

A Million Dollars A Week



By *Debra Jopson, Clare Blumer, Mike Seccombe* April 26, 2013

That's what Big Pharma reports spending on educational events in Australia. The *Global Mail's* new database exposes the murky relationships between drug-makers and doctors.

Orso Bayside Reception Centre on Sydney's Middle Harbour has its own beach, jetty, and deck, from which, according to its advertising, "a resident family of photogenic pelicans can be seen paddling outside at most times".

Here, on one autumn evening last year, the German-based pharmaceutical company Boehringer Ingelheim shouted 14 doctors to \$110 worth of food and drinks each at an "educational event" described as "a specialist-led meeting for GPs".

The subject was the company's new drug, Pradaxa, and how it could help to address stroke and bleeding issues in patients with a heart-rhythm disorder. *The Global Mail* can reveal that over two years this company spent almost \$800,000 on similar doctors' education events about this drug, mostly at similarly salubrious venues.

The company and doctors were doing nothing out of the ordinary. This is how doctors get the education credits they need to continue in practice – and how pharmaceutical companies market their new products.

And they evidently like to do it in style.

Another major pharmaceutical company, Pfizer, for instance, spent more than \$38 million over five years on education events, attracting more than 450,000 attendees, according to [a database *The Global Mail* has created](#) to track pharmaceutical companies' largesse toward health professionals in Australia.

The Global Mail's database, four months in the making, sets out how many educational events 50 pharmaceutical companies in Australia have sponsored between July 2007 and September 2012. It is compiled from half-yearly reports that pharmaceutical companies belonging to industry association Medicines Australia have been required to make since 2007.

The documents report the number of doctors and other health professionals, such as nurses and pharmacists, who attended each event, where it was held and how much was spent.

These records of the companies' duchessing of doctors do not disclose fees for doctors to act as consultants or advisors, nor the names of doctors attending the educational events.

But they do show that pharmaceutical companies like to ensure an inspiring learning environment. For example:

Our database records 157 events over five years at The Matilda Bay Restaurant, which is set on the banks of Perth's Swan River and serves Australian modern cuisine. Eighty-four of those events cost more than \$100 per head.

Bacash Restaurant, overlooking the Botanical Gardens in Melbourne's South Yarra, and awarded one chef's hat by *The Age*, hosted 113 such bashes, 68 of them ringing up more than \$100 per person.

In Adelaide, Lenzerheide, which claims to offer "sumptuous elegance" in its heritage hideaway, was the classroom for 92 events, 40 of them costing more than \$100 per guest.

But there is far more to be gleaned from this record of almost 154,000 events than insights into doctors' favoured eating establishments.

The database reveals patterns that offer a unique insight into the companies' otherwise guarded marketing strategies.



Ella Rubeli / The Global Mail

A bill introduced by Dr Richard di Natale, would ban companies from paying for doctors' travel and accommodation costs, unless they were actual company representatives, or the payments were reported.

example, these “educational events” tend to happen at predictable times in the companies’ campaigns to get government subsidies for their drugs. Doctors tend to receive largesse and education around a new medication when it is in the approval pipeline for government subsidies through Pharmaceutical Benefits Scheme (PBS) listing. (See our investigation into Boehringer Ingelheim’s events for their drug [Pradaxa](#).)

Likewise, drug-company education events tend to cluster at times when the manufacturer is applying for an older drug to be extended to different diseases.

Take AstraZeneca, which in the first half of 2009 held 26 events about bipolar disorder. In the second half of the year – just before their schizophrenia drug Seroquel (quetiapine) had its subsidy [extended to bipolar I](#) on the PBS – the company held five-times that number, 125 events, about bipolar condition.

While these points are arguably when health professionals most need education about medicines so that they can prescribe or administer them safely, they dovetail so neatly with pharmaceutical companies’ marketing campaigns that it is legitimate to ask: is it training or spin?

The drugs most featured in these educational events are those that tackle chronic dis-

eases; these medicines are more likely to make big money for the pharmaceutical companies because consumers of them need treatment over a long period of time.

