



## Pharma, providers must disclose financial ties

[The Physician Payment Sunshine Act](#) could redefine the relationship between providers, consumers, and the makers of drugs and devices. At least, that's the apparent goal of lawmakers who aim to reduce perceived conflicts of interest stemming from the undisclosed financial ties between industry and physicians. Under a final [rule](#) issued in February 2013, manufacturers of drugs and devices that are covered by Medicare, Medicaid, and the Children's Health Insurance Program must report annually on payments to doctors and teaching hospitals. Certain payments, such as charitable contributions or those funding continuing education, do not have to be reported. The new requirement applies not only to US-based manufacturers, but also to foreign companies that operate in the US.

In many cases, similar state disclosure laws are pre-empted, which should ease some of the administrative concerns for manufacturers. However, states may still require companies to report on payments not covered by the federal law, such as those made to non-physician healthcare providers. Currently, Maine, Massachusetts, Vermont, and the District of Columbia require drug and device manufacturers to report payments made to non-physicians, such as nurse practitioners, physician assistants, and pharmacists.

Manufacturers have developed systems [to track and report payments to CMS](#), while physicians and hospitals have reviewed those reports to ensure their accuracy. The federal government, which operates the database, does not review the data submitted by manufacturers for errors.

### Industry Implications

[A review of the information](#) submitted in the program's early days shows that many of the payments made to providers were for "me too" drugs—products that are similar to medicines already available to patients. The analysis also found a number of data inaccuracies, such as misspelled product names. Such errors could make it difficult for researchers and consumers to use the information being published. As the industry grows more accustomed to submitting information, inaccuracies may become less commonplace. Until then, people accessing the data should double check its reliability.

Ensuring that manufacturers' reports are accurate will come on top of existing state and local requirements in which physicians themselves must report industry payments. Doctors also face reporting requirements when publishing in academic journals or serving on advisory bodies. Overlapping reporting requirements could create a significant responsibility for healthcare professionals and biomedical researchers.

While physicians receiving payments from pharmaceutical companies have garnered headlines, consumer attitudes are mixed. [About one-third of consumers polled by HRI](#) said they would lose trust in their physicians upon learning about money received from a pharmaceutical company. Another one-third said such payments would not affect their physician trust levels. Consumers may be more interested in improved care and outcomes than the payments physicians receive from industry.

### At a glance

- Manufacturers and group purchasing organizations are required to collect data on payments to physicians and teaching hospitals.
- Data collected for each calendar year will be published in June of the following year. For example, data that is submitted for 2014 will be published in June 2015.
- Those who violate the reporting requirements will be subject to fines up to \$150,000 annually for failure to report and up to \$1 million annually for *knowingly* failing to report.

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