

**Pharmaceutical Marketing Disclosures: Report of
Vermont Attorney General
William H. Sorrell
April 1, 2010**

I. Executive Summary

This is the seventh report of Vermont Attorney General William H. Sorrell on Pharmaceutical Marketing Disclosures. It is based upon disclosures of payments made during the period July 1, 2008, through June 30, 2009 (“FY09”), by pharmaceutical manufacturers. Vermont’s Pharmaceutical Marketing Disclosure Law, 18 V.S.A. § 4632, required manufacturers to file the disclosures with the Vermont Attorney General’s Office by November 1, and requires the Vermont Attorney General to issue a report about the disclosures by April 1.

Vermont’s law was amended substantially in 2009 to prohibit most gifts, to require reporting by manufacturers of biologics and medical devices, and to eliminate the trade secrets exception to public disclosure. Those changes will be reflected in the FY10 report, which will be issued in 2011.

According to the FY09 disclosures, 85 pharmaceutical manufacturers, Exhibits 1 and 2¹, reported spending \$2,599,589 in Vermont on fees, travel expenses, and other direct payments to Vermont physicians, hospitals, universities, and others authorized to prescribe or dispense pharmaceutical products. Exhibit 3. Of the 2769 physicians and nurses with active Vermont licenses to prescribe as of July 1, 2009, 1289 physicians and nurses, or 47%, had \$2,137,509 in pharmaceutical marketing expenditures associated with them.

From FY04 through FY09, there has been an increase of over 54% in the number of manufacturers who have reported marketing expenditures, Exhibit 2, a decrease of over 35% in the amount of expenditures, Exhibit 3, and a 12% increase in the number of expenditures reported. Exhibit 4.

The top five spenders on marketing in Vermont during FY09 were:

- Eli Lilly and Company (also first in FY07 and FY08)
- Pfizer, Inc. (also second in FY07 and FY08)
- Forest Pharmaceuticals, Inc.
- Merck (Merck & Co., Inc. and Schering-Plough merged in 2009)
- GlaxoSmithKline

Over the last three years, the percentage of payments reported by the top five spenders, as compared with the total amount of expenditures reported, has dropped from 56% to 52% to 47% in FY09. Exhibit 5.

¹ In contrast to former reports, this report consists only of the executive summary, a description of the Vermont law, and graphs and tables that support the executive summary attached as exhibits.

The majority of expenditures in both FY08 and FY09 went to physicians, with 72% and 68% respectively. Recipients of the next highest percentage of expenditures in FY09 were other prescribers (11%), and other health care providers (10%). In FY08 the next highest recipients were other health care providers (10%), and the University of Vermont (9%). Exhibit 6.

The greatest amount of expenditures to the 102 physicians who received \$3000 or more went to psychiatrists as a group, totaling over \$378,000. One psychiatrist received nearly \$117,000.00, the greatest amount of pharmaceutical marketing dollars associated with any single person in FY09. In addition to psychiatry, the following specialists who received over \$3,000 each, as a group received over \$100,000 in expenditures in FY09: Internal Medicine; Neurology; Family Practice; and Ionizing Radiation Privileges. Exhibit 7.

In FY09, 13 physician assistants, registered nurses, or advance practice registered nurses received almost \$120,000, slightly less than 12 of them received in FY08. Exhibit 8. All recipients holding those nursing licenses received over \$288,000 in expenditures in FY09, up from approximately \$100,000 in FY08.

Although the same two drugs had the top two expenditures in FY08 and FY09, the rest of the 20 drugs with the greatest expenditures changed significantly between those two years. For example, nine drugs were in the top 20 in only one of the two years, and most drugs changed their ranking considerably between the two years. Exhibit 9.

Looking only at the 50 drugs with the greatest expenditures, over 17% of those expenditures, or nearly \$350,000 went for marketing drugs used for treating depression. That amount is nearly a 42% increase over the expenditure in FY08 on drugs for depression, and is over twice as much as was spent on the promotion of the next closest drugs in FY09, which were for the treatment of multiple sclerosis, bi-polar disorder and schizophrenia, and ADHD. With a total of 326 drugs marketed for FY09, nearly 77% of the total expenditures for FY09 was spent on the top 15% of all drugs marketed. Exhibit 10.

Over 50% of all expenditures in both FY 08 and FY09 were in the form of cash or check to recipients, approximately \$1.7 million and \$1.4 million respectively. Approximately 30% of expenditures in those years were for food. The percentage of grants increased from 7.5% to 11.4% for the same period. Exhibit 11.