Chronic Education

Big Pharma's education events are more likely to focus on chronic illnesses. What are the top five illness types by spend?

	Heart Disease	\$41,770,633
	Mental Illness	\$37,733,709
	Cancer	\$34,442,361
	Diabetes	\$26,227,797
	Ageing	\$22,950,035

Figures represent total spend on events that discussed each illness type (July 2007 - Sept 2012). These events might have covered more than one topic, and there is crossover between the categories.

“Once you have someone on treatment and it seems to be working, they’re often going to take it the rest of their life,” says associate professor of psychiatry at the University of Auckland, Dr David Menkes.

“And that’s ideal, isn’t it? You get ‘em and you keep ‘em on. If I were a drug-company executive, I would have to say that’s a natural strategy.”

Our data finds that heart disease is the most favoured education subject, followed by mental illness and then cancer.

The Australian medicines industry has an annual turnover of more than \$22 billion, and once a drug is developed and approved for human use, the job of a pharmaceutical company is to market it. This is big business, which relies on health professionals’ trust in a company’s products, access to government subsidies, and consumer confidence.

The public purse is all-important. Once a company gets a drug approved by the Ther-

apeutic Goods Administration (TGA), the corporate goal is then to usher the product through to the mass market.

The crucial step here is to win listing on the PBS, at which point the government subsidy makes the drug cheaper for the consumer, which in turn drives sales volume. Profits come courtesy of the taxpayer.

Here lie the riches. Last financial year Pfizer topped the charts as a supplier of drugs through the PBS, with more than \$1 billion in sales. AstraZeneca was next, on \$923 million, followed by Novartis with \$600 million.

For the clutch of multinational pharmaceutical corporations known collectively as Big Pharma, Australia may be the equivalent of one little tablet in the giant jar-full of pills that is the worldwide market; Medicines Australia [reports](#) that the global medicines market grew from \$567 billion in 2003 to \$942 billion in 2011.

But it is a tablet which, because of Australia's generous subsidies of medication, works well in boosting pharma companies' financial health.

"Australia is a small but lucrative market," says the spokeswoman for the patient group Cancer Voices Australia, Sally Crossing.

THE MYRIAD MARKETING MANOEUVRES aiming to influence which drugs we are prescribed are largely hidden from the public.

"People think because drugs are marketed, they are safe. It's not true at all," says University of South Australia senior research fellow Dr Agnes Vitry.

A French-born pharmaceutical scientist and economist, Vitry has found Australian consumers to be comparatively unaware of the dangers of pharmaceutical marketing – though the French became savvy, she says, only after a scandal involving a weight-loss drug marketed by the Servier corporation.

In that case, the amphetamine derivative Mediator, which can damage the heart, was [linked to the deaths](#) of between 500 and 2,000 people after it was prescribed not only to diabetics but also to otherwise healthy women who were overweight. The drug was withdrawn in 2009, after 30-plus years on the market. The French authorities found that Servier "relentlessly" marketed Mediator "at odds with its medical proper-



Dan Kitwood - WPA Pool/Getty Images

Last financial year Pfizer topped the charts with more than \$1 billion in sales.

ties”, according to the medical journal *The Lancet*.

“Following this scandal,” Vitry says, “they changed many aspects of the French laws.

“Now people are much more aware of the importance of drug companies’ influence on their own doctors.”

In the United States, consumers are exposed to TV ads aimed at selling them prescription drugs.

But Australia is among the countries that have banned advertising prescription medications directly to the public – so here the focus of pharmaceutical marketing is squarely on health professionals. And it is becoming increasingly sophisticated.

“The blatant bribing which used to occur doesn’t happen now,” says Newcastle ophthalmologist Dr Eugene Hollenbach. “That’s what it was; there used to be free dinners and conferences, which I didn’t participate in.”

Back then, dinners were frequently hosted without there being any educational content to the event. (Even now, how the spending is categorised – as education or marketing – differs from company to company.) But as marketing fraud cases have been successfully prosecuted worldwide, most notably in the US, there has been a concurrent push for transparency and accountability.

