report.

All the lists include the names, organizational affiliations and geographic locations of healthcare professional (HCP) who received payments for educational activities (speaker fees) or consulting. None of the reports includes payments related to CME, clinical research, or travel and entertainment expenses, which can be significant.

Speaking vs. Consulting Fees

Not every list includes the same kinds of data or categories of payments. Lilly, for example, breaks

down payments into those for patient education programs (payments made to educators, not physicians), healthcare professional education programs (part of marketing programs, not CME), and advisory programs (physicians hired as consultants). The most recent data covers payments made in the first two quarters of 2009 (see <http://bit.ly/hpWSh>).

GSK breaks out payments made to physicians and other healthcare professionals for speaking engagements ("healthcare professional education programs") and consulting/advisory services. Merck does not report separate payments for speaking vs. consulting, but reports the number of events for which each HCP was paid. The list also indicates whether payments were made to individual HCPs and/or the organizations that employ these HCPs.

Only about 9% of the total payments to HCPs that GSK made in the second quarter of 2009 were consulting fees. It is not known if that is also the case for Merck, which did not report which payments were consulting versus speaker fees.

Physician Payment Patterns

Let's look at Merck first, focusing only on US HCPs and excluding HCPs in Puerto Rico (to better compare this data with GSK data). In the 3rd quarter of 2009, Merck paid 1,048 HCPs an average of \$3,488 each to speak at a total of 2,309 events (an average of \$1,716 per event, excluding T&E expenses). The total amount Merck paid out in that quarter was \$3,655,310 (see Table 1, pg 3). Merck also paid an additional \$49,200 to 30 Puerto Rican HCPs.

GSK paid 3,727 HCPs an average of \$3,902 each in Q2 2009 for a total of \$14,543,507, which is substantially more than Merck paid out in the 3rd quarter of that year (see Table 1, pg 3). GSK did not report the number of events.

The average and median payments made by GSK and Merck were virtually identical (see Table 1, pg 2). Merck, however, had a slightly less skewed distribution of payments. For GSK, the top 10% of the highest-paid physicians received 50% of the total amount GSK paid to physicians in the quarter reported, whereas the top 20% of physicians paid by Merck received 50% of the total payments. Ninety-two percent (92%) of HCPs who received payments from GSK received less than \$9,500 in the reported quarter, which is about 10% what the highest-paid physician received. In contrast, 94% of Merck physicians received less than \$6,800, which is about 30% what the highest-paid physician received from Merck in the reported quarter (see Figure 1A/B, pg 2).

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Pharmaco	Payment Period	Total Payments	Number of HCPs*	Aver Payment Per HCP	Median Payment	Highest Payment
Merck	Q3 2009	\$3,655,310	1,048	\$3,488	\$2,150	\$22,693
GSK	Q2 2009	\$14,543,507	3,727	\$3,902	\$2,000	\$99,375
Lilly**	Q1 2009	\$22,000,000	3,400	\$6,470	NA	NA

Table 1: Overall Summary of Physician Payments. *<http://statehealthfacts.org> ** <http://bit.ly/1YPYcV>