Of all recipients of food in FY09, more than 20% had over \$500 expended on them (similar to FY08), including more than 12% who had over \$1,000 expended on them. Approximately 37% of all recipients of food received food valued at less than \$100. The individual recipient with the greatest reported food expenditure received nearly \$10,700 in food for him or herself and any non-prescribing colleagues (down from nearly \$15,800 in FY08). Exhibit 12: *see also* FY08 Report.

Approximately 42% of all marketing expenditures reported in FY09, or more than \$1.1 million, were for speaker fees or other payments to recipients (down from 48% or \$1.4 million in

FY08). Nearly a quarter were for "marketing" of pharmaceutical products and approximately 12% were for Continuing Medical Education grants. Exhibit 13.

For the years, FY06 through FY09, FY08 was the year with the highest percentage of both information fields declared to be trade secret (74%), and the amount of payments declared to be trade secret (83%). However, in FY09, both measures dropped to 49% and 48% respectively. Exhibit 14.

Under the law at the time the payments in this report were made, the trade secret protection was in place prohibiting the Attorney General from posting, in many instances, the names of drugs being marketed, recipients of expenditures, and amounts of expenditures. Because the trade secret protection was eliminated for FY10 expenditures, all information submitted to the Attorney General for the time period July 1, 2009, through June 30, 2010, will be posted along with the report issued next year.

The public data upon which this report is based is available at www.atg.state.vt.us.

II. Description of Vermont's Pharmaceutical Marketing Disclosure Law

The Vermont Legislature enacted the Pharmaceutical Marketing Disclosure Law in 2002, and amended it in 2004, 2005, 2006, 2007, and 2009. As described above, the law changed dramatically in 2009.

The law in effect for the expenditures described in this report required pharmaceutical manufacturers to report to the Vermont Attorney General marketing payments made to Vermonters. In particular, the law required every pharmaceutical manufacturer to disclose:

the value, nature, and purpose of any gift, fee, payment, subsidy, or other economic benefit provided in connection with detailing, promotional, or other marketing activities by the company, directly or through its pharmaceutical marketers, to any physician, hospital, nursing home, pharmacist, health benefit plan administrator, or any other person in Vermont authorized to prescribe, dispense, or purchase prescription drugs in this state.

18 V.S.A. § 4632(a)(1)(valid through June 30, 2009).

Exempted by statute from disclosure are the following:

- Free samples of prescription drugs intended for distribution to patients;
- Payment of reasonable compensation and reimbursement of expenses in connection with bona fide clinical trials;
- Any gift, fee, payment, subsidy, or other economic benefit the value of which is less than \$25.00;
- Scholarship or other support for medical students, residents, and fellows to attend a significant educational, scientific, or policy-making conference of a national, regional, or specialty medical or other professional association if the recipient of the scholarship or other support is selected by the association; and

- Prescription drug rebates and discounts.

18 V.S.A. § 4632(a)(4)(valid through June 30, 2009).

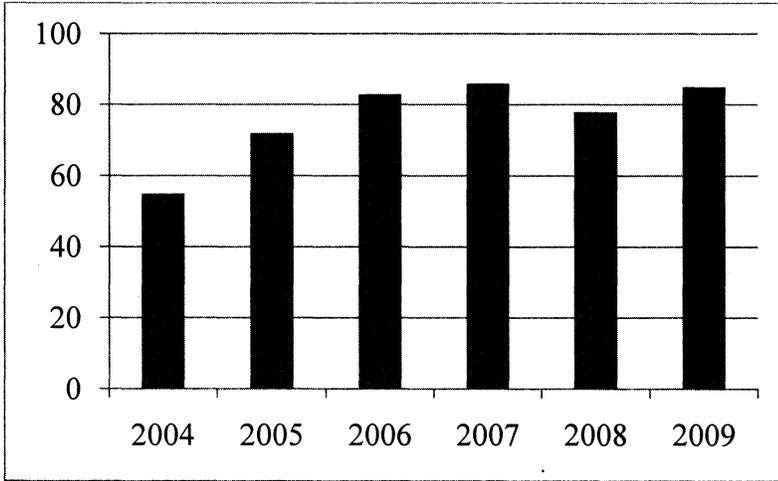
The Pharmaceutical Marketing Disclosure Law in effect for this report prohibits the Attorney General from disclosing information that constitutes “trade secrets” under Vermont’s Access to Public Records Law, 1 V.S.A. § 317(c)(9). 18 V.S.A. § 4632(a)(3). The disclosure form permits the company to identify any information that it claims is a trade secret. If trade secret information is requested, the Attorney General shall notify the pharmaceutical company, which shall respond within 30 days by consenting to the release of the information or certifying the reasons for its claim of trade secret.