“It’s difficult for the companies [now],” says Hollenbach, “so they give education evenings.

“In ophthalmology, most of the things we do do not rely on drugs, except for glaucoma. The glaucoma specialists used to get benefits from the companies trying to get market share.”

Indeed, for pharmaceutical companies, influence-peddling tends to be concentrated on specialists, with their considerable power to persuade peers.

Big Pharma companies identify specialists with favourable views toward their drugs; these are referred to as KOLs – or Key Opinion Leaders. KOLs then receive pharmaceutical-company support in the form of honoraria and fees for other services.

One such service is a consultancy, where invited doctors attend a meeting which Dr Tim Read describes as something between a focus group and a push-polling operation. That is, small groups of doctors are invited to give their opinions on a particular drug, the circumstances in which they might or might not use it, and generally give

feedback on things, like side effects, which might be valuable to the company. And all the while, they're subtly encouraged to use more of the drug. In return for their participation in such groups, they receive very generous payment.



No

doubt such groups do produce some clinically valuable information, but Dr Read doubts that this is their primary purpose.

Then there are the speaking gigs.

“Medicine’s a hierarchy,” says Read. “You have your professors who have research careers and are very good at what they do, and then there are clinicians [doctors working directly with patients] who are also very experienced. These people are often relied upon to give talks” to other doctors at conferences or other events.

So you have an event sponsored by a drug company, at which the speaker may well have been flown in by the drug company, and who is being paid an unknown fee by the drug company.

Now, that does not necessarily mean the speaker is pushing a company line to prescribing colleagues, but, says Read: “Sometimes ... it’s pretty overt, that they will give a line that favours the sponsor.”

On other occasions it is not so overt. But how, Read asks, is the audience to know if

the speaker has been influenced by the big fee for appearing, or by another big fee paid by the company for a consultancy?

Maybe the speaker does not even appreciate his or her own bias.

“If you walk away with that much more in your bank balance, you’re kind of implicated a bit, I think. I think those who claim no influence are professing a mastery over their subconscious that people can’t honestly claim to have,” Read says.

Bottom line: it’s very difficult to determine what level of influence drug companies might have with individual doctors or other health professionals.

You will notice the names of those who receive such payments are not accounted for in *The Global Mail’s* database.

That’s because pharmaceutical companies in Australia are not required to name individuals. They *have* been required since 2007 to report some details of every educational event they sponsor – a requirement forced on them ([in court](#), eventually) by the Australian Consumer and Competition Commission (ACCC). But the identity of those who attend need not be reported, nor are companies required to disclose the consultancy fees, speaking fees, airfares or other such payments to doctors.

“There is no need, nor it is appropriate to regulate pharmaceutical industry conduct in their interactions with medical practitioners.”

But Medicines Australia’s disclosure scheme is now under scrutiny.

In December, the ACCC gave the industry two years “to improve transparency of payments and sponsorship made by pharmaceutical companies to individual health-care professionals”.

The ACCC said “a framework for individual disclosure can be substantially addressed in the next 12 to 18 months”.

Over to Medicines Australia’s “transparency task force”, which, according to its chair Dr Dominic Barnes, will recommend disclosure of payments to doctors. If the pharma industry body accepts this counsel, the information would be made public by mid-2015, Barnes says.

Meanwhile in federal parliament the Australian Greens have introduced legislation which would stop many of the payments. A [public hearing](#) on the proposal will be held in Melbourne on Monday, April 29.

The bill introduced by Greens’ health spokesman, Dr Richard di Natale, would re-

place the Medicines Australia voluntary code (overseen by the ACCC) with one based in legislation, and would ban companies from paying for doctors' travel and accommodation costs, unless they they were actual company representatives, or the payments were reported.

It would also limit entertainment to \$100 per attendee and prohibit companies from staging "educational" events outside Australia if the majority of those attending were Australian.

