Drug Sales Bring Huge Profits, And Scrutiny, to Cancer Doctors

In the drug world, the cancer market is considered the most glamorous, and for good reason. Cancer drugs are among the most profitable in the industry, and their sales have helped fuel an explosion in the cost of prescription medicines. But the soaring profits from cancer drugs have also raised concerns about conflicts of interest and the potential for overuse.

The practice also creates a potential conflict of interest for these doctors, known as oncologists, buy the drugs they prescribe. Some doctors have been accused of having "induced physicians to prescribe drugs on the basis of the remuneration they receive from the manufacturer," according to a report by the General Accounting Office.

Some doctors have also been accused of using discounts to influence doctors. While oncologists may not be motivated to give too much care or too little, the idea that oncologists would be motivated to give too much care or too little is troubling. Dr. Norton, for one, dismissed the idea that oncologists would be motivated to give too much care or too little. "We think it's a bad system," he said.

Drug Profits

<table>
<thead>
<tr>
<th>Drug</th>
<th>Wholesale Price</th>
<th>Reimbursement</th>
<th>Margin</th>
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</thead>
<tbody>
<tr>
<td>Dolasetron mesylate</td>
<td>$387</td>
<td>$455</td>
<td>18</td>
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<tr>
<td>Lapatinib</td>
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<tr>
<td>Paclitaxel</td>
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Figures are for each standard dose.

Oncologists say drug profits offset other expenses.

In several prominent cases, drug companies have been accused of having "induced physicians to prescribe drugs on the basis of the remuneration they receive from the manufacturer." In one case, a drug company paid a large sum to have the facilities and equipment needed to administer chemotherapy.

"This has gotten out of hand," said Dr. Edward L. Braud, the president of the American Society of Clinical Oncology. "We're just trying to break even." Oncologists are extremely busy, he said, and they need the money to keep their practices running.

The concession may also lead to problems with the system. The potential for conflicts of interest is a concern, and there are questions about whether cancer patients are getting the care they need.

The concession echoes the system of determining what the government is paying, by dispensing drugs. Drug spenders are among the most expensive in Japan. The concession to doctors, predicted that the chemotherapy market would become "more like a business than a medicine." The idea that oncologists would be motivated to give too much care or too little is worrying. Dr. Norton, for one, dismissed the idea that oncologists would be motivated to give too much care or too little. "We think it's a bad system," he said.

Some doctors have also been accused of using discounts to influence doctors. While oncologists may not be motivated to give too much care or too little, the idea that oncologists would be motivated to give too much care or too little is troubling. Dr. Norton, for one, dismissed the idea that oncologists would be motivated to give too much care or too little. "We think it's a bad system," he said.
How One Hospital Benefited From Questionable Surgery

By KURT EICHENWALD

Red Flags at Redding

The New York Times

In the last fiscal year he collected $47.0 million for the 2002 fiscal year. Redding for

Latest data available

Anxious, Father Corapi said that he, too, raised his concerns with the hospital. People in town came to

people who have procedures without

An unusually high

documents and records obtained by

An associate of Dr. Moon in-

Cardiology Care Committee, in

He was not only

As the company was flying.ÕÕ

founded in the

to be checked for

One of his patients at Mer-

 infants invoked death to persuade

ÔÔLeaving the nurses to deal with

ÔÔThey noticed everything,ÕÕ one

was a prolific heart surgery center. An unusually high

ÔÔThe hospital industry is by its

ÔÔThe hospital industry is by its

ÔÔIt sponsored golf tournaments to

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Industry Fights to Put Imprint on Drug Bill

Gore railing against the high price of prescription drug benefits Ñ that is tailored to the industryÕs specific needs Ñ is also the story of a dogged, mostly Republican campaign that includes a measurable political contribution. By SHERYL GAY STOLBERG

The story of how pharmaceutical companies are fighting to influence legislation is not just about money. It is also about the power of data and the ability of companies to use it to their advantage. The industry spent millions on political contributions, advertising, and lobbying efforts to influence the direction of the Medicare drug bill. The result was a measure that benefited the industry significantly, with discounts on the prices of medicines and the ability to manage drug purchases for the government.

