Payments from drug and device manufacturers to physicians and teaching hospitals in 2015

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Outline

- Background
- Description of Open Payments (public reporting) program
- Results of our analysis of 2015 data from Open Payments
- Potential changes to Open Payments, future work

Background

- Commission recommended public reporting of financial relationships between drug and device manufacturers and providers and other organizations (2009)
- Congress created public reporting system (PPACA, 2010)
- CMS implemented Open Payments system in 2013
- Media and researchers have used data to shed light on physician-industry ties

Association between industry payments and physician behavior

- Physicians who received industry-sponsored meals related to brand-name medications prescribed those medications at higher rate (DeJong et al., 2016)
- Physicians in Mass. who received industry payments prescribed brand-name statins to beneficiaries at higher rate (Yeh et al., 2016)
- Prior studies found that physicians’ interactions with manufacturers are associated with prescribing of newer, more expensive drugs (Wazana 2000, Watkins et al. 2003)

Description of Open Payments program

- Manufacturers and group purchasing organizations (GPOs) must report certain payments and transfers of value to physicians and teaching hospitals
- Applies to manufacturers of drugs, devices, biologics, medical supplies
- Physicians include medical doctors, osteopaths, dentists, optometrists, podiatrists, chiropractors
- Excludes other health professionals, professional organizations, patient advocacy organizations

Description of Open Payments program (cont.)

- Most financial interactions are subject to reporting (e.g., speaking fees, royalties, meals, research funding, investment interests)
- Excludes samples, educational materials for patient use, product discounts & rebates
- Public reporting of payments for research or development of new products can be delayed up to four years
- Data from Aug. 2013 - Dec. 2015 on public website

Three broad payment categories

- Research payments
  - Payments for basic research, applied research, and product development
  - Includes payments to teaching hospitals, physicians, and research institutions if physician is a principal investigator
- Ownership or investment interests by physician in a manufacturer or GPO
- General payments: all other payments or transfers of value

Total amount of payments was similar in 2014 and 2015

Type of payment	2014 payments (in millions)	2015 payments (in millions)	Change (percent)
General payments	$2,640	$2,600	-2%
Research payments	3,790	3,890	3
Ownership or investment interests	1,060	1,030	-3
Total	7,490	7,520	0.4

Note: Amounts include payments to both physicians and teaching hospitals. Numbers are preliminary and subject to change.
Source: Open Payments data from CMS.