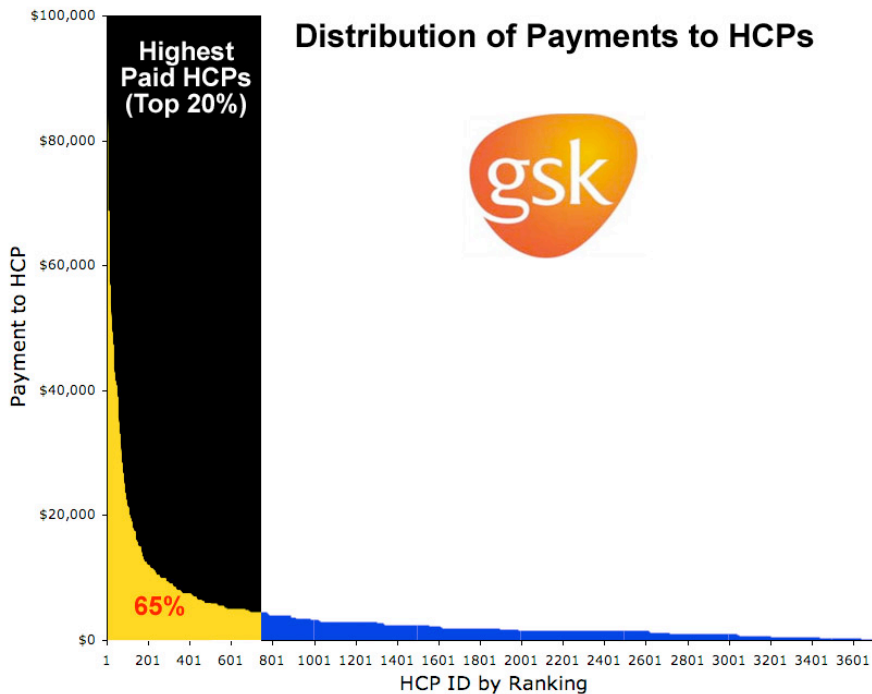


Figure 1A. Distribution of Payments to HCPs by GSK. The top 20% highest paid physicians accounted for 65% of total payments to physicians. The top 10% account for 50% of the total. Compare to Merck, Figure 1B.

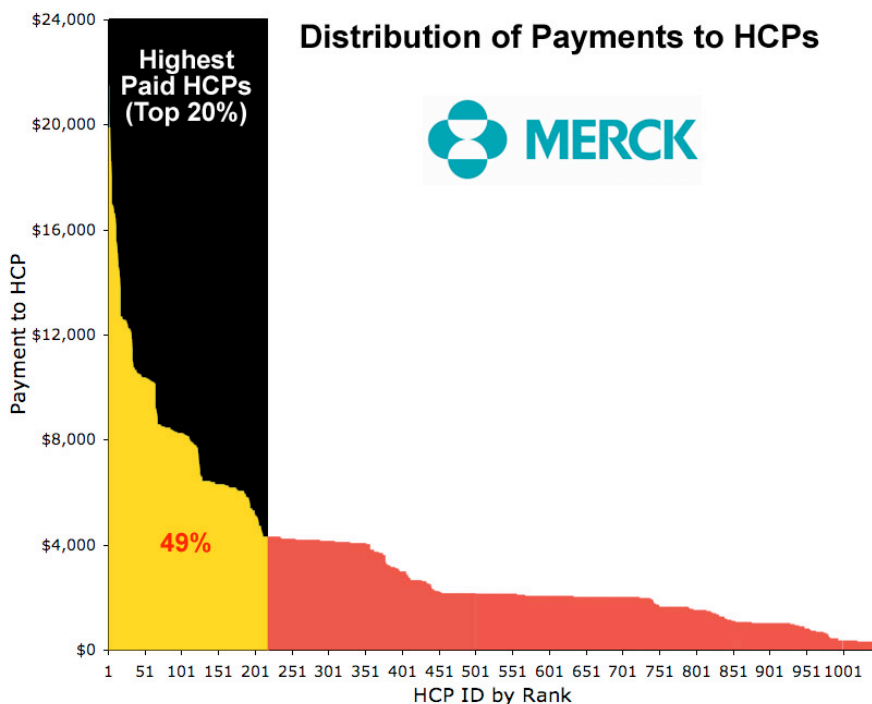


Figure 1B. Distribution of Payments to HCPs by Merck. The top 20% highest paid physicians accounted for 50% of total payments to physicians. The top 10% account for 32% of the total. Note the “tiered” payment pattern; HCPs seem to be grouped into tiers of \$2,000, \$4,000, \$6,000, \$8,000, etc. Compare to GSK, Figure 1A.

The highest paid HCP on Merck's "payroll" was James Kemp, a former president of the American Academy of Asthma, Allergy and Immunology. Kemp received \$22,693 for 11 speaking events (\$2,063 per event, excluding T&E expenses).

The highest total payment made by GSK was \$99,375, which was paid to Lawrence Dubuske, who is an Executive Editorial Board Member of the journal *Allergy & Asthma Proceedings*.