Most importantly, di Natale told parliament, drug companies would have to report annually all "payments made to doctors, including fees, gifts, honoraria, services such as travel and accommodation, donations or research grants", and would have to "name, as individuals, medical practitioners (who are not full-time employees of the company) who receive this largesse".

On the basis of the written submissions already made to the parliamentary committee, the reaction has not been particularly positive.

The Australian Medical Association was particularly hostile, complaining that: "By its very nature, the Bill provides the perception that the interactions between medical practitioners and pharmaceutical companies are not legitimate."

The AMA was also upset that di Natale's bill "will make particular interactions illegal".

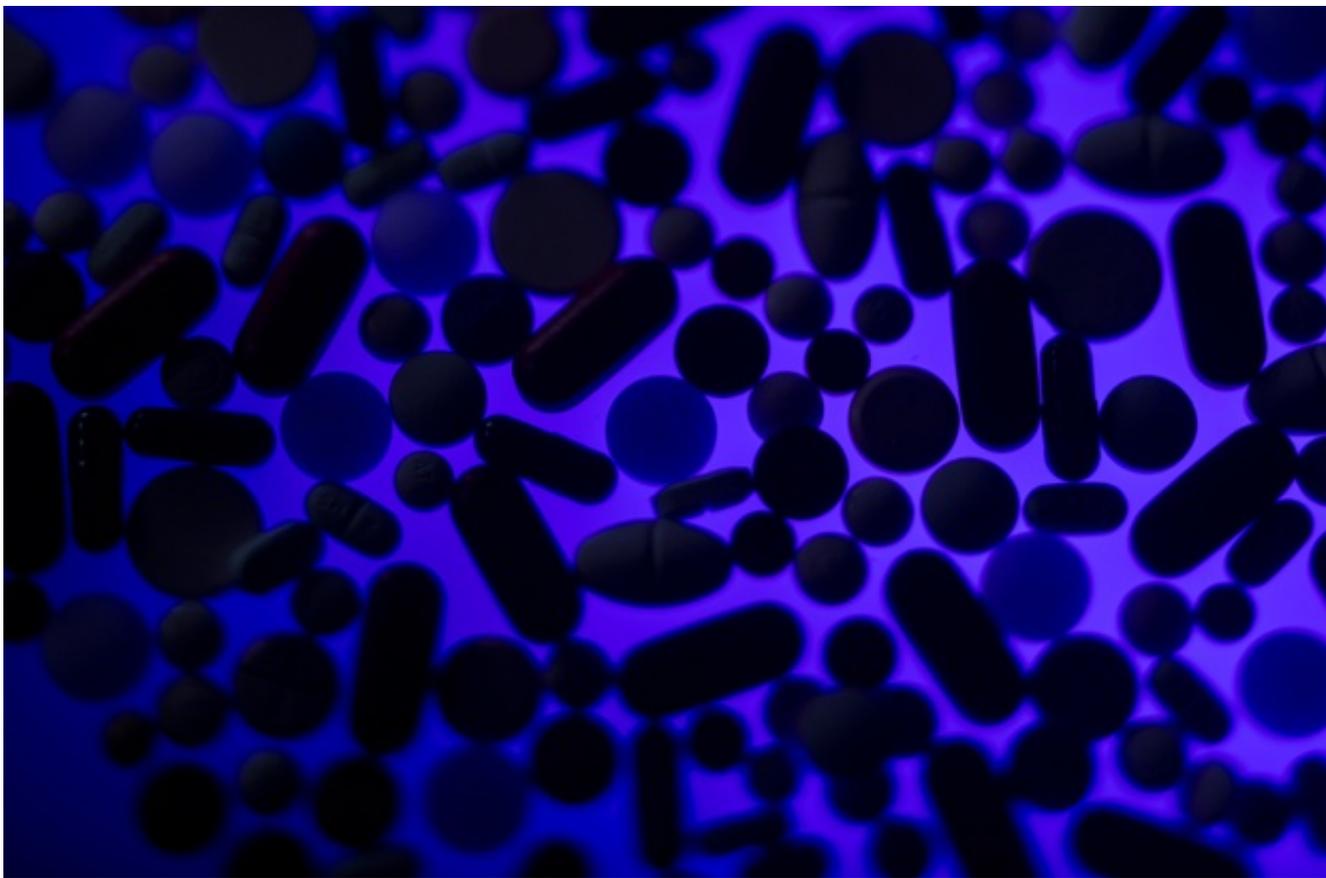
In summary, said the doctors' union: "There is no need, nor it is appropriate to regulate pharmaceutical industry conduct in their interactions with medical practitioners."