**Exhibit 1. FY09 – Ranking by Company Name
(Johnson and Johnson subsidiaries combined)**

<i>Company</i>	<i>Ranking</i>
Eli Lilly and Company	1
Pfizer Inc.....	2
Forest Pharmaceuticals, Inc. (subsidiary of Forest Laboratories, Inc.)	3
Merck & Co., Inc. and Merck Schering Plough	4
GlaxoSmithKline	5
Novartis Pharmaceuticals Corporation.....	6
AstraZeneca	7
GE Healthcare Inc	8
Novo Nordisk Inc	9
Wyeth Pharmaceuticals	10
Abbott	11
Procter & Gamble Pharmaceuticals, Inc.....	12
The Medicines Company	13
Biogen Idec.....	14
Sanofi-Aventis US.....	15
Johnson & Johnson Companies*	16
Amgen Inc	17
Teva Pharmaceuticals	18
Takeda Pharmaceuticals America, Inc	19
Daiichi Sankyo, Inc	20
Bristol-Myers Squibb Company.....	21
Baxter Healthcare Corporation.....	22
Schering Plough.....	23
Shire Pharmaceuticals.....	24
Boehringer Ingelheim Pharmaceuticals, Inc.....	25
Hoffmann-La Roche Inc	26
Millennium Pharmaceuticals, Inc	27
Genentech, Inc	28
Sepracor Inc	29
EMD Serono, Inc	30
Reckitt Benckiser Pharmaceuticals, Inc	31
Amylin Pharmaceuticals, Inc.....	32
Bayer Healthcare Pharmaceuticals Inc	33
Endo Pharmaceuticals.....	34
UCB	35
Gilead Sciences, Inc	36
Allergan, Inc	37
Actelion Pharmaceuticals US, Inc.....	38
Solvay Pharmaceuticals, Inc.....	39
Astellas Pharma US, Inc.....	40

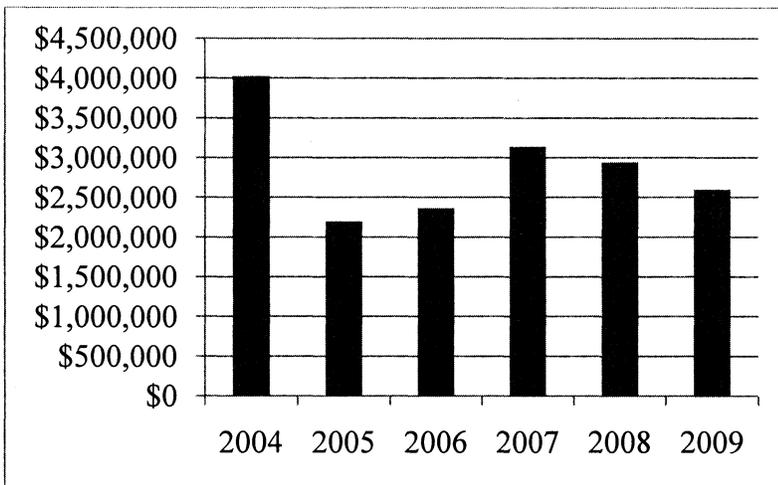
Onyx Pharmaceuticals, Inc	41
Cephalon, Inc	42
Warner Chilcott	43
Hospira, Inc	44
Purdue Pharma L.P	45
Alcon Laboratories, Inc	46
Dey Pharma, L.P. f/k/a Dey, L.P	47
Salix Pharmaceuticals, Inc.....	48
Sanofi Pasteur Inc	49
Lantheus Medical Imaging, Inc	50
MedImmune.....	51
Eisai Corporation North America/Eisai Inc.....	52
Galderma Laboratories, L.P.....	53
Cubist Pharmaceuticals, Inc	54
Three Rivers Pharmaceuticals, LLC.....	55
Genzyme Corporation.....	56
Bausch & Lomb, Inc.....	57
Alexion Pharmaceuticals, Inc	58
CSL Behring LLC (CSL Limited 45 Poplar Rd. Parkville, Victoria 3052 Australia)	59
King Pharmaceuticals, Inc	60
Abraxis BioScience, LLC.....	61
ISTA Pharmaceuticals, Inc	62
Enzon Pharmaceuticals, Inc.....	63
Celgene Corporation.....	64
Intendis Inc	65
Talecris Biotherapeutics, Inc	66
Watson Pharmaceuticals, Inc.....	67
Alpharma, Inc	68
Jazz Pharmaceuticals, Inc	69
Solstice Neurosciences, Inc	70
OraPharma, Inc. (Johnson & Johnson).....	71
Meda Pharmaceuticals	72
Ferring Pharmaceuticals Inc	73
Luitpold Pharmaceuticals, Inc	74
Valeant Pharmaceuticals International	75
Otsuka America Pharmaceutical, Inc	76
Alaven Pharmaceutical LLC	77

