The US Oncology Network

McKesson Specialty Health

OPEN PAYMENTS Program (Physician Payments Act)

Physician collaboration with pharmaceutical manufacturers

Frequently Asked Questions for Patients

Q1. Why does my physician receive any payment from pharmaceutical manufacturers?
Physicians, medical institutions, and other healthcare providers collaborate with pharmaceutical manufacturers in a variety of ways to improve patient care. Physicians collaborate with pharmaceutical companies to develop new treatments for patients that improve health, survivorship and quality of life. In addition to developing new medicines through clinical trials, physicians and pharmaceutical manufacturers collaborate on medical education, consulting, knowledge sharing and advice on clinical needs, community trends or patient tolerance of new and current treatments. Patient care improves only when physicians and clinicians are well-informed and knowledgeable about current medicines and open to new ideas for developing better treatments.

Q2. Why do pharmaceutical companies pay physicians for this collaboration and what do these payments represent?
Physicians and pharmaceutical companies often collaborate on clinical trials, which are critical in helping regulatory agencies understand the safety and effectiveness of a new drug or of an existing drug in a new use. Physicians and medical institutions typically receive payment for the additional care required to be provided to patients under those research studies, such as the costs associated with administering the investigational drug to the patient and any additional costs related to evaluating the effect of the investigational drug, including extra diagnostic tests such as MRIs, x-rays, PET scans and blood work. In addition, physicians provide other valuable services to manufacturers such as educational programs, consulting and advisory services. Physicians compensated at fair market value for their time, expertise and expenses.

Q3. Does my physician personally receive money from sponsors of clinical trials?
Clinical trial payments primarily represent payments to cover the additional services received by patients on the trial and expenses necessary to meet regulatory requirements. When patients participate in clinical trials, manufacturers must pay for the extra care, testing and monitoring of those patients, plus the expenses related to running the trial, including patient recruitment efforts, fees to independent regulatory review boards and costs associated with reporting and monitoring data on the drug being studied. These payments do not necessarily represent payment to the physicians who participate in those trials.

Q4. How are physician speakers or consultants identified?
Physicians who are experts in a specific therapeutic area are selected to consult or speak about medicines to other physicians. When physicians and clinicians are well-informed on medication updates or emerging science, patients benefit. Speakers are required to complete regulatory, compliance and product training, as appropriate.

Q5. Does hiring physicians to consult or speak about pharmaceutical products increase the cost of medicines and healthcare, or make a physician more likely to prescribe a medication?
No. Physicians sign an oath to "First, do no harm." Medications are prescribed based on the physician's knowledge of its effectiveness and relevance to a patient's condition. Patients benefit and costs are reduced when physicians are well informed and knowledgeable. Physicians and manufacturers collaborate together to bring new, better treatments to patients.

Q6. Why do medications cost so much?
According to the Tufts Center for the Study of Drug Development, it now costs on average $1.2 billion to develop a new medication. Much of that cost is attributed to the large, phase III clinical trials required by regulatory agencies to determine whether a medication is safe and effective for patients. Clinical trials costs include the additional costs necessary to evaluate the potential medication, including additional

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patient care, paperwork, regulatory agency fees and other associated costs. Additional costs can include research conducted before trials begin in humans, consulting fees to ensure the study is designed well, engaging external experts to ensure appropriate safety monitoring and costs associated with patient recruitment.

Q7. What makes one medication cost more than another?
Study costs are primarily driven by three variables, which can vary greatly among diseases and disease states:

1. Number of procedures that must be performed to obtain the necessary data to evaluate the
2. treatment
3. Complexity/costs of those procedures
4. Number of patients that must participate in the trial(s) and the number of patient visits over the
5. duration of the trial

Q8. Where can I find out more information about clinical trials and the OPEN PAYMENTS Program?
The OPEN PAYMENTS Program (Physician Payments Sunshine Provision) was part of the federal health care reform law. The law requires manufacturers of drugs, devices, biologicals, or medical supplies covered by Medicare, Medicaid or the Children's Health Insurance Program (CHIP) to report certain payments or transfers of value provided to physicians or teaching hospitals (''covered recipients'') to the Centers for Medicare and Medicaid Services (CMS). CMS is responsible for developing a public website where those transfers of value can be reviewed.

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