The submissions from various pharma companies were broadly of the same tone; the common argument was that Medicines Australia was working on a better voluntary code, so there was no need for legislation.

Submissions from several medical academics and organisations more concerned about consumers than healthcare and drug providers also were critical of aspects of the di Natale proposal, but for opposite reasons.

Their objection was that it did not go far enough.

Representative of that view was Dr Ken Harvey of the School of Public Health at La Trobe University, who also is a member of Medicines Australia's transparency working group.



Mike Bowers/The Global Mail

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While he acknowledged the draft bill presented “an important opportunity to debate various models of ensuring ethical relationships between health professionals and therapeutic goods companies”, he was concerned its coverage was too narrow, because it applied only to doctors and pharmaceutical companies.

“It’s my view,” he wrote, “that transparency should apply to the relationship of all therapeutic goods companies with all health professionals.

“Medical-device companies and other health professional such as pharmacists have also been implicated in behaviour that needs to be disclosed.”

Dr di Natale’s bill also would require only that payments should be reported on “a multitude of individual company websites”, Harvey wrote, making it “very difficult to find out how much money a doctor was [collectively] receiving and from whom”.

Dr Harvey made the point that apart from Medicines Australia, there are eight other industry self-regulatory organisations with varying codes of practice.

Furthermore, there are companies which do not belong to any of these organisations.

He argued that there should be similar disclosure provisions in all the codes, under-

pinned by legislation making compliance “a condition of obtaining marketing approval for therapeutic goods”.

“There is worldwide concern that inducements to health professionals by the therapeutic goods industry can lead to uncritical uptake of newer, expensive and less-well evaluated products and underutilisation of more cost-effective drugs and medical devices,” Dr Harvey wrote.

“The cost and safety implications of these distortions to our health system are significant.”

Indeed, pharmaceutical companies worldwide spend one-third of all sales revenue marketing their products which is “roughly twice what they spend on research and development” according to the [World Health Organization](#). Companies’ senior executives tend to be people with marketing, not medical or research backgrounds.



Then-Vice President of the AMA Dr Steve Hambleton is administered the H1N1 vaccine in September 2009.

“So they’re really clever, those people,” says the psychiatry professor Dr Menkes. “On average, a third of their operating budget is marketing. It’s huge, it’s absolutely enormous, and they’re way ahead of us [doctors] in terms of technology to promote their message. All we’ve got is clinical expertise and ethics on our side.”

Menkes believes doctors – who need to keep up with the latest treatments – are certainly influenced by the educational presentations made by KOLs: “The companies pay them, recruit them, mainly because they know that the message – either directly or indirectly – is going to be in favour of their product.”

The AMA president, Dr Steve Hambleton, says doctors (who can earn credits by attending these events) are expected to check the information they get there against other sources. He cites the *Medical Journal of Australia* and other professional journals as sources of peer-reviewed, unbiased information, which also disclose any potential conflicts.

One point on which Drs Hambleton and Read agree is that medical professionals can continue their required medical education without attending drug company-staged or -sponsored educational events.

“There’s no question, though, that for a specialist, a conference is a very efficient way of keeping up to date,” says Read. “It’s probably not necessary to go to Europe every year, though, but it often happens.”

Apart from Medicines Australia, there are eight other industry self-regulatory organisations with varying codes of practice and companies which did not belong to any of these organisations.