* Johnson & Johnson Companies include Centocor Ortho Biotech Inc.; Centocor Ortho Biotech LP; Janssen, a division of Ortho-McNeil-Janssen Pharmaceuticals, Inc.; McNeil Pediatrics, a division of Ortho-McNeil-Janssen Pharmaceuticals, Inc.; Ortho-McNeil Institutional, a division of Ortho-McNeil-Janssen Pharmaceuticals, Inc.; Ortho-McNeil Neurologics, a division of Ortho-McNeil-Janssen Pharmaceuticals, Inc.; PriCara, a division of Ortho-McNeil-Janssen Pharmaceuticals, Inc.; Tibotec Therapeutics, a division of Centocor Ortho Biotech Products LP; Vistakon Pharmaceuticals, LLC.



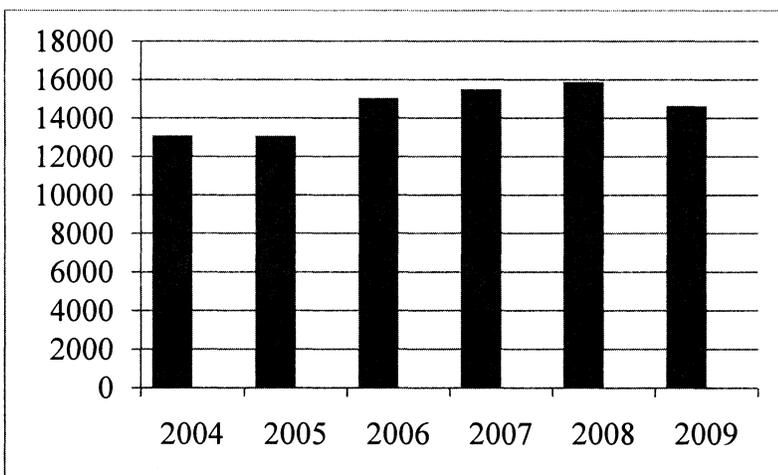
Number of Manufacturers Reporting Expenditures	
2004	55
2005	72
2006	83
2007	86
2008	78
2009	85

Exhibit 2. Number of manufacturers reporting expenditures, FY04-FY09.



Total Expenditures	
2004	\$4,026,576.24
2005	\$2,196,592.26
2006	\$2,367,604.33
2007	\$3,139,584.63
2008	\$2,943,321.38
2009	\$2,599,589.00

Exhibit 3. Total expenditures, FY04-FY09.



Number of Expenditures	
2004	13088
2005	13086
2006	15043
2007	15505
2008	15880
2009	14636

Exhibit 4. Total number of expenditures, FY04-FY09.

Ranking	FY07	FY08	FY09
1	Eli Lilly	Eli Lilly	Eli Lilly
2	Pfizer	Pfizer	Pfizer
3	UCB	Novartis Pharmaceuticals	Forest Pharmaceuticals
4	Novartis Pharmaceuticals	Merck	Merck & Co.. and Merck / Schering - Plough
5	Merck	Forest Pharmaceuticals	GlaxoSmithKline
Top 5 total expenditures	\$1,756,150.56	\$1,519,745.18	\$1,230,540.64
Top 5 % of total expenditures	56%	52%	47%
Top 5 average expenditure	\$351,230.11	\$303,949.04	\$246,108.13

Exhibit 5. Marketing expenditures of five companies with highest expenditures, FY07-FY09.