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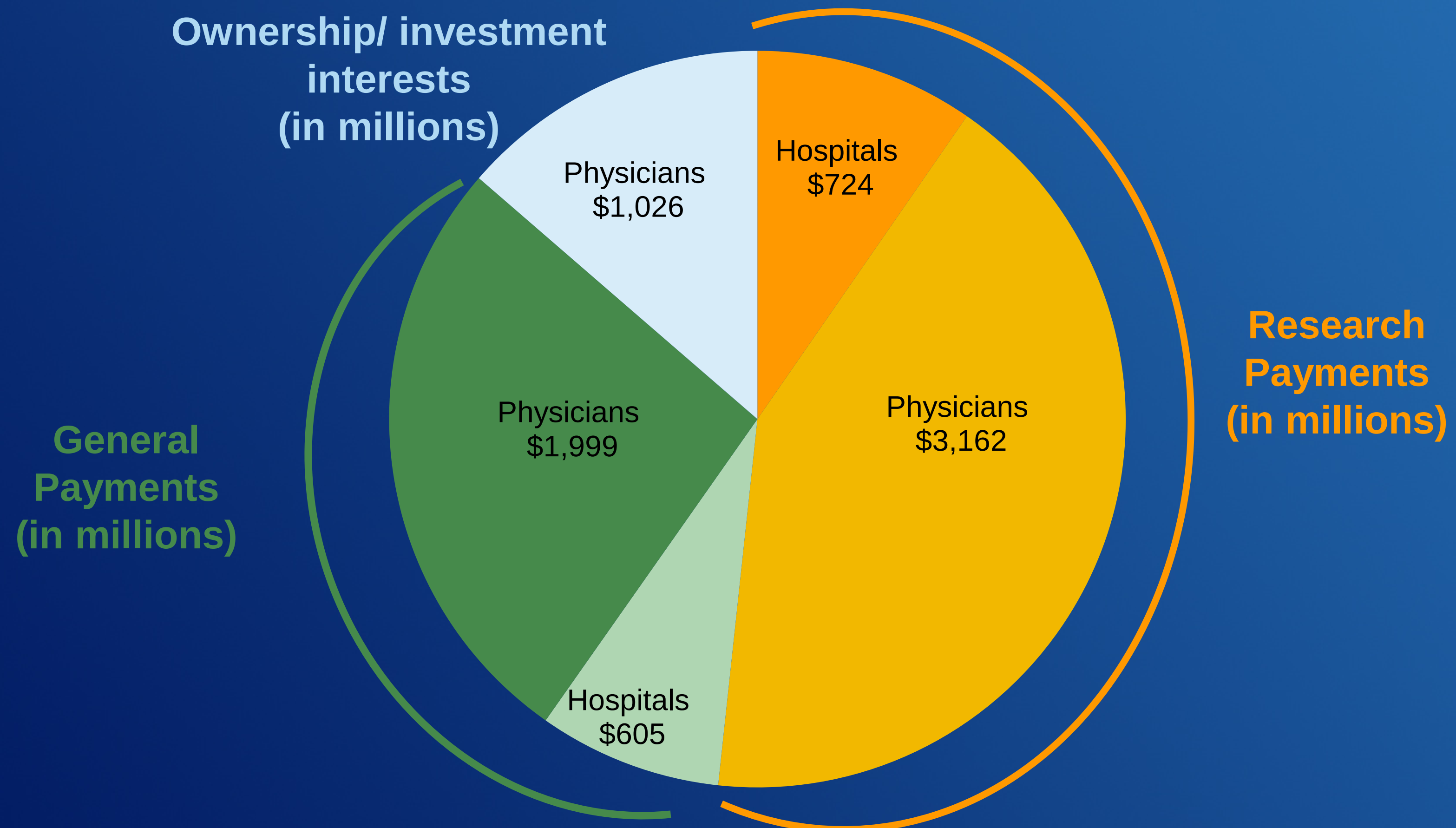
Payments and other transfers of value by manufacturers and GPOs to physicians and teaching hospitals, 2015



Total payments = $7,520 million

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Numbers are preliminary and subject to change.
Source: MedPAC analysis of Open Payments data from 2015.

In 2015, physicians received about 80% of total payments ($6.2 billion)

- 618,000 physicians received payments
  - 502,000 MDs and DOs and 116,000 dentists, optometrists, podiatrists, chiropractors
- General payments per physician: mean = $3,242; median = $157
- Ownership/investment interests per physician: mean = $264,990; median = $4,651

Numbers are preliminary and subject to change.
Source: MedPAC analysis of Open Payments data from 2015.

In 2015, teaching hospitals received about 20% of total payments ($1.3 billion)

- General payments to hospitals = $605 million
  - One hospital accounted for half of general payments to hospitals ($307 million)
- Royalty or license payments accounted for 70% of general payments to hospitals but received by only 8% of hospitals
- Gifts were most prevalent type of payment: received by 78% of hospitals, but account for only 2% of general payments

Numbers are preliminary and subject to change.
Source: MedPAC analysis of Open Payments data from 2015.

Top 5% of physicians accounted for 86% of general payments, in dollars (2015)

- Half of physicians in top 5% are from 5 specialties (internal medicine, cardiology, orthopedic surgery, psychiatry/neurology, oncology/hematology)
- 60% of physicians in top 5% are from 10 states (CA, NY, TX, FL, PA, OH, IL, NC, MA, NJ)

Numbers are preliminary and subject to change.
Source: MedPAC analysis of Open Payments data from 2015.