In a personal communication, Lilly provided these data points from its Faculty Registry (Q1 and Q2; through end of June 2009):

- The total amount paid in Q1 and Q2: \$44,597,052
- Total number of entities (HCPs) in the dataset: 3,971
- Avg number of activities per entity: 12
- Avg spend per entity: \$11,231
- Avg spend per activity (based on overall total): \$905

State-by-State Analysis

Both the GSK and Merck datasets include the location (town and state) of each recipient. This makes it easy to see if HCPs in certain states and/or geographic regions of the country received a disproportionate amount of payments. If payments to physicians are made primarily to educate other physicians about products rather than for some other reason (eg, reward for prescribing products), then you might expect payments in each state to be proportional to the number of physicians in that state.

Before we get to that, let's just see what the distribution of payments by state and region look like. As expected, the states whose physicians received the largest total fees from both GSK and Merck were among the most populated states in the US: California, Texas, New York, Florida, and Pennsylvania (see Tables 2A and 2B, below). See Figure 2, pg 5, for a map showing how GSK distributed payments to physicians across the US. The map for Merck is similar (not shown).

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State	# of Physicians in State*	# of HCPs Paid	Total Payments	\$ per Physician in State	\$ per HCP Paid
CA	115,740	125	\$494,264	\$4.27	\$3,954
NY	26,716	82	\$322,247	\$12.06	\$3,930
TX	59,797	77	\$273,970	\$4.58	\$3,558
FL	58,565	72	\$219,250	\$3.74	\$3,045
PA	49,575	60	\$218,052	\$4.40	\$3,634

Table 2A. The Top 5 States Ranked by Total Physician Payments. Data is for Merck, Q3 2009. *Source of physician data: statehealthfacts.org

State	# of Physicians in State*	# of HCPs Paid	Total Payments	\$ per Physician in State	\$ per HCP Paid
NY	26,716	426	\$1,874,580	\$70.17	\$4,400
CA	115,740	369	\$1,494,709	\$12.91	\$4,051
TX	59,797	248	\$1,158,760	\$19.38	\$4,672
FL	58,565	230	\$786,664	\$13.43	\$3,420
PA	49,575	198	\$702,961	\$14.18	\$3,550

Table 2B. The Top 5 States Ranked by Total Physician Payments. Data is for GSK, Q2 2009. *Source of physician data: statehealthfacts.org