Recipient Type	FY08 Expenditures	FY09 Expenditures	FY08 % of Total	FY09 % of Total
Doctor	\$2,118,543.50	\$1,777,166.45	72.18%	68.36%
Other Prescriber	\$160,301.60	\$292,852.07	05.46%	11.27%
Other Healthcare Provider	\$289,773.75	\$269,519.48	09.87%	10.37%
Hospital/Clinic	\$93,277.43	\$154,342.93	03.18%	05.94%
University	\$250,416.88	\$84,501.00	08.53%	03.25%
Pharmacist	\$22,985.22	\$20,444.71	00.78%	00.79%
Health Benefit Plan Administrator	0.00	\$762.59	0	00.03%
Total	\$2,935,298.38	\$2,599,589.23	100.00 %	100.01%

Exhibit 6. Distribution of expenditures by recipient type, FY08 - FY09.

Specialty #1 Description/Credentials (as self reported)	Total Received FY08	Total Received FY09
Psychiatry	\$396,978.52	\$378,729.91
Internal Medicine	\$272,737.14	\$206,178.83
Neurology	\$193,377.79	\$159,364.01
Family Practice	\$96,115.95	\$122,691.13
Ionizing Radiation Privileges	\$120,879.10	\$104,694.16
Endocrinology, Diabetes and Metabolism	\$176,347.61	\$86,345.52
Geriatric Medicine	\$51,672.20	\$77,338.32
Pediatrics	\$35,771.53	\$72,459.58
Osteopathic Physician	\$78,645.84	\$60,461.04
Oncology, Medical	\$34,852.85	\$52,040.04
Cardiovascular Disease	\$47,034.11	\$49,516.79
Physician-Limited Temporary Permit	\$7,508.19	\$33,148.00
Urology	\$17,614.24	\$18,233.21
Physical Medicine and Rehabilitation	\$12,501.48	\$17,755.75
Hematology	0.000	\$16,777.16
Psychiatry, Geriatric	\$89,369.64	\$15,710.52
Psychiatry, Addiction	0.00	\$9,558.69
Critical Care Medicine	\$6,338.00	\$6,467.59
Dermatology	\$15,190.14	\$6,449.30
Allergy and Immunology	\$38,567.50	\$4,600.38
Pulmonary Disease	\$6,858.42	\$3,868.91
Nephrology	\$11,361.87	0.00
Neurophysiology, Clinical	\$7,246.02	0.00
Gastroenterology	\$5,209.76	0.00
Total Expenditures	\$1,722,177.90	\$1,502,388.84
Total Recipients	104	102

Exhibit 7. Expenditures for physicians who received \$3000 or more, by primary specialty, FY08-FY09.

Credentials	Total Received FY08	Total Received FY09	Total # of Recipients FY 08	Total # of Recipients FY09
Advanced Practice Registered Nurses (APRN)	\$80,865.25	\$80,384.07	5	9
Registered Nurses (RN)	\$23,981.28	\$34,948.61	5	3
Physician Assistants (PA)	\$18,915.32	\$3,880.65	2	1
Total	\$123,761.85	\$119,213.34	12	13

Exhibit 8. Expenditures for APRNs, RNs, and Physician Assistants who received \$3000 or more, FY08- FY09.

Indications	FY08 Ranking	FY09 Ranking
Depression, Neuropathic Pain, Anxiety Disorder	2	1
Attention-Deficit / Hyperactivity Disorder	1	2
Hypertension	*	3
Migraine	*	4
Bi-Polar and Schizophrenia	13	5
Diabetes, Type 1 and 2	7	6
Depression	*	7
Diabetes	14	8
Diabetes, Hyperglycemia	15	9
Anticoagulant	11	10
Multiple Sclerosis	*	11
Multiple Sclerosis	*	12
Depression, Anxiety Disorder	5	13
Overactive Bladder	*	14
Diabetes	4	15
Bi-Polar and Schizophrenia	*	16
Ulcerative Colitis	*	17
Pain	10	18
Cholesterol	9	19
Multiple Sclerosis	*	20
Alzheimer's, Parkinson's	3	*
Diabetes, Type 1 and 2	6	*
Alzheimer's	8	*
Asthma	12	*
Multiple Sclerosis	16	*
Hypertension	17	*
Diabetes, Type 1	18	*
Rheumatoid Arthritis	19	*
Hypertension	20	*

Exhibit 9. Ranking of the 20 drugs with greatest expenditures by indication, FY08-FY09.

