

## THE TYPE OF PHARMACEUTICAL PAYMENTS TO PHYSICIANS AFFECTS PRESCRIPTION BEHAVIOR OVER TIME

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### ABSTRACT

*The purpose of this paper is to examine how payments by pharmaceutical companies to physicians are related to prescription behavior in the years following the passage of the Physician Payments Sunshine Act of 2010. The study analyzes data from the Open Payments data and the Medicare Part D prescription data from 2014-2017, to measure the effect of the Act on behavior over time. In particular, it examines the relationship between payments made in one year by 18 of the largest drug manufacturers and the prescription rate and value of the drugs promoted by those manufacturers in that year and the following year. The main findings are that the proportion of physicians receiving drug-related industry payments to physicians has decreased from 2014 to 2017; for most manufacturers, a greater percentage of physicians who received other-than-food payments prescribed the payer's drugs than the percentage receiving food-only payments, which in turn exceeded the percentage for those not receiving payments; this relationship held true for the value of prescriptions written as well, persisting when controlling for the specialty of the physician.*

**Keywords:** Drug industry - physician financial relationship; Medicare Part D; Sunshine Act; Open Payments

### 1. INTRODUCTION

The Physician Payments Sunshine Act (PPSA) was included in the Patient Protection and Affordable Care Act of 2010, known as Obamacare. The purpose of the PPSA was to reveal payments and other transfers of value to illuminate the financial relationships among the industry supplying drugs and medical devices to hospitals and individual physicians. The industry payments are typically in the form of meals, compensation for travel to a conference, and speaking fees, and are not explicitly a quid pro quo. Hence, such payments have always been accepted practice in the United States. While not illegal, these payments pose an ethical issue of whether payment recipients prescribe in the best interests of their patients. The Act was a response to the potentially corrupting influence of such payments. Administered by the Centers for Medicare and Medicaid Services (CMS), the Act was the first legislation that addressed this issue nationwide.

The PPSA required that payments of at least \$10 at one time or \$100 for a year be reported to the CMS. Most payments are small – primarily for meals, but some are much higher, such as for speaking fees or even ownership or investment interests. These payment data have been published on the CMS Open Payments website since 2014. Recipients are given a chance to review and dispute reported payments. The data certainly increase transparency, but most patients would not avail themselves of the data. Its primary value is for researchers in health care quality and government regulators.

There have been many papers analyzing the Open Payments data since CMS started publishing them in 2014. Most papers reported cross-sectional studies, providing a detailed picture of the types of payment, classes of drugs for which payments were made, and the medical specialties of doctors receiving the payments. There has also been much research – again mostly cross-sectional – on the relationship between payments and the propensity of physicians to prescribe the promoted drugs. In an earlier paper, the authors introduced time into the relationship by examining the relationship between payments made in one period and prescribing behavior in the following period (Winch and Carter, 2018). Analyzing the data for 2014-2016, they compared the prescribing behavior of doctors receiving food payments only to