HEALTH CARE NEWS

New Reporting Mandate for Companies Sets Stage for More Regulation

By: Kenneth Artz
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Relationships between doctors and pharmaceutical companies and medical device manufacturers will soon be under the microscope because of legislation forcing public revelation of such relationships and any ways they may have affected a doctor's decisions.

Under the Physician Payments Sunshine Act (PPSA) included in President Obama's health care law, manufacturers of drugs, devices, and biological and medical supplies are required to keep a yearly report of all payments to physicians or physician-owned organizations over a cumulative value of $100. These reports will be made available to the public starting in 2013.

The new federal law does not ban gifts—such as research funding, consulting fees, and travel and lodging for conferences—but it will make public the companies' formerly private interactions with physicians. The federal database will include explanations of services the physicians provided in return for the payments.

Lengthy Battle Over Reports
The battle over reporting of relationships between doctors and device manufacturers and drug companies has been going on for more than two decades, says Dr. John Dunn, a policy advisor for the American Council on Science and Health.

"People said it was a scandal that doctors received money and other favors. It's a project by the elites in medicine to prevent any kind of influence by private companies on the medical industry. What it mostly does is prevent companies from hiring experts on their drugs from becoming guest lecturers to hype their products," explains Dunn.

Dunn says most responsible doctors report their conflicts dutifully without such regulation.

"Whenever you speak in front of a group or write an article in an academic journal, it's expected you will declare your conflicts. It's worthwhile that whenever someone in a white coat gets up and speaks, that we know his conflicts and are able to judge his research based on the merits," says Dunn.

More Reporting Costs

The PPSA will likely add to bureaucratic and administrative costs for doctors and the industry, says Devon Herrick, a senior fellow with the National Center for Policy Analysis.

"The intent is to create a database that can link the smallest financial considerations between doctors and medical device and drug companies. The intention may be good, but it is not the $100 gift that is going to influence doctors," says Herrick. "I don't think it will have the effect that proponents hope."

Herrick says it's ludicrous to expect doctors and researchers to avoid contact with others in their field.

"It is natural for top doctors and researchers in a given field to collaborate with drug and medical device makers and have research contracts with them," explains Herrick.

According to Jane Orient, executive director of the Association of American Physicians and Surgeons, the PPSA will just make for higher costs for everybody.

"It will be a reporting nightmare full of landmines and traps for the drug companies and device manufacturers. This will ultimately just make health care more expensive for everyone. As a physician, it's a good thing the suppliers are responsible for keeping the paperwork, because if I had to report everything I received, I wouldn't be able to accept any of it," Orient says.

What About Government Reporting?

Dunn says although the PPSA may prevent device manufacturers and drug companies from improperly influencing doctors, it leaves out a major source of conflict of interest.

"It may reduce the incidence of conflict of interest from the private sector. However, what goes unsaid is the conflict of interest the government is involved in every time it doles out money," Dunn said.

For instance, Dunn notes, more than $100 million a year in taxpayer funding goes to the American Medical Association (AMA) for a contract for medical coding.

"I think the government basically gave the AMA a franchise [in exchange] for their public support for ObamaCare. The idea that private industry and drug companies are the only ones giving out favors and buying influence is ludicrous," says Dunn.

Groundwork for IPAB?

Dr. Roger Stark, a physician and health care policy analyst at the Washington Policy Center, says PPSA is really laying the groundwork for a much more ambitious ObamaCare provision.

“The individuals who sell these products are generally very conscientious. They’re not used car salesmen; they’re used to dealing with physicians who take care of sick people. They understand that this is serious business. And physicians are overwhelmingly upstanding people; they’re not the shysters the government makes them out to be,” says Stark. “This is about taking the decision-making away from the doctors and the patients. If you follow the money, it leads right to the Independent Payment Advisory Board (IPAB).”

IPAB, an unelected board of 15 officials, is tasked with reining in Medicare’s costs beginning in 2014. The budget guidelines IPAB recommends will become law automatically unless Congress passes legislation making equal reductions in spending, or three-fifths of the Senate votes to override the board’s recommendations.

“The Obama administration has been trying to make medical doctors and pharmaceutical companies look like the bad guys so it can ride in on a white horse and save the patient by telling him which device he needs or which drugs he can have,” says Stark. “My suspicion is that this is all designed to take the decision-making from the doctors in order to reduce costs.”

‘They’re Worried About Sandwiches’

Orient says these conflict of interest regulations are a sideshow distracting from the real problems in health care today.

“People should be able to accept a lunch for attending a presentation,” says Orient. “This is all such a trivial problem compared to what else health care is facing right now. There are enormous problems that need solving, and they’re worried about sandwiches.”