



Advising the Congress on Medicare issues

Payments from drug and device manufacturers to physicians and teaching hospitals

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Outline

- Background
- Description of Open Payments (public reporting) program
- Results of our analysis of 2014 data from Open Payments
- Next steps

Background

- Commission recommended that Congress mandate public reporting of physicians' financial relationships with drug and device manufacturers (2009)
- Congress created public reporting system (PPACA, 2010)
- CMS implemented Open Payments system in 2013
- Media have used data to shed light on physician-industry ties

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 and organizations

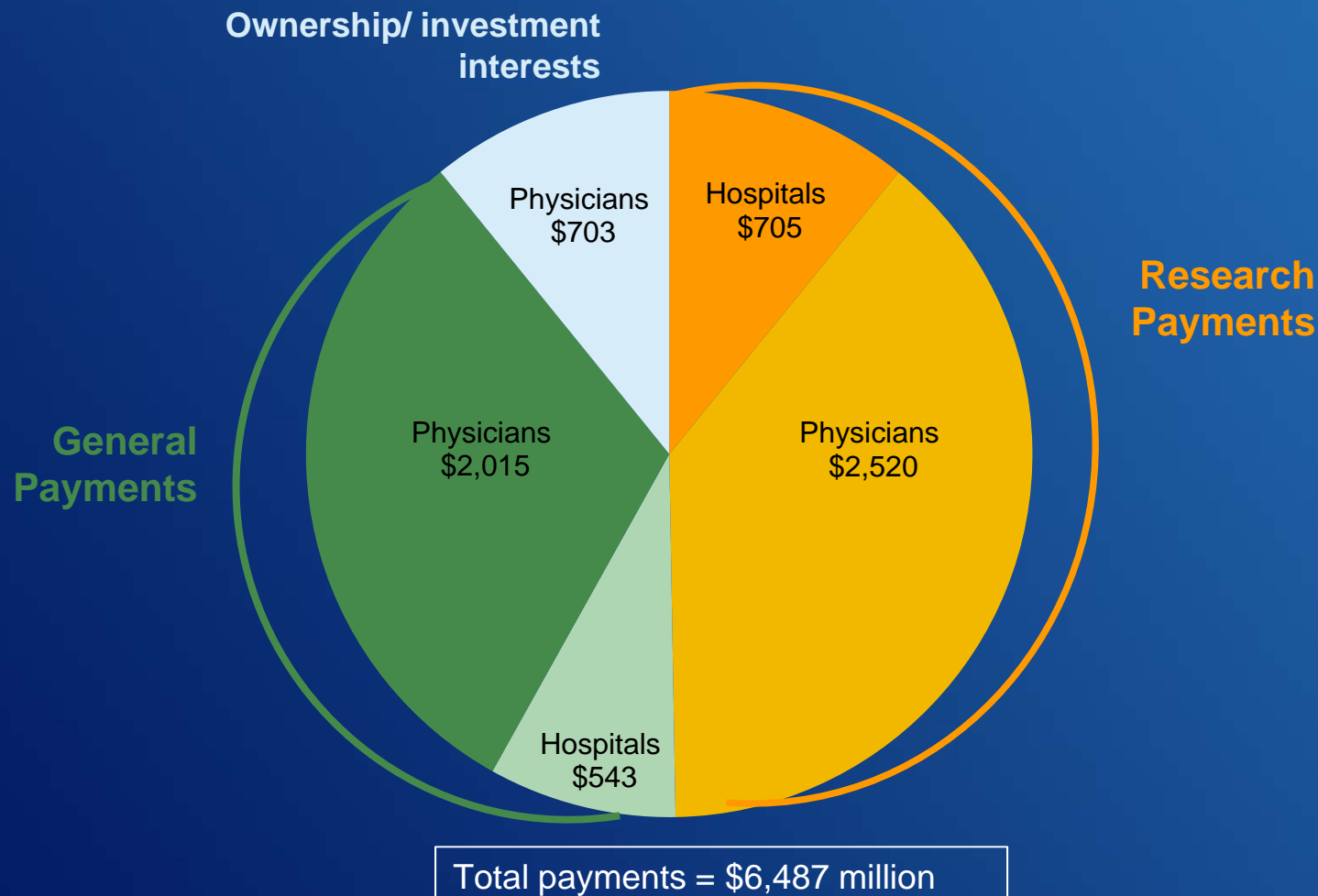
Description of Open Payments program (cont.)

- Most financial interactions are subject to reporting (e.g., speaking fees, royalties, meals, research grants, investment interests)
- Excludes samples, educational materials for patient use, product discounts
- Public reporting of payments for research or development of new products can be delayed up to four years
- Data for last 5 months of 2013 and all of 2014 available 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 principal investigator
- Ownership or investment interests by physician in a manufacturer or GPO
- General payments: all other payments or transfers of value

Payments and other transfers of value by manufacturers and GPOs to physicians and teaching hospitals, 2014 (in millions)



In 2014, physicians received 80% of total payments, teaching hospitals received 20%

- About 607,000 physicians and 1,121 teaching hospitals received payments
 - Average general payment per physician: \$3,325
 - Average ownership/investment interest per physician: \$163,802
- Physicians include 497,000 MDs and DOs and 110,000 dentists, optometrists, podiatrists, chiropractors
- 70% of MDs and DOs who billed Medicare in 2011-2013 received industry payments in 2014

Value of general payments to physicians is highly concentrated

- Top 5% of physicians accounted for 86% of total dollars
- Top 10% accounted for 91% of total dollars

General payments to physicians by payment type, 2014

Type	Payments (in millions)	Share of total	Number of physicians	Share of total	Average payment per physician
Promotional speaking fee/honoraria	\$679	34%	35,991	6%	\$18,869
Royalty/license	451	22	1,989	0.3	226,747
Consulting fee	334	17	36,196	6	9,226
Food	224	11	567,733	94	395
Travel	179	9	69,735	12	2,562
Education	46	2	153,794	25	302
Ownership interest	43	2	798	0.1	53,375
Other	59	3	29,707	5	2,003
Total	2,015		606,225		3,325

Numbers are preliminary and subject to change. Other includes 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 2014.

General payments for top 10 specialties, 2014

Specialty	Payments (in millions)	Share of total	Number of physicians	Average payment per physician
Orthopedic surgery	\$365	23%	18,230	\$20,040
Cardiology	116	7	19,897	5,842
Internal medicine	90	6	61,010	1,480
Family practice	89	6	54,712	1,628
Neurology	81	5	10,676	7,604
Neurosurgery	70	4	3,774	18,601
Endocrinology	65	4	4,286	15,264
Obstetrics/ Gynecology	54	3	23,672	2,294
General surgery	49	3	14,797	3,324
Gastroenterology	49	3	10,855	4,530



Numbers are preliminary and subject to change.
Source: MedPAC analysis of Open Payments data from 2014.

Next steps

- Could suggest improvements to program
 - Indicate whether GPO or manufacturer made payment, type of manufacturer that made payment
 - Require reporting of payments to other health professionals and organizations
- Potential future analyses
 - Examine relationship between physician prescribing behavior and payments from manufacturers
 - Explore trends as more years of data are released