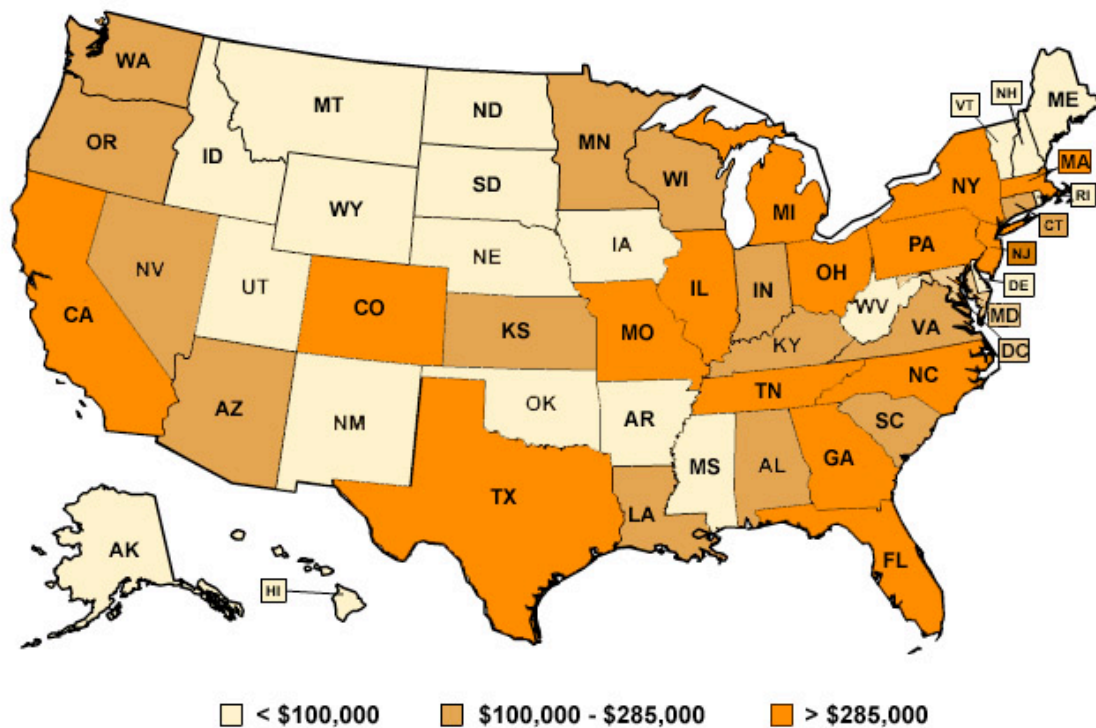


Figure 2: Distribution of HCPs Payments by State: GSK

Are some states receiving less attention than they should based on the number of physicians practicing in those states? To answer this question, I plotted the number of physicians paid in each state versus the total number of physicians in that state. I used a bubble plot to represent how much total payments were made to physicians in each state, which is represented by the size of the bubble. See Figures 3A and 3B, pg 6.

A few states – eg, LA, NH, and ME – seem under-represented in terms of the number of physicians receiving payments from Merck compared to the total number of physicians in the state. For GSK, under-represented states include ID, NM, NH, and ME. On the other hand, NY physicians have received a disproportionate amount of money from GSK based on the number of physicians in that state.

Vermont, a state that requires disclosures of payments to physicians by pharmaceutical companies, is among the states whose physicians receive less than average total payments from Merck and GSK. However, Minnesota and Massachusetts, which also require disclosure, are among the states

receiving the highest total payments from these companies. Of course, these states are renowned for their medical clinics and research centers.

New York stands out as a state receiving not only the highest total payments (#1 for GSK and #2 for Merck), but also on a per physician basis. If all the money GSK paid to physicians in NY were spread equally among all the 26,716 physicians in the state, each physician would get \$70.17 (see Table 2B, pg 4). In comparison, for Merck that number would be \$12.06 per physician, which is low by comparison with GSK, but still the highest for any state in Merck's dataset. California's physicians, on the other hand, did not seem to get enough compensation to adequately educate its large physician population. In other words, if pharma payments to physicians are primarily to help educate physicians about products, then California physicians are getting less education than NY physicians.

Perhaps state laws that limit payments to physicians is the cause for these discrepancies. The Physician Payment Sunshine Act being considered by Congress would pre-empt such laws.

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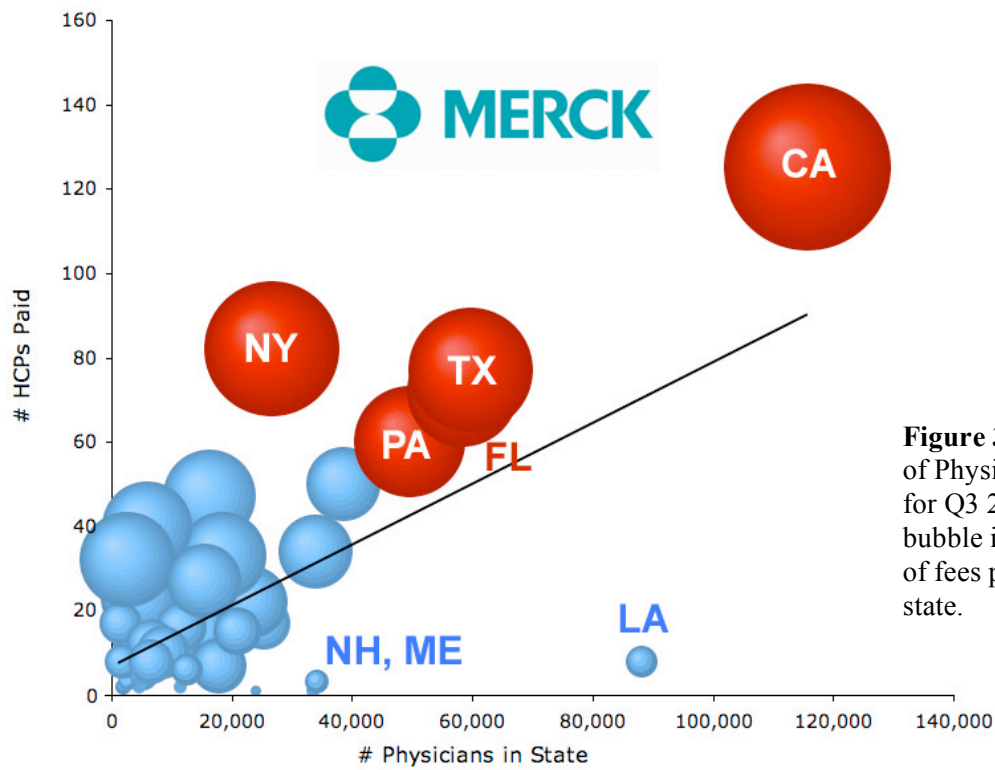