For the manufacturers, the stakes could not have been higher. They feared that the proposed benefit was so deep Ñ a move that would set us on the path to a single-payer system Ñ that would never pass muster with Republicans. Instead, if there had to be a prescription drug benefit already settled, industry lobbyists could find any common ground. ÔÔThe whole question of how we are going to go?ÕÓ said Senator Charles E. Grassley, the Republican from Iowa, who is the ranking minority member on the Senate Finance Committee.

The industry opposed a bill along the lines of the PresidentÕs proposal, which would have required drug companies to negotiate drug prices with the government. Instead, they focused on negotiating reimbursement with Medicare. The industryÕs goal: to defeat any legislation that would put price controls on drugs.

The industry opponents see the low public profile as a victory. ÔÔThe dog is not barking,ÕÓ said Bill Spatz, of Merck, the company that was the first to introduce a prescription drug benefit to its employees.

The Victories

The drug industry contributed $26 million in political contributions, particularly to Republicans Ñ including $50 million to join the national committeeÕs effort in the 2000 campaign featuring Flo, the bowler. Mr. Spatz, of Merck, said there was no need.

More important, the industry bought $50 million in TV commercials and millions more on television ads in crucial districts around the United States. With Vice President Gore losing his bid for the White House, the industry felt it had much to celebrate because its policy goals were achieved.

The Contribution

A Public Money, Mostly for the G.O.P.

The drug industry itself is a cutabove compared with other industries in the United States. The United States Chamber of Commerce $10 million ad campaign, for example, did not get a similar response from the industry. The pharmaceutical industry announced it would not have any bill, ÔÔas the House Ñ and, more important, helped them bring its message to the public. One such example is the industryÕs—and its employeesÕ—$250,000 to join the national committeeÕs efforts.

The Influence

That is precisely what will occur if bills passed by the House and Senate are reconciled. Instead, if there had to be a prescription drug benefit, ÔÔin any way with negotiationsÕÓ become an issue that Congress and the President will have to deal with. The House version of the drug bill would never pass muster with Republicans, while the senator from Arizona, John McCain, who was the ranking minority member on the committee, company executives were chided for using coercion to force someone to make a political contribution. A spokesman for Bristol-Myers said no one was involved, ÔÔin any way with negotiations¿¿

The Industry Industry opponents see the low public profile as a victory. ÔÔThe dog is not barking,ÕÓ said Bill Spatz, of Merck, the company that was the first to introduce a prescription drug benefit to its employees. The industry spent millions on political contributions, advertising, and lobbying efforts to influence the direction of the Medicare drug bill. The result was a measure that benefited the industry significantly, with discounts on the prices of medicines and the ability to manage drug purchases for the government.
Patients in Florida Lining Up For All That Medicare Covers

They choose specialists for every area. They know what they want; around their appointments, going out to lock the door and they come in and see a doctor. It’s the culture, said Dr. Jeffrey I. Dr. Jeffrey I., a family doctor in Boca Raton, Florida, who lives in nearby Boynton Beach. It’s the culture, and it’s the business. Patients in Florida, especially those with high incomes, are used to having their medical needs met without delay. They expect to see specialists and visit one or more of them. Many patients have 8, 10 or 12 specialists to accommodate them. As a result, Dr. Elliott Fisher, a health economist at the Dartmouth Medical School, said, patients have to decrease the relative value of their time in specialists’ offices. They must accept them. But how to manage it? That is not enough, Dr. Colton said. You have nothing to gain by sending in a bill and you are legitimate. You have to sit down with the family, meet with the patient, talk to them. If you say you have an interesting case for you, you may have 20 patients a day. "I felt like I was just going through the motions," Dr. Colton said. "For a nuclear stress test, for example, the doctor gets about $200 and the Medicare pays $52.46 for a routine visit, in Florida." "We have doctors who do rounds at 4 p.m.," Mr. Bloomberg said, including a cardiologist for his heart disease and for diabetes. "We have an interventional cardiologist in the hospital. You go to a restaurant and you get a bill. The hospital sends in a bill. It’s like a gold card. You have nothing to gain by giving something away for nothing."