Indication	Expenditure FY08	Expenditure FY09
Depression	\$242,730.07	\$344,227.30
Multiple Sclerosis	\$124,341.09	\$151,750.70
Bi-Polar and Schizophrenia	\$76,605.66	\$145,028.09
Attention-Deficit / Hyperactivity Disorder	\$217,983.72	\$139,257.97
Diabetes, Type 1 and 2	\$268,226.03	\$127,390.09
Diabetes, Type 1	\$42,653.25	\$122,159.72
Diabetes, Type 2	\$134,424.26	\$122,072.76
Hypertension	\$259,220.41	\$116,204.19
Cholesterol	\$163,450.25	\$108,851.27
Migraine	*	\$92,568.41
Pain	\$58,568.93	\$66,162.77
Anticoagulant	\$54,661.22	\$60,528.23
Overactive Bladder	*	\$49,555.94
Chronic Obstructive Pulmonary Disease	\$34,824.52	\$49,123.20
Ulcerative Colitis	*	\$46,410.62
Osteoporosis	\$20,097.73	\$36,453.02
Alzheimer's	\$188,966.05	\$26,733.30
Gerd	*	\$23,229.53
Bacterial Infections	*	\$23,196.53
Benign Prostatic Hyperplasia	\$20,610.66	\$23,004.64
Multiple Myeloma, Mantle Cell Lymphoma	\$27,767.00	\$21,906.00
Parkinsons Disease	*	\$19,546.67
Stroke	\$23,110.66	\$18,775.18
Hepatitis C	*	\$18,239.51
Gout	*	\$16,599.31
Treatment Of Opioid Dependence	*	\$16,388.00
Rheumatoid Arthritis	\$40,008.99	\$16,101.26
Asthma	\$53,903.52	*
Deep Vein Trombosis	\$18,117.00	*
Allergy	\$30,218.92	*
Sleep Aid	\$20,436.33	*
Totals	\$2,120,926.27	\$2,001,464.21

Exhibit 10. Expenditures by indication of the 50 drugs with greatest expenditures, FY08-FY09.

* These indications were not in the 50 drugs with greatest expenditures for FY08.

Note: When pharmaceutical manufacturers disclosed one payment for marketing several different drugs, the Attorney General's Office allocated the entire payment to each of the drugs that were marketed through the payment.

Nature of Payment	Number of Payments FY 2008	Number of Payments FY 2009	Total Paid FY 2008	Total Paid FY 2009	FY08 % of Total	FY09 % of Total
Cash or Check	1606	1276	\$1,736,677.03	\$1,394,074.77	59.17%	53.63%
Food	13275	12730	\$861,911.70	\$801,037.73	29.36%	30.81%
Grant	39	46	\$218,619.08	\$296,741.00	7.45%	11.41%
Transportation *	208	171	\$55,449.89	\$57,464.80	1.89%	2.21%
Educational Materials/Book	336	316	\$24,818.02	\$38,283.76	0.85 %	1.47%
Lodging	*	38	*	\$10,772.47	*	0.41%
Other	153	24	\$14,453.49	\$1,214.70	0.49%	0.05%
Gift	229	*	\$13,469.16	*	0.46%	*
Donation	8	*	\$9,850.00	*	0.34%	*
Totals	15854	14601	\$2,935,248.37	\$2,599,589.23	100.01%	99.99%

Exhibit 11. Expenditures by nature of payment, FY08-FY09.

* Between FY08 and FY09, the field values changed, resulting in imperfect comparisons across the years. For example, in FY08 lodging and transportation were combined, but were separated in FY09. Similarly, in FY09, items that had been labeled as gifts in the past had to be more specifically identified, for example grant and educational materials.

Recipients' Specialty	Number of Reports of Food Expenditure	Amount Expended
Internal Medicine	142	\$10,673.37
Neurology	68	\$10,130.54
Family Practice	120	\$8,609.62
Family Practice	108	\$8,240.00
Family Practice	127	\$8,162.93
Internal Medicine	94	\$7,516.09
Psychiatry	110	\$7,437.84
PA	97	\$7,376.86
Internal Medicine	97	\$7,341.76
PA	102	\$6,929.73
Family Practice	79	\$6,837.83
Ionizing Radiation Privileges	106	\$6,796.34
APRN	105	\$6,616.03
Internal Medicine	92	\$6,252.79
Ionizing Radiation Privileges	89	\$6,097.26
Psychiatry	83	\$5,723.54
Family Practice	102	\$5,719.33
Cardiovascular Disease	71	\$5,689.16
Internal Medicine	105	\$5,633.38
Family Practice	73	\$5,604.87
Total	1970	\$143,389.27

Exhibit 12. Expenditures on food for the top 20 individual recipients of food, FY09.