Figure 3A. Merck's Distribution of Physician Payments by State for Q3 2009. The size of each bubble is proportional to the sum of fees paid to physicians in that state.

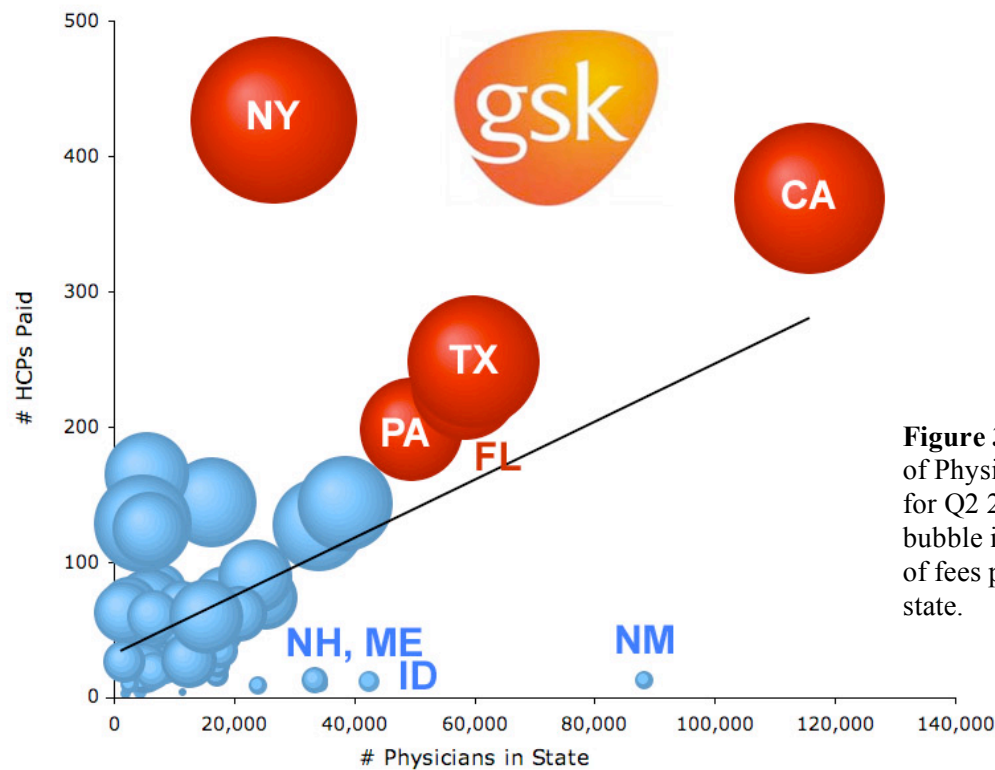


Figure 3B. GSK's Distribution of Physician Payments by State for Q2 2009. The size of each bubble is proportional to the sum of fees paid to physicians in that state.

Regional Analysis

Looking at the regions of the US—northeast, southeast, midwest, west, and southwest—we see that physicians in some regions received more or less of the “payment pie” than would be expected based on the number of physicians in those regions (see Figure 4, below). The southwest, for example, received 10-11% of the total payments made by Merck and GSK although 17% of US physicians practice in that region. The west, especially for GSK, may also be “under represented.” On the other hand, GSK seems to favor the northeast and Midwest while Merck’s distribution of payments are more evenly distributed according to number of physicians in each area.