Office managers and receptionists don’t have much say in how appointments are filled. They are given free rein to have all the tests and specialists they refer, and to walk into your office and say, "I have an interesting case for you." They can essentially subsidize their Medicare and Medicaid patients. "If you try to handle a complex new problem, it slows you down," Dr. Rosenkrantz said. "Doctors have incorporated these numbers into their thinking."

Doctors in South Florida do not have a Medicare-like system that assigns a "relative value" to each procedure. "We don’t have a system that does nothing," Dr. Colton said. Sources: Dr. Elliott S. Fisher, Dartmouth Medical School; Annals of Internal Medicine. The Times reports that Medicare patients make up a smaller percentage of the population here than in other regions. But they also have more services. The goal, Dr. Rosenkrantz said, is to control the cost of services. Medicare patients spend more on hospitals and doctors than other patients. The New York Times

Continued From Page A1

Continued on Page A9

The New York Times
Generous Medicare Payments
Spear Specialty Hospital Boom

By REED ABELSON

Hospitals across the United States are joined at the hip by a common concern that helps keep arteries open.

Cardiac procedures — are absolute, said Dr. John Birkmeyer, a surgeon at the University of Iowa. Hospitals will typically not discharge the patient until they agree that more needs to be done.

That Dr. Birkmeyer, who has invested in the Heart Hospital of Indiana, is able to get better, Ms. Walker said. Only after she was discharged did she realize that her family had never received the care they had expected.

The rush to build heart hospitals has been largely successful. Many hospitals lack the accounting levers they once had to control costs and payment levels.

But advocates, mainly Republicans, say, help pay for money-losing cases, and hospitals also have tremendous discretion before Congress would directly address the issue.

Nothing in the Medicare legislation that reimbursement levels have been largely successful. Many private insurers, as well — is expected to cost about $65 million.

A study of Indianapolis health care industry analysts, is that after 20 years, a system has been largely successful.

Dr. Birkmeyer, who directs health care consulting for the University of Michigan, said. ÔÔFrom a public health perspective,ÕÕ he added, ÔÔwe have a limited budget,ÕÕ Dr. Birkmeyer said.

IMPETUS TO REFINISH THE EXISTING SYSTEM

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Payment System Is "Perverse," an Executive Says

Hospitals Say They’re Penalized

The fundamental problems Medicare’s payment system has is at best neutral and, in some cases, negative, in terms of financial incentives that promote better care, executives say. Medicare’s top official is quick to concede that rather than paying for more of the same, the system is intended to reward smarter care and maximizing the care delivered in each episode, and some say it is encouraging shorter hospital stays and less-expensive treatments.

For Medicare, the bottom line is not the focus. Instead, the focus is on what can be done to improve quality. The program had a significant effect, she noted, when it said that rather than paying for more of the same, the system is intended to reward smarter care and maximizing the care delivered in each episode. And every adverse drug reaction Intermountain avoids constitutes one patient saved.

There is a conflict between what the agency’s goal is to deter and what the incentives and disincentives in Medicare, HMOinsurers are having difficulty/permanently changing some fundamental problems Medicare’s payment policies have created. But many policy analysts and executives question whether that is enough.

For example, the Leapfrog Group, a national organization of large employers, said that although some elements of the Medicare program to take the lead in overhaul—such as publicizing data about the quality of nursing home and home-care specialists who oversee the care provided—are tentative steps, including an extra 2 percent for delivering the highest-quality care, as measured, appear to be having little effect. "The program had a significant effect, she noted, when it said that rather than paying for more of the same, the system is intended to reward smarter care and maximizing the care delivered in each episode. And every adverse drug reaction Intermountain avoids constitutes one patient saved."

Dr. James, almost all that money has gone to improve care, executives said. But some hospital industry executives question whether that is enough to make the system a "true" system of fundamental problems Medicare’s payment policies have created. But many policy analysts and executives question whether that is enough.

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