BIG PHARMA’S PROMOTIONAL WORLD of acronyms is populated not only by KOLs but also by CIAs – or Corporate Integrity Agreements. These have been drawn up, usually as part of court settlements, between the US Government and a number of pharmaceutical companies which sell half the prescription drugs on the American market.

Disclosures made under such agreements have allowed the independent journalism centre [Pro Publica](#) to name doctors who receive payments from pharmaceutical companies. More transparency still is coming when the provisions of the Sunshine Act take effect from the start of August this year, requiring the naming of doctors receiving benefits of more than \$100 a year.

In Australia, not only are pharmaceutical company declarations still sketchy, they are not uniformly accessible though the peak body, Medicines Australia.

Several member companies refused a request from *The Global Mail* to provide company declarations in spreadsheet – rather than PDF – form, which would have greatly simplified the creation of our database.

“My understanding is Excel format is more difficult and costly to do,” says Medicines Australia chief executive Dr Brandan Shaw. “The fact that you guys are doing that analysis is great.”

Shaw says that the member companies have embraced transparency and education-event reporting. “There is a change in approach over the years, and certainly there’s a recognition that transparency builds trust.”

One member company, GlaxoSmithKline, is outstanding among Big Pharma as an advocate for transparency about payments to doctors. This has been GSK’s position since around the time the company was stung with USD3 billion in fines for fraudulent promotion of its drugs for unapproved uses (including an [antidepressant they pushed for teens](#), when it was only approved for adults) in the late 1990s to mid-2000s.

GSK’s Lisa Maguire (associate director, corporate affairs and patient advocacy) denies her company’s support of disclosure in Australia is a direct consequence of its tangles

with the law, though she concedes: “That fine, absolutely that did affect GSK’s global reputation and we want to turn that around.

“We absolutely support individual disclosure,” she says.

The company has gone so far as to fund research, submitted to the ACCC, showing that 64 per cent of Australians *want* to know how much pharmaceutical corporations are paying doctors.

“There is widespread scepticism and little support for the current system in which pharmaceutical companies pay undisclosed fees to healthcare professionals,” states the research, which surveyed a representative sample of a thousand Australians and was carried out by Galaxy Research.

“It is not that there is a complete lack of trust in the pharmaceutical industry, it is just that the community expects greater transparency in their dealings with health professionals.”

Glaxo’s stance is welcomed by those who have long campaigned for greater transparency, such as [Ray Moynihan](#), a senior research fellow at Bond University.



But
he
can't
help
being
a lit-
tle

Peter Frommenwiler/Bloomberg via Getty Images

Novartis was third on the charts last financial year as a supplier of drugs through the PBS, with more than \$600 million in sales.

cynical as to the company's possible motives.

“Surprise, surprise, at the very time [GSK] incurred one of the biggest fines in US fraud law, they rediscovered themselves as the most transparent of the Big Pharmas,” he says.

Dr Barnes, chair of the Medicines Australia transparency working group chair, and also managing director of pharmaceutical company Shire Australia, rejects that idea. Rather, he likens pharma companies' newfound interest in disclosure to the old habit of doctors smoking during patient consultations:

“Of course, now, we realise that's appalling and abhorrent, and community standards have demanded that that sort of thing should not happen,” he told *The Global Mail*.

“I think that industry absolutely recognises that the practices of the past — I'm not so naive to think they're totally wiped out — but the practices of the past were wrong and quite rightly industry has been fined for them.

“It's a huge shift obviously from the past, but one that the community has been asking for and industry has been listening and I think we're doing our best to comply with that.”

Moynihan says of Medicines Australia's late interest in transparency:

“The industry will frame it as if it was their reform. In fact they were dragged kicking and screaming by the ACCC, through the courts.

“But the encouraging thing is that the transparency revolution in medicine has begun.

“That's very exciting.”

DRUG DATA

The Great Pill Pu\$h

PHARMACEUTICAL MARKETING IN AUSTRALIA - BY THE NUMBERS

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How many events to date
155,802