Conclusion

As interesting as this analysis is, I’m not sure what, if anything, we can learn from data for a single quarter and from just two companies. It would be interesting to analyze data from a larger group of companies

over a longer period of time. Unfortunately, however, not all companies are making it easy to do this. Lilly’s method of reporting, for example, does not allow the numbers to be copied or printed for easy analysis. Some companies are using copy-protected pdf files, which require a password to edit (ie, to copy data).

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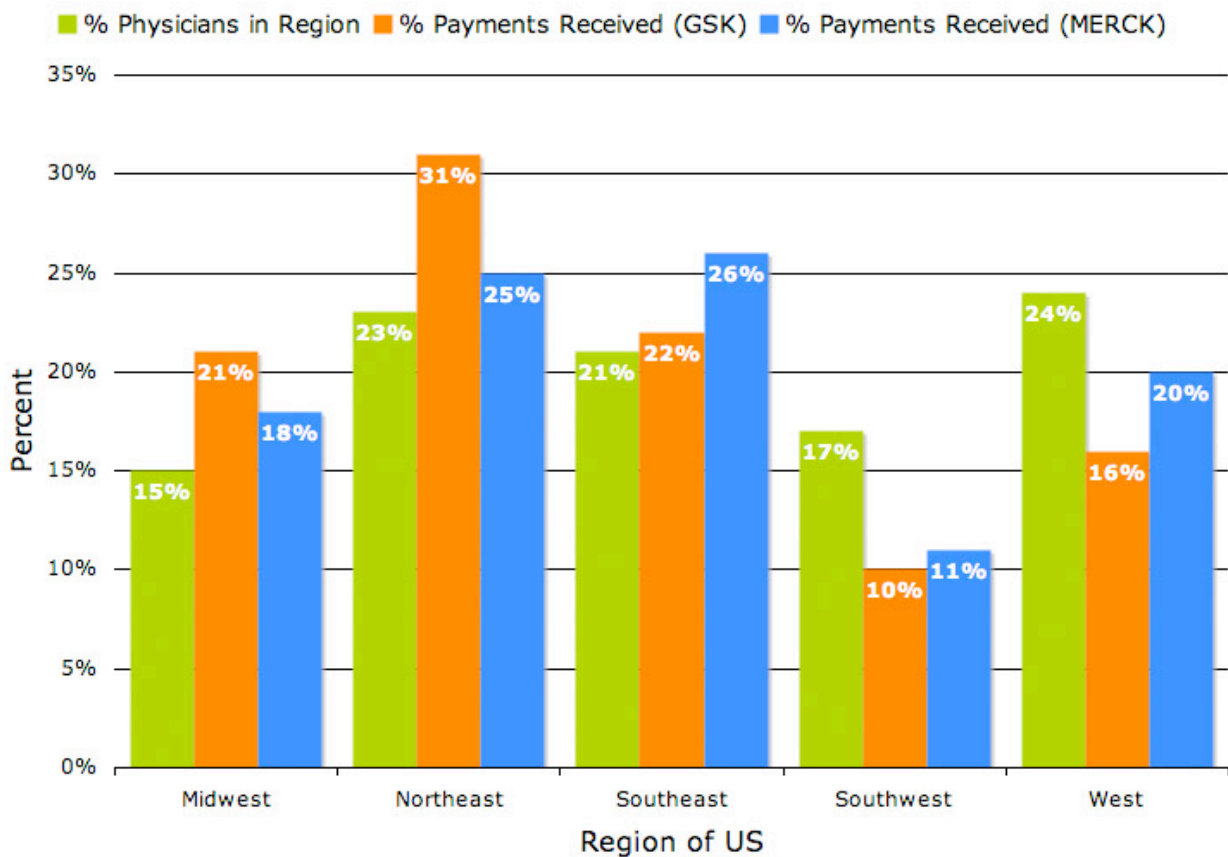


Figure 4. Payments to Physicians in Different Regions of the US.