General payments to physicians by payment type, 2015

Type	Payments (in millions)	Share of total	No. of physicians	Share of total	Mean payment per physician	Median payment per physician
Royalty/license	$527	26%	2,265	<1%	$232,693	$32,363
Comp. for services other than consulting	509	26	31,369	5	16,224	4,000
Consulting fee	349	17	36,319	6	9,603	2,415
Food	235	12	589,042	96	400	138
Travel	187	9	70,046	11	2,669	1,030
Ownership interest	51	3	769	<1	66,858	4,000
Honoraria	36	2	6,880	1	5,273	2,210
Other	105	5	153,787	25	2,245	149
Total	**1,999**	**100**	**616,567**		**3,242**	**157**

Numbers are preliminary and subject to change. Other includes education, payments for serving as faculty at medical education programs, grants, gifts, charitable contributions, and entertainment. Individual physicians can appear in multiple categories.
Source: MedPAC analysis of Open Payments data from 2015.

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General payments to physicians, top 10 specialties, 2015

Specialty	Payments (in millions)	Share of total	Number of physicians	Mean payment per physician	Median payment per physician
Orthopedic surgery	$410	21%	21,310	$19,257	$418
Internal medicine	227	15	94,415	2,407	217
Cardiology	168	8	21,660	7,749	829
Psychiatry and neurology	144	7	32,282	4,455	222
Neurosurgery	98	5	4,486	21,906	461
Other surgery	76	4	23,644	3,220	249
Oncology and Hematology	75	4	9,598	7,803	647
Endocrinology	69	3	4,736	14,653	783
Radiology	66	3	14,315	4,620	116
Dentistry	64	3	73,310	873	63

Numbers are preliminary and subject to change. Other surgery includes pediatric surgery, plastic surgery, vascular surgery, surgical critical care, and surgical oncology.

Source: MedPAC analysis of Open Payments data from 2015.

General payments to physicians by type of company, 2015

Company type	Payments (in millions)	Share of total	No. of unique companies	Share of total
Device manufacturer	$962	48%	815	67%
Drug manufacturer	908	46	242	20
Drug and device manufacturer	99	5	56	5
Other	15	1	65	5
GPO	10	1	37	3
POD	2	<1	9	<1
Total	**1,999**	**100**	**1,224**	**100**

GPO (group purchasing organization), POD (physician-owned distributor). Other includes companies such as blood banks and cryotherapy facilities. Numbers may not sum to total due to rounding. Numbers are preliminary and subject to change.
Source: MedPAC analysis of Open Payments data from 2015.

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Value of physician ownership or investment interest, by type of company, 2015

Company type	Value (in millions)	Share of total	No. of unique companies	Share of total
Device manufacturer	$876	86%	145	69%
Drug manufacturer	68	7	6	3
Drug and device manufacturer	46	5	5	2
Other	19	2	23	11
POD	8	<1	21	10
GPO	7	<1	11	5
Total	**1,026**	**100**	**211**	**100**

GPO (group purchasing organization), POD (physician-owned distributor). Other includes companies such as blood banks and cryotherapy facilities. Numbers may not sum to total due to rounding. Numbers are preliminary and subject to change.
Source: MedPAC analysis of Open Payments data from 2015.

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Potential changes to Open Payments based on our 2009 recommendations

- Require reporting of payments to advanced practice nurses and physician assistants
  - Under current law, incentive to shift payments to APNs and PAs because they are not subject to reporting
  - Number of APNs and PAs billing Medicare has been growing
- Require reporting of payments to patient advocacy organizations
  - Recent news coverage about funding from drug companies for patient organizations (New York Times, 9/27/16)

Potential changes to Open Payments (cont.)

- Require manufacturers and distributors to report information about drug samples to the Secretary
  - Each recipient’s name and address
  - Name, dosage, and number of units of each sample
  - Date of distribution
- Secretary should make this information available through data use agreements

Future work

- Examine relationship between payments from manufacturers and physicians’ use of drugs and devices
  - Plan to link Open Payments data to Part D and Part B drug data
- Explore trends in industry payments