Primary Purpose	Number of Payments Made FY08	Number of Payments Made FY09	Amounts Paid FY08	Amounts Paid FY09	Percentage of Total FY08	Percentage of Total FY09
Speaker Fee or Payment	1,584	1,418	\$1,415,314.87	\$1,102,926.02	48.22%	42.43%
Marketing	9,846	9,720	\$673,193.73	\$647,373.78	22.93%	24.90%
Education CME Grants	61	75	\$281,207.08	\$314,332.34	9.58%	12.09%
Education (Other)	4,069	3,132	\$329,774.19	\$244,793.39	11.23%	09.42%
Consulting	179	209	\$205,372.30	\$211,709.32	7.00%	08.14%
Other	120	47	\$30,386.21	\$78,454.37	1.04%	03.02%
Total	15,859	14,601	\$2,935,248.38	\$2,599,589.22	100.00%	100.00%

Exhibit 13. Primary purposes of expenditures, FY09.

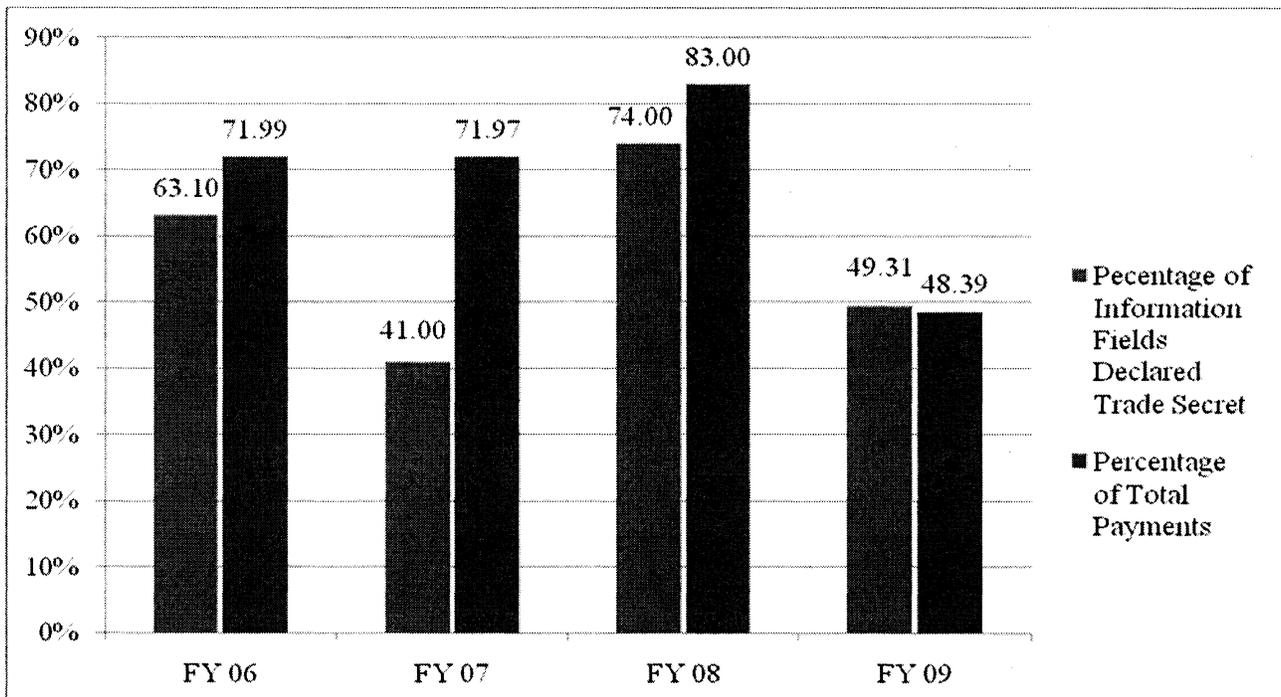


Exhibit 14. Percentages of trade secret designations, FY06-FY09.

* In FY06-FY07, all information regarding an expenditure was treated as trade secret if any field was declared trade secret. In FY08-FY09, fields were treated separately for purposes of the trade secret designation.